

HOUSING & HOSTELS — GENERAL

1997

JANUARY — JULY

Eskom is expecting improved payment

(123)

Sowetan 3/1/97

By Shadrack Mashalaba

ELECTRICITY supply parastatal Eskom says it expects the payments from local authorities to increase in 1997

Eskom is owed R1,3 billion nationally. Two major local authorities in Gauteng owe Eskom R46 million and the rest scattered nationally owe R2,8 million.

Eskom communications director Mr Archie Jacobs told *Sowetan* yesterday that payments had improved considerably since Eskom announced its intentions to take legal action against local authorities who did not pay their arrears.

Eskom announced in July last year that it was owed R5 billion and said it had reached the end of its

tether

The worst defaulting local authorities then included Kempton Park, Springs, Ogies, Ikapa, Lwandle, Sterkspruit, Cullinan, Edenville, Greylingstad, Bothaville and Breyten.

Jacobs said payments had improved in the last three years from 20 percent to 90 percent.

Masakhane campaign

"The issue of non-payment should be viewed in perspective. It is a national concern that needs to be addressed collectively as part of the Masakhane campaign.

"We will continue with our policy of consultation and negotiations. Switch-offs are a last resort," Jacobs said.

Local authorities which have

been heavily hit by poor payments have been those on the East Rand.

Jacobs said as soon as the big local structures started paying their dues, the smaller ones also started paying.

Eskom said Greylingstad and Balfour were in arrears for four months and negotiations with them were continuing.

But he warned that an Eskom takeover in the case of both authorities seemed eminent.

The parastatal said the agreements with Kroonstad, Founesburg, Edenville, Bothaville, Bultfontein and Clocolan were being adhered to.

Electricity is managed as a closed account in all these authorities and current accounts, as well as agreed back payments, on the areas were being received, Eskom said.

MASS HOUSING SCHEMES

SUBSIDY OR INVESTMENT?

(123) PM 3/1/97

A mass housing pilot project has been launched by the Greater Johannesburg Transitional Metropolitan Council (TMC)

The novel scheme will allow anyone renting one of the proposed 5 500 houses to buy at any time at the prevailing market price. No rental paid counts as part-payment.

Under the scheme, the TMC will top up government's R15 000 subsidy with an extra R12 250. The aim is to build houses of at least 30 m² in established areas.

The areas chosen are Lombardy East in the Eastern Metropolitan Substructure, Misgund North (next to Naturena) and Liefde en Vrede in the south, and Bloubosrand and Maroeladal in the north. The houses, including land and installed services, will cost R30 000-R60 000. The difference between these prices and what central government and the local authority chip in will be raised from the National Housing Finance Corp or banks. The parties are negotiating.

The big question is whether the project will pay for itself. The national Department of Housing has warned local authorities against being burdened with rental stock.

TMC projects facilitation executive officer Graeme Reid says "We would like to see a mix of 45% of inhabitants earning R800 and less, 30% between R800-R1 500 and 25% from R1 500-R3 500. Those earning R800 or less would be required to meet monthly payments for products and services."

The council will invest R65m in the project and forecasts that the houses will increase in value. If they do, it plans to plough the proceeds from sales and any interest earned by unspent funds into a revolving fund, which it will invest in other schemes.

The National Housing Department says there's no legal requirement for it to ob-

tain economic rentals from the houses. A problem will arise, though, if the aim of getting a market-related return can be shown to be spurious or not achievable.

In that event, to obtain central government subsidies and National Housing Finance Corp finance, the TMC would have to provide the same capital top-up to every housing agent in its jurisdiction. With at least 200 000 people in need of housing in Johannesburg, that's not affordable.

But the TMC is confident it will obtain commercial returns. Whether it will depend on how many people will be able to afford the houses.

In its favour are findings by the second ministerial task team that there is a serious underprovision at R18 000-R50 000. Trends also show that private developers will build simplexes in traditionally white Johannesburg areas this year, starting at R43 000.

Meanwhile, Cape Town's council is considering a "limited" rental scheme in which the council, government and the private sector will each contribute R15 000 per house. The difference between the two cities' schemes is that Cape Town will for ever retain ownership of the properties.

What both authorities have implicitly acknowledged is that central government's R15 000 subsidy is insufficient to provide housing "for the poorest of the poor" in areas they cannot afford — largely because of the cost of land.

The undeveloped land owned by council is valued at about R5 200/ha in Liefde en Vrede and R7 300/ha in Misgund North, R7 500/ha in Lombardy East, R7 900/ha in Maroeladal and R10 800/ha in Bloubosrand.

Whether the provision by a local authority of loan finance at market-related interest rates will see a significant num-

ber of blacks with gross incomes of less than R3 500/month wanting to establish themselves in these areas remains to be seen. ■

JOHANNESBURG UPGRADE

ANOTHER CHANCE

Plans to upgrade Union Square, Jack Mincer Park and the north-eastern quadrant of Joubert Park this year should contribute to the revival of Johannesburg's inner city.

The proposals were approved by the Greater Johannesburg Transitional Metropolitan Council (TMC) last month.

Jack Mincer Park's underground parking area will take the taxis now parking on and around it as soon as an agreement has been reached between council and the taxi industry at month-end.

The park and adjacent Union Square will be relandscaped. Better lighting, new furniture and improved ablutions will be provided.

Plans for Joubert Park are more ambitious. Facilities in its dilapidated and unused north-eastern quadrant are to be put to better use. The postnatal clinic, which cares for 800 patients a month, will be upgraded.

The restaurant and a prefabricated recreation centre will be used for projects funded by provincial departments and run by community organisations. Examples are projects aimed at undernourished and "at risk" children, funded by the Education Department, and conservation courses by Agriculture & Environmental Affairs. The art gallery will collaborate with the Art Educators' Association to run art classes.

After the quadrant is fenced, one of Johannesburg's best children's playgrounds, now inoperable because of safety problems, will be reopened.

Councillor Lindsay Bremner says negotiations with developers to turn Jack Mincer and Union Square into a retail centre and taxi terminus in the long run will continue. ■



Graeme Reid

Geneva firm tackles SA's housing problem

Inexpensive hollow steel tubes the building bricks of a novel concept

ANDREA BOTHA
Staff Reporter

Houses that can be built quickly and cheaply of locally-made steel tubes could provide the answer to the Government's plan to build a million houses by the turn of the century.

The new technology used by Geneva-based company Tronco is attracting attention in Cape Town at High Cape above De Waal Drive where the company is building eight units to show off the novel concept.

Hollow steel tubes, which are cheaper than bricks, are used.

The tubes also have good insulation qualities, keeping houses cool in summer and warm in winter.

"We want to assist President Mandela in solving the housing shortage in the townships. They need something that's fast and this system is it," said Raymond Bolduc, marketing director for Tronco.

The tubes are manufactured by machine on site from steel coils, each weighing 500 tons.

The tubes are piled on one another, looking rather like log cabins. The basic structure of an average sized house takes a couple of hours to construct. The tubular walls are covered with cement and painted and the end product looks like a house built with conventional bricks.

The difference is a much cheaper house which is also easier to build as it requires only a small team of unskilled workers to assemble the tubes, which fit neatly into one another.

Tronco's system has been approved in Florida in the United States, where it has to withstand hurricanes, so they should shrug off Cape gales.

"One of the beauties of Tronco, is that it becomes a totally national product, made by South Africans using products that have been manufactured locally," said Mr Bolduc.

Mr Bolduc said that his company had had an overwhelming response since building the first gleaming examples seen from De Waal Drive. He had spoken to several community leaders in areas such as Philippi and was convinced the concept would be successful in Cape Town.

"Tronco can be used for all kinds of buildings but I can see it helping especially in the townships and in lower income areas with public structures such as hostels, police stations and schools."

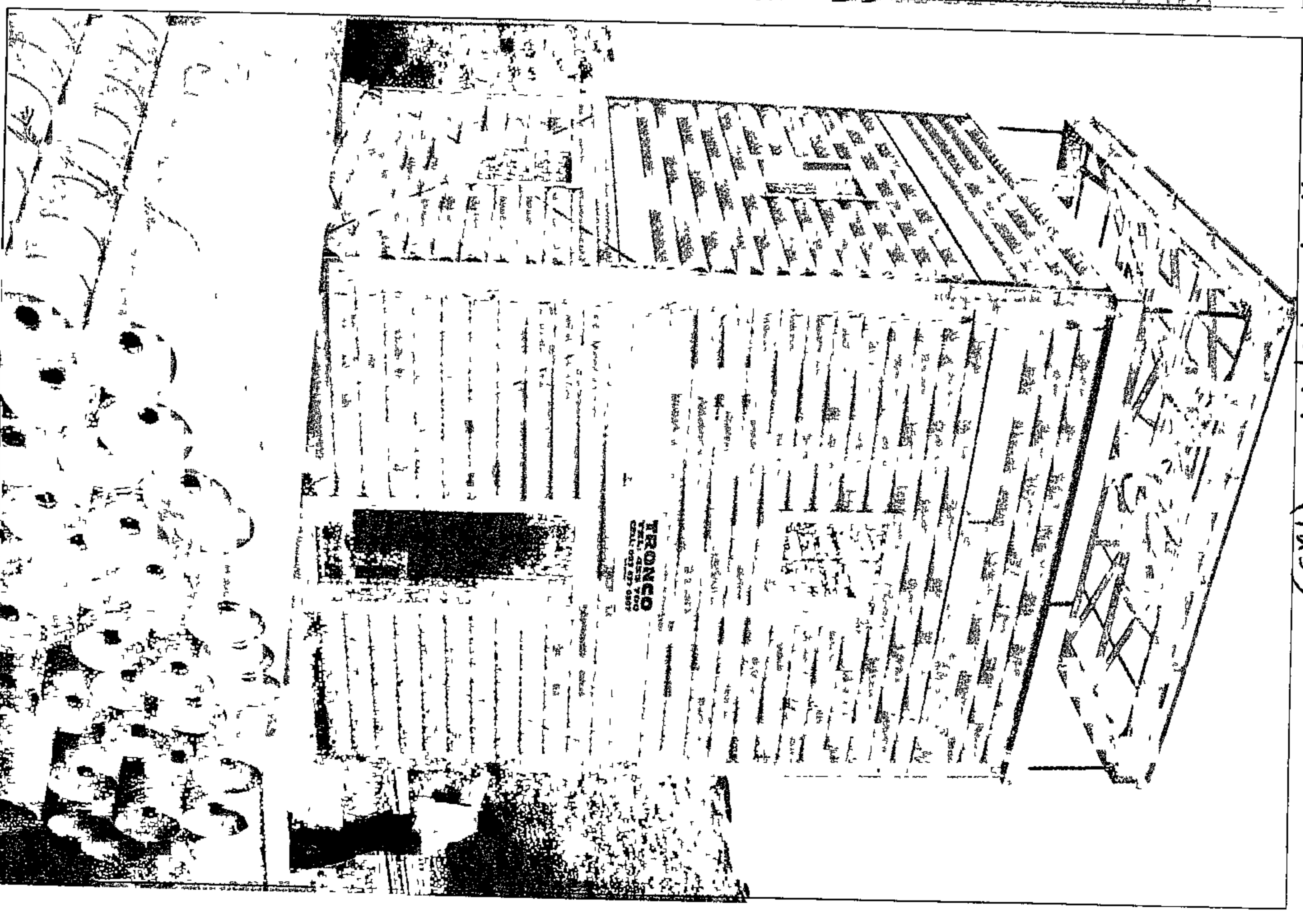


Gleaming example: one of the eight steel 'log' homes built by Geneva-based company Tronco at High Cape above De Waal Drive

LEON MULLER



A real steel: a house built of steel tubes is said to be 10 to 25 percent cheaper than its traditional brick counterpart



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Future perfect? Is this the house of the future?

HANNES THART

Delivery speeds

up in face of

(123)

Services backlog

Public utilities run on commercial service providers, writes SVEN LUNSCHKE

ST (PT) 5/11/97

THE delivery of basic services to impoverished areas picked up considerable momentum last year but the backlog faced by most government departments is growing. Analysts believe that the slow start to the disbanded Reconstruction and Development Programme has increased the backlog as delivery cannot keep pace with population growth rates.

This is most noticeable in the provision of low-cost homes. The programme that was meant to start in 1994 is only now taking off and it is estimated the backlog has risen from 1,5 million to 2,5 million.

Another noticeable trend is that the delivery of services improves markedly when public-sector corporations, run on commercial lines, are either responsible for, or play a major role in, the programme.

Eskom has consistently met its electrification targets and last year connected more than 300 000 homes to the grid, while Telkom is increasing the delivery of telephones under its Vision 2000 programme (see table).

Similarly, the provision of tap water to townships and rural villages has been more successful when public utilities such as the Rand Water Board in Gauteng and Umgeni Water in KwaZulu Natal have been involved.

By contrast, most local authorities, who are charged by the Constitution with delivering the bulk of social services, are failing amid chaotic administration systems and an exodus of technical staff.

"Strong local governments do nicely in the provision of services, but weaker municipalities fail dismally and it is mostly in these areas that we need better services," says a senior government official.

The contrasting performances by public utilities and local authorities have led to calls to restructure the electricity and water supply industries speedily — calls resisted by municipalities who fear losing the revenue derived from selling electricity and water.

The government is examining proposals by the National Electricity Regulator to rationalise the existing 400 distributors of electricity (mainly municipalities) into the maximum number of financially viable regional distributors.

According to Kevin Morgan, consultant to the NER, the regional distributors would sell electricity directly to consumers, take over responsibility for the electrification programme and introduce cost-based tariffs. At present, distributors nationwide levy 2 000 different tariffs, netting municipalities an estimated R1,7-billion in surplus funds to cross-subsidise other services.

supply in the Department of Water Affairs and Forestry. Muller says the delivery of tap water has succeeded where the programme is run by efficient local authorities and aided by public water utilities. "In other areas, such as the former Transkei, the service provision is still dismal," he says.

While local governments are mostly opposed to the proposals, they have yet to prove they can supply electricity efficiently or contribute to the electrification programme in a meaningful way.

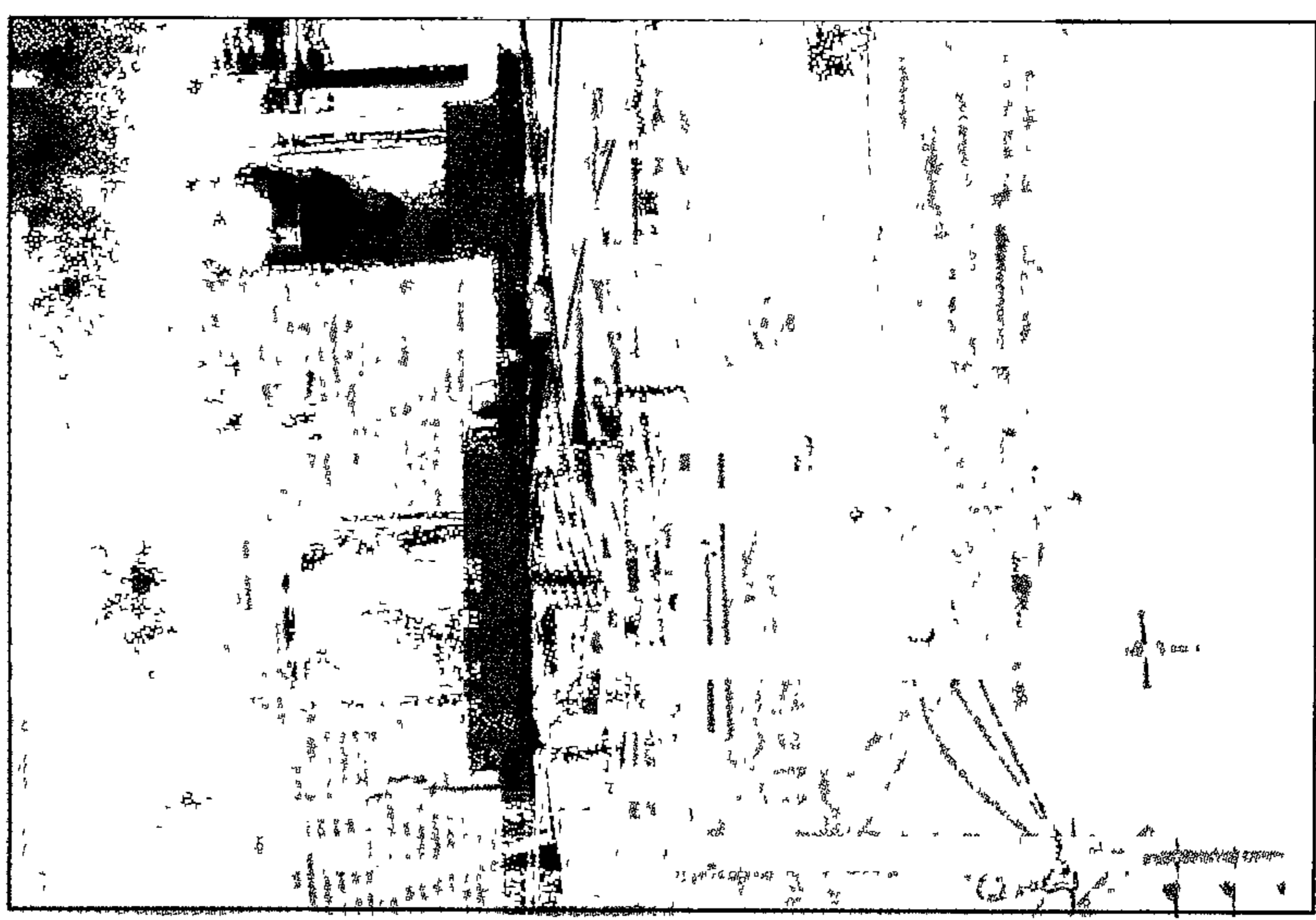
Under the RDP, local authorities were supposed to deliver 150 000 new connections a year in the first five years of ANC rule, in addition to Eskom's 300 000 a year. Eskom has connected an estimated 1,5 million homes since starting its programme in 1991 and has exceeded its recent targets, but it is estimated that local authorities achieved at most 10% of their target in 1996.

The government is also looking at different ways of structuring the supply industry, says Mike Muller, deputy director general for water

The low-cost housing programme has perhaps proved the biggest disappointment to date. Aimed at achieving a yearly delivery rate of 350 000 by 1998, the plan has not come close to those levels.

	1996	1997 TARGET	ESTIMATED BACKLOG
Telephone lines (land)	1 500 000	4 000 000	7 million
1 Year to end Nov '96		3 RDP target	
2 Year to end March '97 and '98 respectively		4 Vision 2000 target	

Housing Minister Sankie Mithemb-Mahanyele said late last year that about 169 000 low-cost homes had been built or were under construction since the government's subsidy system was introduced in 1995. More than 362 000 subsidies have been approved since the 1994 elections, she said. However, the independent Housing Monitor says only about 65 500 low-cost housing sales were executed last year, but adds that the number of housing projects initiated rose sharply.



MIXED FORTUNES ... Diepsloot squatter camp north of Johannesburg, where electricity is not met with good housing

The provision of telephony has picked up steam only recently with the implementation of the Vision 2000 project. Under the project, Telkom plans to add three million new lines to the network and upgrade a further million lines by 2000 at a total cost of R32-billion.

to end-March 1997. However, delivery will gain momentum once Telkom's sale of 30% of its equity has been concluded, most likely in March. A strategic equity partner will not only fork out about R6-billion for a 25% stake in Telkom, but also provide technology and management skills for Vision 2000 Band projects that 420 000 new telephone lines will be built in the 12 months to end-March 1998.

Angus Band, Telkom's general manager, finance, says the first 250 000 telephones under the project will be installed in the financial year

Stricter home lending criteria approved

Robyn Chalmers

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007/1/97
SA BANKS will begin implementing more stringent lending criteria for mortgages this month, a move which will hit public servants and low-income buyers particularly hard.

Association of Mortgage Lenders GM Sharon Trail said yesterday extensive negotiations with consumer groups and government had shown strong support for the new criteria, which she said were only guidelines.

Housing developers are critical of the new criteria, saying they could result in a failure to build 80% of the 60 000 houses facilitated by private developers each year. They fear many de-

velopers could be forced to close.

Council of SA Banks CE Norman Axten said giving prospective borrowers access to homes they could not afford was irresponsible and contradictory to government's call for prudent lending. "It also encourages home buyers to overcommit themselves when buying homes," he said.

The new criteria, which include amendments to the home loans subsidy formula for public servants and low-income buyers, mean those earning R2 500 who previously qualified for an R82 700 loan would now qualify for only R48 270. Axten says this allows greater capacity to handle home loan interest rate rises and other expenses

Housing: the private sector's role

Big corporations step in to relieve pressure on the state coffers

By Joshua Raboroko

THE NEW YEAR is set to bring about major improvements in the housing construction business as major local and international firms enter the lucrative property market.

The move to compete in the building of residential homes and businesses may assist consumers to have the choice to break away from the existing strangleholds of banks, building societies and construction companies who have monopolised the industry.

Motor corporation giants Mercedes-Benz, Nissan and BMW have also entered the housing arena with solid financial muscle that can only benefit the economy and help in the creation of employment for South Africa's growing jobless population.

Analysts are excited by the developments and have welcomed the decision to offer alternatives to the country – especially to the growing upward-market blacks who have their sights on home ownership and property.

People in the lower ranks of society – the historically disadvantaged on the swelling housing waiting lists – will have some of their hopes realised through special schemes that might result in the massive delivery of low-cost housing this year.

As a result of the new initiative by these new contenders, the building of houses is set to rise and thus take the pressure off the beleaguered state coffers.

Research by Settlement Dynamics Survey shows that 65 percent of subsidised units are being developed by the private sector. A further 12 percent are public-private sector joint developments, with the balance being developed exclusively by the public sector.

It has been estimated that South Africa's housing shortage is between 1.5 to two million units. About R165 million is being drawn down for nearly 10 000 housing starts in low-cost subsidised units.

Collaborative attempts

The emerging collaborative attempts by employers, trade unions and private sector housing financiers have the potential to extend housing credit to all low-income households who have a member in stable formal employment.

There has been phenomenal progress regarding the provision of housing needs in the past, and it is expected that 1997 will see more coverage and greater competition among employers.

According to the Housing Ministry there has been a sharp upward trend in the subsidy statistics, with more than 371 000



Major local and international firms have entered the property market and are set to bring about big improvements in the housing construction business this year.

(averaging R12 000) already being released.

In November 30 000 houses were completed, 159 000 were in progress and 5 900 were in the planning phase. Minister Sankie Mahanyele said "1997 is the year of mass housing delivery".

The housing market is being looked at in different ways and segmented according to target groups. This is because of the growing importance of workplace support programmes in providing access to housing.

The market is split along lines of affordability, the ability to provide collateral and the ability to provide administrative support for repaying loans.

Those earning above R3 000 a month do not represent a problem because they are often regarded as being in a position to afford housing.

The low-income formally employed – who have access to payroll deduction facilities and provident fund-backed loans – comprise the fastest-growing segment.

Collateral schemes

Over the past 12 months, there have been an estimated 100 000 short-term housing loans.

What now seems to be the problem is the informally employed segment of the population. The focus of their problem is the basis on which to collateralise loans too small to mortgage.

Some of the options under consideration include pooled collateral schemes and savings-driven arrangements.

The Housing Ministry and the private sector predict much innovation in this area, led mainly by the private sector.

The most interesting aspects of this sector is that financial institutions have developed workable credit arrangements for those who earn above R3 500 and those who are fully employed.

It is at the bottom end, however, comprising about 20 percent of the

population where it is difficult to see housing credit as a feasible route.

The Government believes that employers should help their workers to acquire housing. It is important that schemes be designed to encourage personal savings for future housing needs.

Corporate low-cost housing initiatives have until now tended to take the form of companies facilitating loans from the banking sector on behalf of employees.

A number of companies offer various types of housing benefits to employees, such as low-interest loans and subsidised mortgage schemes.

A growing tendency is for retirement funds to allow members to use their retirement withdrawal benefits to secure home loans for workers, for employers to facilitate payroll deductions and to take some risk in respect of employee retrenchment.

This move towards indirect financial assistance makes more sense, says Home Loan Guarantee managing director Charlene Lea. She argues that, instead of lump-sum loans, assistance can be more efficiently provided by putting the money into a guarantee pool.

According to the latest remuneration survey by FSA-Contact, based on responses by 400 companies, more than 30 percent offer a collateral security scheme or a subsidised mortgage scheme.

Direct low-interest loans are provided to 13 percent of staff. Aside from this sort of facilitative role, another tendency has been the development of company villages.

Three years ago, Murray and Roberts engineering the establishment of a village called Graceland for employees of the Wadeville industrial park on the East Rand.

Now in its last phase, it has about 1 000 houses with outstanding community facilities. Graceland is based on the concept of "walk or cycle to work".

Eleven companies are involved

in the scheme, according to Murray and Roberts engineer Ian Colepeper.

Nissan's housing consultant Jo Dunstan says the company is planning an employee village within walking distance of its Rosslyn plant outside Pretoria, initially of 500 houses.

The project has been planned with the National Union of Metalworkers of South Africa and the Iron and Steel Workers Union.

AECI is planning a residential component as part of the development of its Modderfontein land. It will be a pilot project to test the linking of industrial and residential land as a model for the future.

The intention is to involve companies from the Isando, Spartan and Sebenza industrial areas in the project.

Focus on projects

Transnet aims to see that all its employees are homeowners as part of its Vision 2000 strategy.

The company's manager of external communications, Ronnie van Jaarsveld, said it had renewed its focus on projects to provide houses to its employees and private individuals earning R20 000 to R50 000 a year.

The parastatal's housing division has built an estimated 1 000 homes costing more than R70 million, which were sold to employees and non-employees nationally.

Mercedes-Benz South Africa has invested R27 million in its Siyakha ("we build") project to erect 901 houses in East London, 63 at Pinetown and 36 in the Johannesburg-Pretoria area targeted at employees earning R2 000 to R3 500 a month.

Mahanyele has emphasised the need for the private sector to form joint ventures with the Government in a bid to deliver more houses.

Her sentiments have been echoed by President Nelson Mandela, who said a partnership of Government and developers has made it possible for many low-income earners to acquire homes.

Housing delivery about to take off

By Joshua Raboroko

It was not all things bright and beautiful for the anticipated delivery of homes for the poor in 1996 — but the Housing Ministry has kickstarted the engines and, hopefully, the road ahead in 1997 will not be as bumpy.

Experts estimate the housing backlog to be between two and three million units. The Housing Ministry's estimate is 1.5 million.

The Government's figure, which was used to set delivery targets for the end of the present tenure was based on the 1992 D. Loor housing report which set the estimated backlog at 1.3 million units in the urban area in 1990.

Analysts argue that 200 000 new households have to be included annually from 1990 up the year 2000. However, only 50 000 houses a year have been built since the beginning of the decade.

The Government's White Paper on



Housing Minister Sankie Mahanyele ... is optimistic that 1997 will see the promised delivery of mass low-cost housing on a national scale.

housing estimated that the backlog was increasing at a rate of about 178 000 units annually due to the increasing population and urbanisation, which raised the backlog to over two million units at the end of 1996.

Last year, five of the nine provinces drew heavily on their budgets, an indication that the national housing coffers was likely to have been drained by year-end.

The Department of Housing did not receive any money from the fiscus in the 1996-97 year. A commitment of 200 000 subsidies was made and the money for this will be drawn when needed.

However, of the R2.2-billion that rolled over from the 1995-96 year, some R1 009 billion had been spent by the end of October 1996. No allocation of the new funds were as yet made available to the provinces.

Two provinces, the Free State and Western Cape, have exceeded their budgets. Gauteng was expected to have moved into the red by last November.

The Western Cape, Free State, Gauteng, Northern Cape and Mpumalanga had spent well over 60 percent of their housing allocations

by the end of last year

On a more positive note, the national housing fund allocation deficit had been reduced by more than half to R1.5 billion in the 1996 budget as a result of deferments of R3.1 billion from the RDP and national housing cash reserves.

Housing officials are increasingly confident they will be able to call for larger provincial budgets for 1997 given the Government's positive attitude and the interest shown by other financial companies.

Gauteng and the Western Cape — along with KwaZulu-Natal — have the most serious backlogs in the country, with up to 60 percent of that need concentrated in Gauteng alone.

The worst performing province was Eastern Cape, which spent only R73.6 million (16.4 percent of its allocation), in the face of major administrative and capacity problems, particularly at local government level. Northern Province spent only 18.6

percent of its R61.4-million, North West 36.7 percent of its R78.9 million and KwaZulu-Natal 35.1 percent of its R162.5-million.

Government optimism that 1997 will be more productive is underscored by the fact that 30 000 low-cost units are already under construction — the highest in a single year in South Africa.

Added to the good news is that more than 130 000 units are at some stage in production, and a further 56 000 units are in planning.

Analysts say the latest figures appear to support Housing Minister Sankie Mahanyele's optimism that 1997 will see the promised delivery of mass low cost units on a national scale.

The Housing Minister said she is not satisfied with the quality of product some developers are offering and had instructed director-general Billy Cobber to investigate steps which can be taken to overcome the hurdles

Sowetan 8/1/97 (123)

Tougher bank lending terms shock home-builders

BUSINESS REPORTER

The building industry has responded with shock to reports that South African banks will implement more stringent lending criteria for mortgages.

Although the Association of Mortgage Lenders (AML) claims to have negotiated these changes - which will drastically reduce the home-buying power of civil servants and other recipients of housing sub-

sidies - the South African Residential Developers Association (Sarda) has said it was never consulted.

"In fact, no notification whatsoever of these intentions has been given to Sarda or any of its members," said executive director Hendrick Kekana.

This is the third in a series of blows to buyers in the low-cost and affordable housing market, and to the building industry which is attempting to meet their needs. In February last year banks reduced the

risk ratio for mortgage amounts from 90 to 80 percent on the condition that developers could purchase guarantees for the short-fall.

Prior to this, in June 1995, home buyers were dealt another blow when banks introduced a policy of variable interest rates.

"This effectively meant that poorer home buyers are paying up to three percent more than the prime rate," he said. Previously civil servants and others who qualify for a housing allowance had

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this deducted from their bond repayments. The remaining amount payable could be equal to 25 percent of their actual income.

The new criteria will now see the housing allowance added to the salary before the monthly repayments are calculated as a maximum of 30 percent of the total sum, thus greatly reducing affordability.

For many this will result in the size of home loan for which they are eligible being reduced by as much as a third.

Legislative attempt to mend rift between tenants and landlords

By FIKILE-NYISIKHELELO MOYA
City Desk

The game is up for urban slumlords and those tenants who abandon their own responsibilities

The Landlord-Tenant Bill - soon to be tabled in the Gauteng legislature - is expected to introduce some measure of calm into the fraught practice of flat-letting, which has on occasion exploded into violence

Ian Davidson, a Democratic Party member of the Gauteng legislature, says the bill will provide landlords and tenants with guidelines on how to resolve their differences

The bill will complement the controversial Rent Control Act of 1976, which does not cover evictions or the condi-

tion of buildings

But until the bill is passed into law, acrimony between landlords and their tenants promises to continue

Angus Macarlane, a superintendent in a Joubert Park flat, says "The problem is that tenants do not keep their end of the deal. When the new owner took over in July, they promised to start paying. To this day, some have not

"We only evict when there are serious problems, like when there was a fatal shooting in one of the flats recently. We will have to evict people that are a danger to other tenants"

Authey Levit, who owns a block of flats in Yeoville, says the problem is political and should, therefore, be solved politically

"People are walking with false

hopes after they were promised houses and security before the [1994] elections," he says, adding that "promises" of ownership are at the heart of the problem

Levit is currently in a stand-off with the SA National Civics Association (Sanco), which supports tenants in his flats. He says Sanco uses the tenuous landlord-tenant relationship to push a greater political agenda

But, as if to refute Levit's assessment that ownership of buildings is the main bone of contention, the tenant-run Seven Buildings Project is also facing difficult times

The project came into being when tenants of seven inner-city buildings raised money through government

subsidies to buy the flats they used to rent. Now residents are fighting their own elected management council about what they consider to be unfair rules and exorbitant monthly fees. That is despite the rentals being some of the cheapest in the inner city

Pressage Nyoni, the general manager of Seven Buildings, had to obtain a court order recently to keep a mob, bayoning for his blood, away from his flat

Sanco, a common denominator in countless clashes between landlords and tenants, say the problem is that landlords do not want to improve the squalid conditions of many buildings

"The relationship between Sanco and the landlords cannot be good as long as they [landlords] think they can make a quick buck by subjecting our people to appalling living conditions,"

says Sanco spokesman Lizzie Melapi. Landlords also refuse to negotiate with Sanco or tenant representatives, she says

The landlords, on the other hand, say that most tenants do not understand the dynamics of running a building

"When I tell them about assessment rates, they ask me 'what's that?' They just want me to reduce rent arbitrarily," says Levit. He says he hopes the new bill will solve the problem

Unlike agency-managed buildings which look well-maintained, many inner-city buildings compete among themselves to become the filthiest. Laundry hangs over balconies, the dirty elevators seldom work and elec-

trical wiring oozes out of walls inside the flats

Landlords often turn rooftops into extra living space and the safety measures are inadequate for the children who play on these roofs. Ponto Ledwaba (9) recently plunged to his death while playing football with friends on the top floor of a Berea building

The entrances of the buildings are usually manned by surly security guards who demand visitors' identity books and their reasons for calling. If a visitor stays overnight, the security guards - employed by the landlords - demand "fees" for the return of the identity documents

Tenants complain bitterly that their landlords are "never" around. And in the absence of caretakers in some cases, they complain that they have no one to

(123) Stan 13/1/97

talk to about their grievances

It is in such buildings that civic associations such as Sanco and the Johannesburg Tenants' Association flourish as tenants form committees to "govern" the buildings

According to Melapi, many tenants who live in absent-landlord buildings have deposited their rent money into trust accounts while they wait for the landlord to reappear

The Tenant Landlord-Bill comes after extensive consultation with tenants, landlords and others who have a stake in the relationship. Only time will tell if landlords and tenants will consult among themselves to make sure that the bill is not reduced to just another scrap of paper

and landlords

NATIONAL NEWS

Sowetan 13/1/97
**Banks throw
a spanner in
housing plan**
(123)

By Joshua Raboroko

THE Government's planned mass delivery of homes, particularly low-cost housing, is likely to be dealt a major blow if intentions by major banks to introduce stringent new lending criteria for mortgages start this month

Association of Mortgage Lenders' general manager Mrs Sharon Trail said a position paper had been sent to the Ministries of Housing, Public Service and Administration, the National Association of Home Builders and Developers and the Institute of Realtors

In the final analysis, banks would assess the credit-worthiness of each borrower according to criteria they deemed prudent, she said

The new criteria means that home buyers will be expected to pay 20 percent of the cost of a house as a deposit, while previously they paid only 10 percent

This will drastically reduce the home-buying power of civil servants and other recipients of housing subsidies. Developers say this is the third in a series of blows to buyers in the low-cost and affordable housing market

Trail said that the aim was to bring the lending criteria for state employees in line with other borrowers who did not receive subsidies

The building industry has responded with shock to the banks decision to implement more stringent lending for mortgages

The South African Residential Developers Association executive director Mr Hendrick Kekana said yesterday major stakeholders in the building industry had not been consulted

He said that the residential industry agreed to this change on condition that provision was made for "pro-up collateral"-whereby developers could buy guarantees for the 10 percent shortfall from the Home Loan Guarantee Company

Home loan market shows little growth last year

Lukanyo Mnyanda

SA's major banks granted mortgage loans valued at R20,99bn in the 11 months to November last year — a slight increase compared with the R19,84bn lent over the whole of 1995 — as high interest rates, and slow housing delivery helped depress growth levels, Reserve Bank figures show.

Bankers said over the weekend that trading conditions were likely to remain tough this year but were optimistic that government's low-cost housing programme would start showing results this year and act as a major stimulant to growth in lending.

Council of SA Banks housing GM Lance Edmunds said he was concerned the growth level had failed to match inflation but said it was interesting "in the light of some estate agents saying house sales have taken a downturn".

Low-cost housing delivery had begun to accelerate last year but the effect of this increase would take time before it was reflected in official figures. "The low-cost housing market should drive growth this year, which should be above inflation," said Edmunds.

High interest rates, crime and general concerns about SA's economy had acted as deterrents to many potential homeowners and had added to the gloomy mood in the market, the bankers said.

Absa mortgage lending assistant GM Barry Engelbrecht said growth in lending by the banking industry would remain flat if there was not a significant jump in the delivery of affordable housing.

Nedcor GM credit Kevin Gibb said mortgage lending by the banks could be boosted by the increasing number of black people moving into more affluent and formerly white suburbs. He warned that high interest rates would continue to have a dampening effect on growth.

First National Bank home loans and property finance chief manager Andre Latré said the bank's lending book had continued to grow in line with its market

(123)

BD 12/1/97

share which stood at around 11%. He expected tough trading conditions, but said some of last year's interest rate increases could be reversed during the year.

Standard Bank home loans divisional GM Duncan Reekie said last year's growth level was "reasonable" in the light of high interest rates which had a negative effect on the ability of customers to afford loans.

Year

-02

Criteria for lower income home loans 'unchanged'

(123) CT(BR) 14/1/97

MPHO MANTJUI

Johannesburg — The Association of Mortgage Lenders said yesterday that a recent report had created false impressions about home-loan lending criteria

According to the association, the report suggested that banks would begin to implement more stringent lending criteria for mortgages.

The change of criteria would have had a negative effect on the housing delivery programme, hitting low-income earners and public servants the hardest.

Duncan Reekie, the association's chairman, said the report was a false alarm and that banks

would continue to grant home-loans in terms of the guidelines agreed to by the department of housing, the National Association of Home Builders and Developers and the association last April

Reekie said the guidelines stated that households with a monthly income of R3 500 or less be allowed repayments of not more than 25 percent of their gross income. Households with a gross monthly income of more than R3 500 could pay up to 30 percent of their gross income.

Government and private sector employees received monthly housing subsidies, which were sometimes converted into allowances by the private sector

SA Housing Trust appoints new MDs

Robyn Chalmers

123

BD 14/1/97

THE restructuring of the beleaguered SA Housing Trust has kicked off with the announcement yesterday by chairman Frank Chikane that two new MDs had been appointed.

Laki Constantinides would take up the position as MD of Nu-Way, previously the trust's development division, and Siza Khampepe had been appointed as MD of Khayaletu, the trust's housing loan finance subsidiary. The restructuring meant Khayaletu would focus on the payment normalisation of the existing Khayaletu Home Loans (KHL) bond book. It was estimated that about 15 000 defaulters owed the trust about R500m.

Chikane said the appointment of an MD would be confirmed shortly for another company called Nu-Loans which had yet to be formed.

The new company would buy all KHL's performing loans as an initial asset base, but substantially expand its retail lending base in the low-income sector through funding obtained by the National Housing Finance Corporation.

"By mutual agreement between Wallie Conradie and the trust's board of directors, Conradie will continue fulfilling the responsibilities as the MD of the SA Housing Trust," he said.

In terms of the restructuring, the trust itself would continue to operate as the holding company of the group until the companies were fully operational.

Chikane said previously that the restructuring was in line with the broader policy of forming viable housing delivery entities capable of generating funding through the open market.

The trust was established by government in 1987 to administer and supplement a R400m special government loan for low-cost housing. It reported a R57m net loss for the year ended June 1995 against a R62m loss for the previous year.

KHL signed a repayment agreement with the SA National Civics Organisation last year in a bid to overcome the lengthy bond boycott — a primary reason behind the trust's recent losses.

Minister calls housing meeting

Robyn Chalmers

SA HOUSING Minister Sankie Mthembu-Mahanyele said yesterday she had instructed her department to convene a meeting of role players as soon as possible to discuss mortgage lending criteria

The meeting would be held to clear up confusion surrounding the new mortgage lending criteria being considered by financial institutions

"Public comments by

(123) BO 15/11/97
some of the players seemed to convey the impression that my department had been fully consulted and was in agreement with some or all of the proposed changes I would like to place on record that any such impression would not be correct," she said.

Proposals for the introduction of more stringent criteria, which would have a direct effect on public servants in particular, have been under discussion for a number of months

They include amendments to the home loans subsidy formula, a move the building industry vehemently opposes.

Association of Mortgage Lenders chairman Duncan Reekie said banks would continue to

grant home loans according to guidelines agreed to in April last year by the department, National Association of Home Builders and Developers and the association

Reekie said no immediate changes would be made to the criteria but the association was concerned about the over-extension of credit in SA

The current system enabled public servants to obtain larger home loans than other borrowers who had the same gross income but did not have allowances.

The SA Residential Developers' Association warned last week that the approval of a more stringent criteria would have a detrimental effect on the delivery of residential homes.

LOW-INCOME HOUSING

MANY ROOFS BY 1999

FM 17/1/97

The bulk of government's housing programme should be delivered between 1998-2000, based on a three-year lead time. That's the news on the low-income housing front, where 538 481 units (only 276 179 of them subsidised by government) are now in the pipeline.

Independent researcher Settlement Dynamics points out, however, that to reach the political promise of 1m (subsidised) homes by 1999, government this year has to initiate about 724 000 units — which seems impossible. The figures exclude hostels, which are being upgraded.

"It is necessary to be aware of the length of the housing delivery project cycle," says Settlement Dynamics. "At a time when there are high expectations of delivery, those with an interest should understand the realities of project timing. As a rule of thumb, a three-year cycle can be used from planning to delivery."

A range of factors could adjust the timing either way. But if land can be quickly identified and released, and township establishment can proceed without too many obstructions, then a project of average size (630 units) initiated early this year can be completed late in 1999 or during 2000.

Of a total 855 of active projects in November, the research shows 378

are subsidised housing packages, 226 subsidised serviced site projects, 193 non-subsidised housing packages and 58 non-subsidised serviced site projects.

Based on housing projects tracked over the past six years, the size of projects has been reduced (particularly over the past year) but the number has risen. This is because provincial housing boards have been allocating subsidies to smaller projects, or project phases, rather than single, large ones.

There are 465 developers in SA who have active housing projects, compared to 256 five years ago. Public corporations are active in the largest projects, with the SA Housing Trust accounting for 90%.

Public-sector developers are ranked second in terms of both average project size and overall activity.

Private developers account for the ma-

jointy of both project and unit activity.

The forthcoming Housing Act seeks to reinforce local authority involvement in delivery. At present they act as developers in 26% of projects, with 26% of units in the delivery chain. In late 1994, by comparison, local authorities were developers in only 11% of projects.

In 1994, local authorities in KwaZulu-Natal ran 21 of 54 new projects. Though still the most active local authority, the latest research shows Gauteng, the Eastern Cape and Free State closing the gap, partly through joint ventures.

With 223 projects being run by 197 local authorities, it appears that 358 councils are not active.

The table shows that 77% of developers active in one or two projects are delivering 51% of the units, while the 2% working with 10 projects are delivering 26% of the units. ■



Number of units by developer category by province

	Nation-wide	E Cape	Free State	Gauteng	KwaZulu-Natal	Mpumalanga	N West	N Cape	N Prov	W Cape
Total	538 481	53 989	31 685	178 404	95 376	50 178	39 620	5 486	39 858	43 885
Local public developers	139 208	19 441	4 410	71 327	19 293	10 794	3 081	2 433	4 976	3 453
Provincial public developers	47 124	3 291	2 138	2 114	5 900	0	8 085	180	7 481	0
Private developers	217 399	13 196	11 359	85 078	40 912	16 227	13 493	1 511	25 721	9 902
*Unusual private developers	65 802	18 061	1 809	1 922	21 271	3 550	2 480	1 030	0	15 651
Public corporations	43 862	0	5 526	17 963	0	7 146	5 473	332	0	7 422
Joint ventures	43 049	0	6 443	0	8 000	12 461	7 008	0	1 680	7 457

*This category includes companies responding to the need for housing within an organisation, for example Transnet Housing as well as development trusts, associations and organisations established for specific development projects, for example, Cato Manor Development Association.

SOURCE: SETTLEMENT DYNAMICS

Minister promises 'year of delivery' for houses

THE COMPLETION of planning and the rationalising of 81 housing bodies should move homes delivery into high gear
JAMES BOWYER reports

This will be the year of delivery for housing, says National Housing Minister Ms Sanku Mthembu-Mahanyele, with nearly 200 000 houses in the pipeline for 1997.

In 1994 the monthly average of approved state housing subsidies was R36 and the current average of subsidies released by provincial housing boards has increased to 10 000 a month.

Since the 1994 elections only 30 000 houses have been built. Although 139 000 are in some stage of production and a further 56 000 are in the planning phase, critics have been vocal about the slow pace of delivery on the government's election promise of one-million-homes in five years.

However, the minister is optimistic that delivery will substantially increase now that a suitable framework has been established for kick-starting housing developments.

"My department has been hard at work turning out policies into projects and houses," she said.

Housing subsidies

- SUBSIDIES are one-off payments of up to R12 500 per family given to lease people to buy a home.
- Those who are eligible must be South African, have a monthly income of less than R3 500 per family, not be a part-owner of property and must be 21 with dependants.
- Subsidies are distributed by Provincial Housing Authorities based on the priorities decided on by each province.
- Available subsidies are publicised by advertisements welcoming land lease

lapsed into one unified department capable of more efficient planning and delivery.

Department spokesperson Ms Mandy Wood says that figures alone do not describe the complexities of the country's housing situation.

Much of the work done by the department in the last 2 1/2 years has been linked to planning and capacity building.

An indication of success, says Wood, is the unlocking of the large amounts of funding allocated to the housing department. Half of the R2,2-billion 1995/1996 budget that was rolled over into this year's budget has already been spent on housing subsidies.

The increase in spending is an indication, says Wood, that housing policies have moved out of the relatively cheap planning stage and into the delivery stage.

It is expected that housing projects country-wide will now bear the fruit of 2 1/2 years of consultation, policy planning and implementation.

"Our statistics show that our current projects have taken root," said



PICTURE THEMINKOSI DWAYISA

A barren plot on the Flats, but it's proudly owned

JAMES BOWYER
STAFF WRITER

"FROM here to there is mine," says a smiling Mr Alfred Ngangelzwe sweeping his hand across a barren 50m² plot of sandy Cape Flats land.

The matchbox sized shacks that have sprung up along Vanguard Drive may seem like another squatter camp in the making, but there is something different about the Weltevreden Valley development.

The shacks are part of the Integrated Serviced Land Project's (ISLP) largest development in the Western Cape which will eventually provide homes for 40 000 families from Gugulethu, Nyanga, KTC, Crossroads and surrounding areas.

The ISLP is one of three presidential lead projects linked to fast housing delivery.

A closer look at Weltevreden Valley shows that each of the initial 2 200 plots has been serviced with running water and toilets, roads are tarred, electricity connections are available and, more importantly, the families granted sites own their property.

Ngangelzwe is part of the first wave of more than 100 families who started arriving last week at the development to begin work on their new homes.

Scattered around him are his possessions as well as the shack he brought with him from Nyanga, a place, he says, where fires burn fast and police arrive too slowly.

By mid-afternoon most of his shack has been reconstructed. It will be pulled down and replaced by a brick and mortar house over the next few months.

Ngangelzwe is not perturbed that he will have to pull down his shack one last time to make way for the 30m² house he will build himself.

After going through a two-year process, he finds the fact that he owns his own piece of land almost unbelievable.

Like countless others he has had to make do with living in the overcrowded conditions of Nyanga. Water was supplied by a tap some distance from his shack and he shared common ablution facilities. But the biggest problem, says Ngangelzwe, was not knowing whether he would

have to move on. His family, grown used to being shifted around by local authorities, now finally have a place of their own.

Ngangelzwe points out proudly that it will be the first house he has owned and big enough for his wife and three children.

After paying roughly R10 000 for the serviced site, he is left with about R6 500 for the building of the house. He could either choose a house provided by contractors or he could build his own home and stretch his R16 500 state subsidy.

The 550 families who have decided to build their own homes at the Weltevreden development will be helped by a support team providing on-site training, technical advice, assistance in bulk purchasing of material and further finance if necessary.

Water plan heralds 'year of delivery'

(123)

BD 21/1/97

Robyn Chalmers

WATER supply and sanitation projects of up to R1bn will provide 1,7-million people with running water by the end of the year, says the water and forestry affairs department.

The projects, which kick off in April, are being hailed as proof that this will be government's "year of delivery" after protracted delays caused by red tape and capacity constraints.

A further 2-million South Africans are scheduled to get access to potable water next year, building on expectations that about 150 000 low-cost houses will come on stream this year.

The drive to deliver essential services to the majority of the population will concentrate on low-cost housing, water supply, electricity and telephones, while the Masakhane campaign — aimed at persuading people to pay for services — is to be revived with a more localised focus.

A department spokesman said yesterday 257 water projects amounting to R626m had been identified and agreed on in conjunction with the provincial and area planning forums.

"Planning of these projects has advanced to the stage where implementation can begin in April when these funds become available. The balance will be allocated during the future planning forum meetings. Funds have been allocated per province."

The Eastern Cape would receive R190m from the community water supply and sanitation programme of the reconstruction and development programme, which had been earmarked for 86 projects. It was estimated that 5-

million people were without basic water supply in the province and a further 9-million were without sanitation.

The national assessment of water supply and sanitation report, published by the water affairs and forestry department last November, indicated that 18-million people were without basic water supply and a further 27-million had no basic sanitation.

Estimates of the capital cost of remedying these deficiencies varied from R4,4bn to R13bn over 10 years. The figures excluded the cost of refurbishing much of the infrastructure that had been inadequately maintained.

In addition, analysts have expressed increasing optimism that government's beleaguered low-cost housing programme will take off this year. Housing Minister Sankie Mthembu-Mahanyele said recently that 169 000 low-cost units had either been built or were under construction through government's subsidy system. She said the new government had approved more than 362 000 subsidies and the provincial housing boards were releasing about 10 000 subsidies — valued at an average R12 800 — each month.

Telkom MD and CEO Brian Clark has committed the parastatal — at the forefront of government's privatisation drive — to rolling out 250 000 telephone lines by end-March, which would include 30 000 pay phones. Capital expenditure is projected to exceed R3,5bn — significantly higher than in previous years. Eskom's electrification programme has been moving ahead well, with the utility making more than 1,27-million connections between January 1991 and the start of 1996.

1997 - When the promises come true

(1A3) APR 27/1997

Government says it will be able to deliver on housing and services

THIS YEAR HAS BEEN HALLED BY THE GOVERNMENT AS THE YEAR OF THE BIG DELIVERY ON BASIC SERVICES TO THE POOR. WRITES STAFF REPORTER WILLIAM-MERVIN GUMEDE

This year has been touted as the year when President Mandela's dream of one million houses to the poor in five years, to bring piped water to a million people and electricity to 2.5 million could just become a bit more than a dream.

The drive to deliver essential services to the majority of the population will concentrate on low-cost housing, water supply, electricity and telephones, while the Masakhane campaign - aimed at persuading people to pay for services - is to be revived with a more localised focus.

The delivery of basic services to impoverished areas picked up considerable momentum last year, but the backlog faced by most departments is growing.

Patrick Bond, senior economist at the National Institute for Economic Policy (Niep), says the slow start to the now disbanded Reconstruction and Development Programme has increased the backlog.

He added that this was most noticeable in the provision of low-cost homes. The programme that was meant to start in 1994 is only now taking off and it is estimated the backlog has risen from 1.5 million to five million. Dr Bond added that a failure of the Government to deliver on housing had enormous implications for public health, the environment, welfare, education, urban planning and related economic sectors of building materials and manufacturing.

According to Niep an average of 200 000 new households are being formed annually and the backlog of housing is estimated to be growing at a rate of 178 000 a year. An estimated eight million people live in squatter camps, backyard shacks or in overcrowded conditions in existing formal housing in urban areas, with no formal tenure rights over their accommodation.

This week, the water and forestry department announced that water supply and sanitation projects of up to R1 billion would provide 1.7 million people with running water by the end of the year.

The projects, which kick off in April, are being hailed as the first signs that this will be the Government's "year of delivery" after protracted delays caused by red tape and capacity constraints.

Adding to it, a further two million South Africans are scheduled to get access

toon can begin in April when these funds become available. The balance will be allocated during the future planning forum meetings. Funds have been allocated per province.

The Eastern Cape would receive R190-million from the community water supply and sanitation programme of the RDP. It was estimated that five million people were without basic water supply in the province and a further nine million were without sanitation.

The national assessment of water supply and sanitation report, published by Kader Asmal's water affairs and forestry ministry in November, showed that 18 million people were without basic water supply and a further 27 million had no basic sanitation.

Estimates of the capital cost of remedying these deficiencies varied from R4.4-billion to R13-billion over 10 years. The figures excluded the cost of refurbishing much of the infrastructure that had been inadequately maintained.

Housing Minister Sankie Mthembu-Mahanyele has singled out 1997 as the year the Government's housing programme will emerge from the sphere of policy planning into bricks and mortar.

Analysts have expressed increasing optimism that government's beleaguered low-cost housing programme will take off this year.

Aimed at achieving a yearly delivery rate of 350 000 by 1998, the plan has fallen spectacularly short of these targets. Independent research institute Settlement Dynamics points out that to reach the promised one million low-income (subsidised) homes by 1999, the Government this year has to roll out 724 000 units. The figures exclude hostels, which are being upgraded.

M/s Mthembu-Mahanyele said recently that 169 000 low-cost units had either been built or were under construction through the Government's subsidy scheme.

But another independent research institute, Housing Monitor, says only about 65 000 low-cost housing sales were executed last year, although the number of launched housing projects soared.

Nevertheless, as the figures released by the housing ministry show, there are real signs that delivery is happening, albeit on a small scale.

The Bureau for Economic Research (BER) at Stellenbosch University said real fixed investment in private and public authority engineering projects - public sector investment represents the major source of capital formation - were expect-



COLIN DANIEL

Delivery assured: Minister Sankie Mthembu-Mahanyele, who sees a solution to the housing problem.

big leap for housing delivery to the poor.

There are 465 developers active in South Africa, compared with 256 five years ago. Public corporations are active in the largest projects, with the SA Housing Trust accounting for 90 percent.

For example, in Gauteng, which had spent nearly 80 percent of its budget by end-September (and which receives about a quarter of the total national allocation) about 8 500 houses have been completed and nearly 50 000 serviced sites provided for incremental housing.

Mpumalanga, too, could claim to have performed well.

This suggests that most difficult bottlenecks - land invasion, division of responsibility for project management between private developers and public authorities,

work - school renovations, community clean-ups and so forth.

Dr Bond wants the government to come up with more creative plans to provide State-owned land or to intervene to make land more available for low-cost housing.

Land Affairs Minister Derek Hanekom recently announced the Government's first step towards making more land available, when he said it was planning to return the land of the former homelands to the people who occupied it.

Apartheid also has left the country with deep disparities in the provision of telephone services. Only one in 10 South Africans has access to a telephone.

While many families in Constantia have access to at least one phone, four million residents in Transkei have to share 19 000, mostly public phones, between them.

The provision of telephones has picked up steam with the implementation of Telkom's Vision 2000 project.

Under the project, Telkom plans to add three million new lines to the network and upgrade a further million lines by the year 2000 at a total cost of R32-billion.

But delivery will speed up once Telkom's sale of 30 percent of its equity has been concluded, most likely in March. A strategic equity partner will not only pay about R6-billion for a 25 percent stake in Telkom, but also provide technology and management skills for Vision 2000.

Angus Band, Telkom's general manager for finance, predicts that 420 000 new telephone lines will be provided by the end of March next year.

Telkom MD and CEO Bram Clark has committed the parastatal - at the forefront of the government's privatisation drive - to rolling out 250 000 telephone lines by March-end, which would include 30 000 pay phones.

Capital expenditure is projected to exceed R3.5-billion, significantly higher than in previous years.

Eskom's electrification programme has kept ahead well, with the utility making more than 1.27 million connections between January 1991 and the start of 1996.

The Government is examining proposals by the National Electricity Regulator to rationalise the existing 400 distributors of electricity - mainly municipalities - into the maximum number of financially viable regional distributors.

These would sell electricity directly to the consumers, take over responsibility for the electrification programme and introduce cost-based tariffs.

At present, distributors nationwide levy 2 000 different tariffs, netting municipalities an estimated R1.7-billion in surplus funds to cross-subsidise other services.

Under the RDP, local authorities were supposed to deliver 150 000 new connec-

ed to drinkable water next year. Building on expectations that about 150 000 low-cost houses will come on stream this year.

Claus Triebe, deputy director-general of the water and forestry department, said 257 water projects costing R626-million had been identified and agreed on in conjunction with the provincial and area planning forums.

"Planning of these projects has advanced to the stage where implementation is a year in the first five years of ANC rule, in addition to Eskom's 300 000 a year. So far, local authorities set at most achieved 10 percent of their target in 1996."

"Everybody has felt a sense of frustration that we could not move as fast as we wanted to (to deliver on basic services to the poor)," according to deputy president Thabo Mbeki.

"But it turns out to be more complicated than we had thought."

growth forecast at 9.6 percent.

M/s Mthembu-Mahanyele said the Government had approved more than 362 000 subsidies and the provincial housing boards were releasing about 10 000 subsidies each month.

While the approval of 362 000 subsidies does not suggest that South Africa now has 362 000 sparkling new houses, it is a

West government.

The quick-spending, NP-run Western Cape is still fulfilling programmes for the poor.

But it is not all good news. The unevenness of provincial spending on housing reflects serious problems in the delivery of the water and forestry department's subsidies and agreed on in conjunction with the provincial and area planning forums.

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Local authorities will have to learn fast if this new surge in delivery is not to be a false start.

The Masakhane campaign to encourage people to pay for municipal services seems to be back on track, too.

President Mandela said in his 85th ANC anniversary speech at Botshabelo, that Masakhane was not simply a pay-off, but a commitment to the poor.

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Mixed race, mixed over new houses

By Joshua Raboroko

28/1/97

Complaints about size and quality of dwellings for the poorest

IN 1995 THE GOVERNMENT announced a revamped housing subsidy scheme for millions of poor and homeless people in an attempt to enable them to build their own houses.

The homeless pinned their hopes on Housing Minister Sankie Mahanyele's announcement that the scheme would kickstart the dreams of people wanting to build their own homes.

But the scheme also sparked off criticism. With just 440 000 subsidies issued by last September, many felt it was a drop in the ocean.

The poor will judge the African National Congress-led government in the next elections in 1999 for its failure to provide houses.

The subsidy scheme is meant to take the delivery of housing in a fundamentally new and positive direction. It is therefore important to monitor the

new scheme carefully to determine how successful it is.

The new subsidy is a once-off capital grant assessed according to household income. Those who earn up to R800 a month get R15 000, R801 to R1 500 get R12 000, R1 501 to R2 500 get R9 500 and those earning between R2 501 to R3 500 get R5 000.

Subsidies are to be used to acquire a five-dwelling residential property — a serviced site plus a starter house, conventional house, or a walk-up. They can also be used to upgrade services or structures.

Since implementation of the new policy began, research has shown that it is being rejected widely because, in most cases, one- or two-roomed dwellings rather than four-roomed houses are being built.

A Sowetan survey and research compiled by the Centre for Policy Studies, under the aegis of the Human Sciences Research Council, indicate that the beneficiaries of subsidies have mixed feelings.

Their complaints are about the size of houses, quality and infrastructure.

To quote Mr Johannes Sithole of Eldorado Park, south of Johannesburg: "Municipal officials, in fact even politicians, promised us four-roomed houses. We are surprised to see one-roomed houses."

Expected to pay

"They also did not tell us we would be expected to pay an extra R650, over and above the R15 000 subsidy we got, when occupying the houses (for the installation of water, waterborne sewerage and electricity)."

Mrs Hilda Gwaba (64), a pensioner and mother of three who owns a one-room house obtained through a subsidy, says: "These houses are small. I have children who must share all the facilities with me."

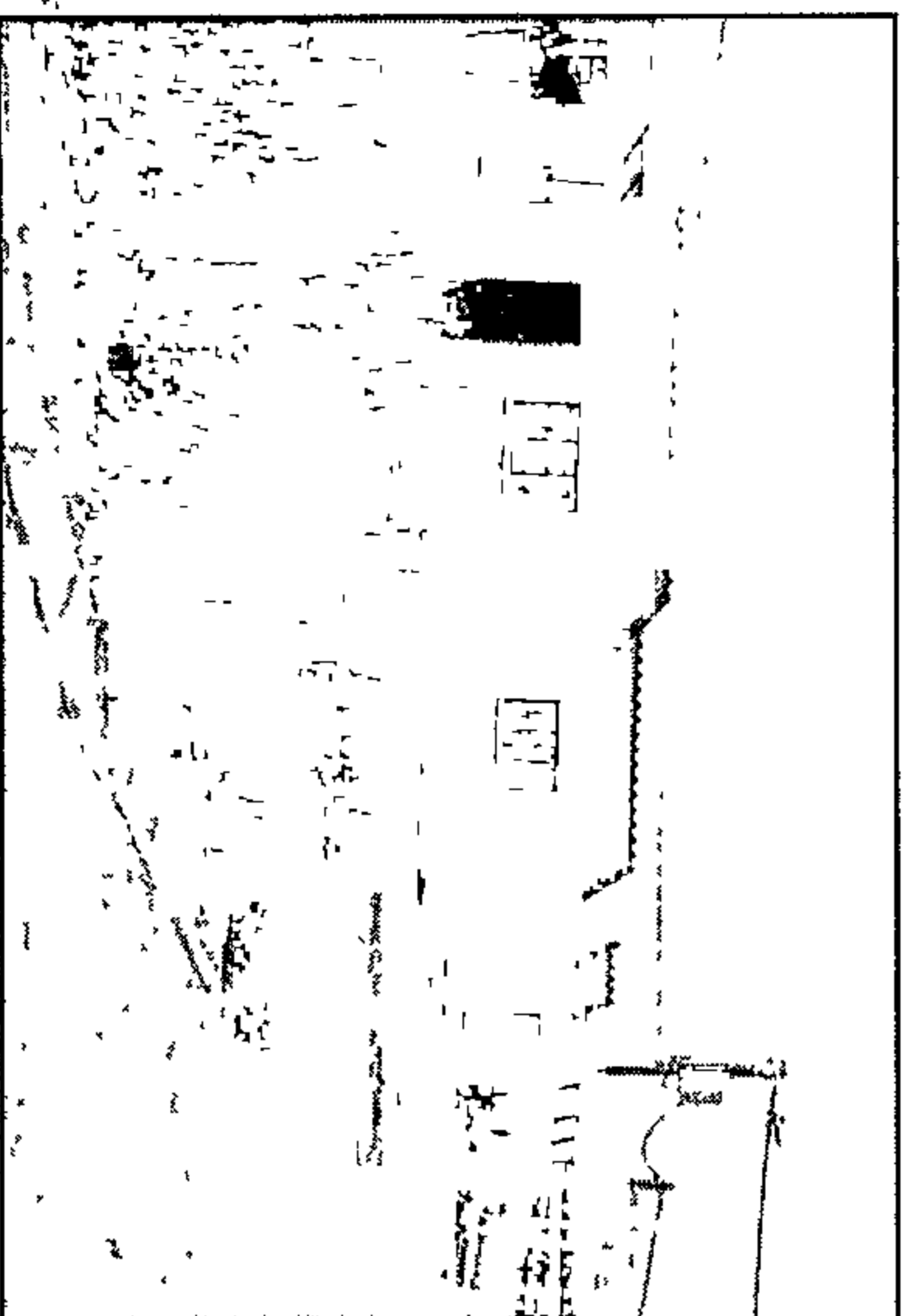
Mrs Zandi Gantlenye (30), who owns a two-roomed structure in Eldorado Park, says: "I am not happy with what I have, although I was given the R15 000 subsidy by the Government."

"Our sites are so close to one another that you cannot even stand outside and throw out water in your yard."

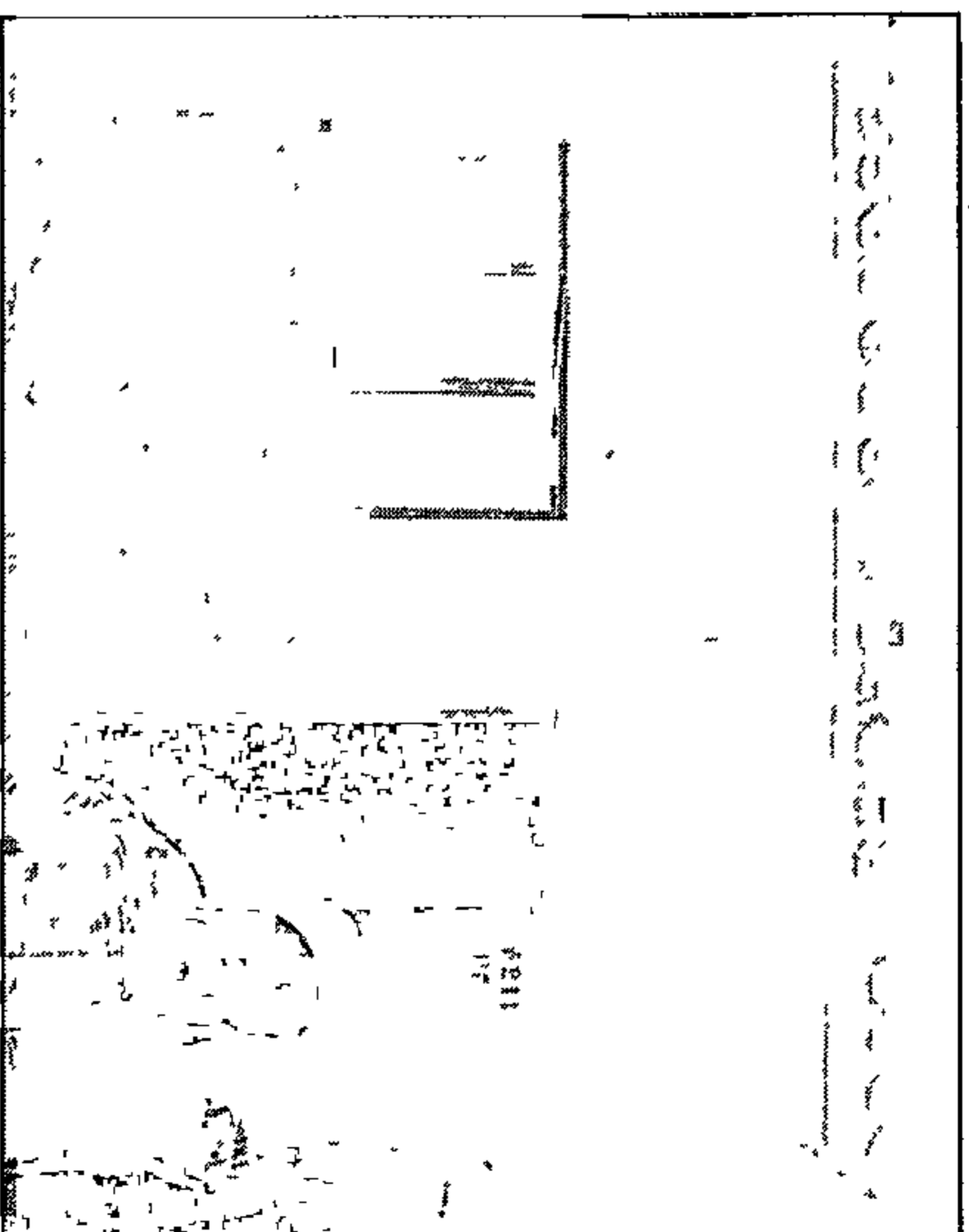
In fact, she adds, there are not really any yards. Someone else's house stands where there is supposed to be a yard.

According to research by housing specialist Mr Stephen Mayo of the World Bank, many beneficiaries also show extreme concern and dissatisfaction about the lack of schools, clinics and police stations in their areas.

(123) Sowetan 28/1/97



Many residents complain about the size, quality and infrastructure of the new houses being built under the Government's housing subsidy scheme.



Pensioner Hilda Gwaba, who owns a one-room house in Eldorado Park, obtained through a subsidy, says her new house is too small for her and her three children.

Other common problems mentioned by recipients of subsidies relate to the lack of storm water drainage, which allows water to accumulate on the sites. This has probably been overlooked for cost reasons.

Nevertheless, some welcome the one-room homes 'as better than nothing', considering the squalid conditions in backyard rooms and the shacks in which they used to live.

Gwaba, who was on the housing waiting list for five years after her husband died, says her one-room house is better than nothing. "It makes me happy that I have been given land."

The Housing Ministry is also optimistic that most of the problems being encountered will be addressed this year. Mahanyele says the one- and two-roomed houses are intended to kickstart housing development. The subsidy scheme is primarily

intended to help the poorest have land and a roof over their heads. People can improve on these structures once they have jobs or financial help from banks. More than 440 000 subsidies were approved by the end of September.

Analysts say these figures appear to support Mahanyele's assertions that 1997 will be the year of delivery for mass low cost-housing in South Africa. The provision of roads, stormwater drainage and other facilities will be addressed by the relevant departments.

The building of schools, clinics and police stations will also be prioritised. As part of its programme to deliver housing, the ministry will also initiate the construction of high-density housing — such as row houses and two-storey walk-ups — as part of "mixed" housing developments. Houses and flats in high-density areas will be available for rental.

Government will meet 1-m housing forecast by 1999, says Minister

(123) ARL 30/1/97

Johannesburg – Government will achieve its goal of building a million houses by the end of 1999, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

“Our plans can only be scuppered by rains and floods, which would mean we would not be able to build,” Ms Mthembu-Mahanyele said at a media briefing in Johannesburg.

She said the Government’s “partial power” in rural areas, “where land is held in trust”, could also impede home building plans.

Ms Mthembu-Mahanyele said her forecast was influenced by the installation of legitimate local governments and efforts by the Government to improve the capacity of provinces to respond to housing needs.

She said housing was a specialised field which needed pro-

ject managers, accountants, town planners and others.

The Government’s housing policy had taken root and there was an upward trend as more subsidies had been approved and provinces had used more money to build houses.

The minister expected 500 000 housing subsidies to be approved by June.

A total of 380 000 subsidies had been approved from 1994 to late 1996.

Provision of housing would also increase because the National Housing Finance Corporation would facilitate access to wholesale housing finance for people who did not have ready entry to the formal credit markets, Ms Mthembu-Mahanyele said.

The housing finance corporation was established in June and is wholly owned by the Government – Sapa

Housing minister vows to deliver

CT 30/1/97 (123)

MPHO MANTJUI

Johannesburg — The housing department has tackled the nuts and bolts for implementing the speedy delivery of housing, Sankie Mthembu-Mahanyele, the housing minister, said yesterday.

Mthembu-Mahanyele reiterated the 1994 election promise to build 1 million houses by 1999.

The department has been criticised for its slow implementation and the poor construction of houses built so far.

About 124 000 houses have been built since the elections, of which 16 percent had credit-linked financing, providing ownership rights to many South

Africans for the first time.

Talking at the ANC's Johannesburg headquarters yesterday, Mthembu-Mahanyele said housing was not an isolated entity, but was linked to economic development and especially job-creation. Problems inherited from former apartheid governments had delayed housing delivery.

She also blamed housing delays on the interim constitution, which had caused confusion about the division of roles and responsibilities.

Mthembu-Mahanyele said the housing industry's capacity had also handicapped progress.

The financing mechanisms of the national subsidy scheme

were available to all qualifying households, Mthembu-Mahanyele said. But she acknowledged that the subsidy did not provide sufficient finance for a completed house.

The National Housing Finance Corporation facilitates the provision of wholesale housing finance to those who do not have access to the formal credit markets. The company was allocated R525 million in terms of the reconstruction and development programme.

Mthembu-Mahanyele said the culture of non-payment inherited from apartheid had been dealt with through the Masakhane campaign.

1997 the year of delivery, says housing minister as target of a million houses set

BY BONGIWE MLANGENI

The Housing Ministry is confident it will deliver a million houses by 1999, despite having built less than a quarter of that number since the ANC came to power two years ago.

Between April 1994 and November 1996, at least 123 139 government-subsidised houses were constructed.

Housing Minister Sanku Mthembu-Mahanyele said yesterday that statistics indicated an increase in the num-

ber of houses delivered every day, making the ministry believe it would meet the ANC's pre-election target of 1 million houses in five years.

Mthembu-Mahanyele said 1997 was the "year of delivery" and her ministry was expecting to build 192 765 new low-cost houses this year, with 500 000 subsidies being allocated by June. So far, 380 000 subsidies have been allocated.

She said the ministry would be focusing more on the "people's housing

process" and helping communities to open saving schemes to build houses.

"Generally this results in larger houses and it requires a commitment from individuals. Some people have houses today because they came together as families or groups and took the initiative to plan and design their own houses," she added.

Mthembu-Mahanyele said a trust, Partnership, would be established to support small groups, non-govern-

mental organisations and local government's. The United Nations Development Programme has donated R11-million towards the partnership.

Housing also donated R10-million to the South African Homeless People's Federation.

The federation has achieved private savings of more than R500 000 for its 30 000 member families and has built more than 300 houses, partly using the government subsidy scheme.

Mthembu-Mahanyele said there would be an upgrading of services provided by housing support centres that were established last year.

The centres are provide technical advice, training and materials to home-seekers.

The support programme has been difficult to launch in areas such as the Eastern Cape, North West and Northern Province, where there is a lack of staff or skilled people who can manage housing projects.

(123)

SAW 30/1/97

Housing scheme for rural areas

By Joshua Raboroko

GOVERNMENT is to launch a rural housing loan fund that will kick-start allocation of housing subsidies where land is held in trust in an attempt to remove obstacles in the distribution of subsidies in rural areas

According to government sources, German donors have already pledged millions of rands to address legal obstacles inhibiting

(123) Sowetan 30/1/97
distribution of subsidies in rural areas, particularly relating to security of tenure

At a Press briefing in Johannesburg after an ANC bosberaad, Housing Minister Mrs Sankie Mahanyele said details of the fund would be released next month.

Mahanyele said lending schemes were also in place for the poor to obtain credits to build homes

These included the National

Housing Finance Corporation, the National Urban Reconstruction and Housing Agency and banks throughout the country

The government promoted joint ventures which would enable mass delivery of houses for both ownership and rental. This programme has a potential to provide more than 150 000 houses.

She said government would achieve its goal of building a million houses by the end of 1999

MPs get pat on the back for paying rent

BD 30/1/97

(123)

Stephané Bothma

PRETORIA — While some South Africans get evicted for not paying monthly rent, public works director-general Siphosiso Shezi praised members of Parliament yesterday for finally attempting to erode their arrears.

"Arrears in rental paid for parliamentary villages amounted to R106 540 in January 1996, but this has now improved to only R8 800," Shezi said. This was a marked improvement and "we are proud of the example set"

MPs were setting a serious example to the rest of SA, he said, adding that arrears in rental should be completely eroded within the next two months.

"The backlog is diminishing at a rate of approximately R5 000 per month and we expect to be on par by the end of March."

Details on rent payments in parliamentary villages by would be released by the end of next month, Shezi said.

Public Works Minister Jeff Radebe told Parliament in June last year that when he left SA to take up his post,

ambassador to Australia Bhadrá Ranchod left behind a debt of R42 290 in unpaid rent for his government house.

At the time four ANC MPs were also behind with their rent — some for as much as six months.

Radebe said a letter of demand had been delivered to every member's office, warning them that unless the full amount was paid within 60 days, legal action would be taken.

A public works spokesman said yesterday no details were available on who still owed outstanding rent.

500 000 housing subsidies endorsed by June

Röbyn Chalmers

AT LEAST 500 000 low-income housing subsidies would be approved by provincial housing boards by June, putting SA on track to deliver 1-million houses by 1999, Housing Minister Sanke Mthembu-Mahanyele said yesterday.

It had taken two-and-a-half years for the housing policy to take effect, she said. This was due mainly to the legacy of the past, the state of the economy, lack of capacity in all housing-related sectors and uncertainty created by the interim consti-

tutional dispensation.

Between March 1994 and November last year, 123 139 houses had been built or were under construction, against a housing backlog estimated at between 2-million and 3-million houses. This meant more than 876 000 houses would have to be built or be under construction over the next two years to meet the 1-million target by 1999.

Mthembu-Mahanyele said statistics showed the housing policy had now taken root, but a number of fundamental had to be in place for government to meet its target. These

included the timely provision of land and services, respect for due legal process and the vigorous enforcement of legal contracts and programmes to enhance capacity at provincial and local levels.

The majority of development to date was being done by local authorities, despite severe capacity constraints. The draft housing bill, due to be tabled in Parliament this quarter, would devolve responsibility for managing the process of housing delivery to local authorities.

Ways to boost the people's housing process — which involved people

taking the initiative to deal with their own housing needs — were under scrutiny. Approximately 49% of all SA households had an income of less than R1 000 a month, so the people's housing process offered the best opportunity for more than half of the homeless population to gain access to adequate housing.

Mthembu-Mahanyele said the National Housing Finance Corporation was already processing applications totalling R200m. Its immediate focus was to build financial capacity in the housing sector while fund mobilisation and innovation

were its ultimate objectives.

The National Urban Reconstruction and Housing Agency had issued guarantees valued at R16m for bridging finance loans to 19 projects that would lead to the construction of about 7 500 homes valued at R118m, she said.

Work by the mortgage indemnity fund — set up to facilitate new funding for housing by lenders and underwrite defined political risk — had led to 58 398 loans valued at R4,35bn being granted in areas where banks had withdrawn all mortgage lending operations

(123) PD 30/1/97

UCT study concentrates on SA's poorest

RESEARCH being conducted by the University of Cape Town's (UCT's) urban management programme — using a donated Oracle7 Workgroup server — is focusing on enabling shack dwellers to assist in providing affordable housing and infrastructure for themselves, in conjunction with a number of government agencies.

Urban engineering professor John Abbot says this is the first and only research project of its kind in SA seeking affordable solutions for the poorest of the poor. (123)

"Researchers will determine exactly what pool of skills exists in these settlements, as well as a wide variety of other information such as income, family size, basic housing requirements

and employment skills

"The information will be stored on an Oracle7 Workgroup server running under Windows NT," Abbott says.

Conducted in close co-operation with the Cape Town city council, government and communities, the research project seeks mainly to help poor communities make the most of their limited resources.

Abbott says UCT researchers have collected data from a number of informal settlements on the Cape Flats.

The researchers looked closely at how the Brazilian city of Belo Horizonte went about addressing its informal settlements — known there as Favelas — and used it as a model for the SA research

BD 30/1/97

'No rollovers' as provinces spend all their housing cash

Robyn Chalmers

GAUTENG, Mpumalanga, the Northern Cape, Free State and the Western Cape had all spent more than 100% of their housing allocations by last November as total spending approached the R1,5bn mark, housing figures released yesterday showed

Housing Minister Sankie Mthembu-Mahanyele said she was increasingly optimistic there would be no rollovers in the current year. This would be a marked improvement over the previous year when rollovers from the reconstruction and development programme and national housing funds totalled R3,1bn, resulting in the national housing fund allocation being reduced more than half to R1,5bn in the 1996 budget.

The Eastern Cape continued to lag behind, spending only 22,2% of

(123) 80 31/11/97
its R450m allocation followed by the Northern Province on 27,6%, North West with 43,5% and KwaZulu-Natal with 46,9%

Mthembu-Mahanyele said the housing ministry had reached agreement with the finance ministry to allow provinces to continue spending past their allocations. "This will continue while we sort out capacity problems in the provinces," she said.

In provinces where there were severe capacity constraints, such as the Eastern Cape, the ministry would negotiate with a view to sending in a task team to assist provincial officials.

Mthembu-Mahanyele said the joint venture initiative by the public and private sectors to enable mass delivery of houses for ownership and rental was moving ahead rapidly.

She estimated the programme

had the potential to deliver more than 150 000 houses.

The National Housing Finance Corporation — a government body set up last June — had been allocated R100m for joint ventures with the private sector in densification. The aim was to match the investment of a private partner or a local authority with the intention of leveraging at least R3 of working capital to every R1 invested by local government.

Mthembu-Mahanyele said R50m had been made available to Servcon — a joint venture company set up by banks and government to deal with repossessed properties — to buy housing stock. In addition, about 10 500 nonperforming loans would be taken over by Servcon this year. "The resolution of historical nonpayment issues is essential for investor confidence," she said.

10 000 housing units delivered (123) each month

BUSINESS EDITOR

ARG 4/2/97

Housing delivery shows signs of picking up this year, says University of the Western Cape researcher Gavin Lewis.

Writing in the latest issue of his RDP Monitor, Dr Lewis says in spite of the backlog - up to two million housing units already and 130 000 more each year - "there is now room for some optimism".

Delivery has speeded up to about 10 000 housing units a month, compared to 12 000 for the whole of 1995

This is in spite of rent and service boycotts and the failure so far of Operation Masekhane

On the plus side, is that about 440 000 housing subsidies have been approved, state-owned housing is being transferred to tenants, planning processes have been streamlined, joint private sector-Government developments are multiplying and the Mortgage Indemnity Fund, which guarantees loans in "high-risk" areas, now covers 437 areas.

Housing departments up in arms over rural evictions law (23)

BD 4/2/97

Drew Forrest and Wyndham Hartley

NATIONAL and provincial housing departments have voiced keen concerns about Land Affairs Minister Derek Hanekom's planned rural evictions law, arguing that it could have damaging, unintended spin-offs in urban areas.

Democratic Party (DP) land spokesman Errol Moorcroft also raised concerns yesterday, cautioning that the bill could have "unintended consequences" which would see rural owners "reducing their perceived responsibilities with regard to people living on their land."

Feathers are said to have been ruffled by the proposal that the national housing subsidy be used for alternative housing for evicted farm workers. A source said the housing department had not been consulted on the proposal, which was "out of the question."

The source said local government, envisaged as playing a key role in housing evicted farmworkers, had also not been consulted.

The Extension of Security of Tenure Bill, to be published today, has a retrospective clause designed to prevent the pre-emptive evictions of farm workers and others while the legislation passes through parliament.

liament. It provides for fines of up to R40 000 or two years in jail.

Moorcroft described the retro-active feature of the bill as a "thoroughly bad practice". The bill also discriminated against rural land owners by placing a "burden on them which is not shared by the owners of urban property".

National housing director-general Billy Cobbett said he had conveyed some of his concerns to land affairs and believed the gazetted bill would take account of them.

Provincial sources said drafters had tried to target rural areas by excluding proclaimed townships from the bill's scope. However, urban

squatter settlements and many townships were unproclaimed.

The effect would be to make it harder for urban property owners — already hampered by the lack of a simple, speedy and fair evictions process — to evict people.

The bill would also lead to eviction-driven queue-jumping in housing provision. Provinces and councils would spend "half their lives" chasing evictions, instead of focusing on the issue of mass housing.

Hanekom's special adviser, Aninka Claassens, said at a news briefing yesterday talks were under way with the housing department on how to deal with informal settle-

ments on land still classified as agricultural but effectively urban.

Claassens said the bill would protect on the basis that no evictions could take place unless alternative accommodation was available.

She said there was an element in the legislation designed to provide funding for rural development, driven either by farmers and rural communities, or local and provincial government. Development would have to ensure security of tenure for rural people if it was to enjoy state funding.

Without the funding mechanism, the bill would create long-term conflict, she said.



Sankie Mthembu-Mahaye: state has no funds

State lacks cash to cut backlog of 3-m homes

(123) APR 5 12 1977

Private sector urged to contribute

JOSEPH ARANES
STAFF REPORTER

South Africa has a housing backlog of up to 3 million units and the Government does not have funds to meet the needs of the homeless, says Housing Minister Sankie Mthembu-Mahaye.

At the site of a housing project at Warmbaths at the weekend, she said the Government was confident of meeting its election promise of having built or begun building a million houses by 1999.

The challenge to the Government was to take cognisance of sustainability, affordability and capacity in trying to meet the emerging housing priorities.

She said it was estimated that 49 per-

cent of South African households had incomes of less than R1 000 a month and these families, unable to make any meaningful contribution towards finance for their houses, were dependent on the Government subsidy.

To house a family adequately, other sources such as the private sector had to come up with R3 for every R1 the Government spent on housing.

It was also necessary to encourage developers to be innovative in terms of design and costing and to encourage more contributions in terms of sweat-equity and personal savings from beneficiaries.

Ms Mthembu-Mahaye said jobs and training were the key building blocks of reconstruction and development and it

was necessary to translate national reconciliation into national prosperity.

"Within every housing project, capacity must be built to ensure local participation, local control and local jobs

"There must be work for our people," she said.

She agreed that the government housing subsidy did not provide sufficient finance for a complete house, and for the majority meant only access to land with secure tenure and a basic starter home.

The challenge now was for people to use their resources and efforts to increase the size of their houses to something in which they felt comfortable.

The Government was providing opportunities to begin homes and it was up to the people to add to and improve them

Poor get new source of affordable home finance

BD 6/2/97

(123)

Robyn Chalmers

A NEW fund to provide affordable housing finance for the poor was launched yesterday by the Urban Sector Network with a R13m grant from the Swedish International Development Co-operation Agency.

The Urban Sector Network said it was concentrating on urban development, housing and service delivery, local government and local economic development.

The body's management committee chairman Clive Felix said yesterday the Opportunity Fund would provide bridging finance and end user finance to community-driven housing projects targeting households earning less than R1 500 a month.

"The Opportunity

Fund places a challenge on the network and particularly the communities we serve. Within the broad framework of the existing housing policy, the fund creates opportunities for developing new approaches to sustainable, people-centred housing development," he said.

Felix said the first loans were expected to be released in April. Formal financial institutions had the capacity to provide wide scale small loans, but had not prioritised credit for the poor, he said.

The network hoped to establish precedents around sustainable credit for the poor, challenging present practices and creating a credit-friendly environment for those previously excluded on the basis of income.

Now SA looks overseas to fund homes

CT (BR) 6/2/97 (123)

MPHO MANTJUI

Johannesburg — The government is turning to foreign investors to help accelerate housing delivery and meet the goal of building a million houses within five years, Sankie Mthembu-Mahanyele, the housing minister, said yesterday.

She said the government did not have sufficient funds to meet the country's housing needs and was considering joint ventures with foreign investors and local private-sector players to get the mass delivery of low-cost houses off the ground.

Foreign investors would ideally provide offshore funds, but would also work closely with local contractors.

The introduction of prefabricated houses to help meet this goal was also imminent, she said.

But this is in stark contrast to the government's election promise to provide the homeless with brick and mortar homes, and is unlikely to be well accepted by those communities.

Mthembu-Mahanyele said the government was concerned at the private sector's lack of interest so far in the production of low-cost housing.

"A large European company last year sought a local partner to invest R100 million in a production plant for prefabricated houses in South Africa. However, the offer was turned down by local companies who were not interested in putting up even 15 percent of the cost of the project," she said.

Mthembu-Mahanyele said the government would soon establish a national programme to speed up skills training in all areas and accelerate the production of materials and supply.

It would also tackle the legal obstacles faced by rural areas in the distribution of subsidies, par-

ticularly relating to the securing of tenure.

She said her department had made significant progress in negotiating rural tenure with the land affairs department.

The government planned to maximise available resources and develop skills to increase capacity.

It would also encourage "sweat" equity. She said mobilising and involving people in the building of houses to instill drive and determination — as was the case in Germany after the second world war — would help in accelerating delivery, she said.

Bean Bornheimer, the managing director of Grinaker, the construction, electronics and information technology company, said "A foreign investor providing offshore money but working with local contractors would maximise transfer of skills and job creation.

"It would be terrible if they were to bring their own labour, as South Africa has the capacity to build good-quality houses," he said, adding that the problem was not the lack of skills, but the structure and the allocation of funds.

Ian Robinson, the chief executive of the Building Industries Federation of South Africa, said the construction industry would welcome foreign investors in the industry as long as they were merely providing capital.

The industry had spare capacity and did not need additional capacity from overseas. In neighbouring countries the market was full of foreign labour competing for jobs with locals. This was unacceptable, he said.

"South Africa has sufficient skilled labour. We would only need an increase of skills training to see that the government delivers the promised number of houses," Robinson said.

Housing delivery picks up steam in provinces

Most overspent 1996 allocations (123)

WILLIAM-MERVIN GUMEDE
POLITICAL STAFF

Most provinces had overshot their housing allocations by last November, signalling the Government's housing policy is finally turning into bricks and mortar.

Total spending by the provinces is approaching the R1,5-billion mark, according to latest figures from the Department of Housing

By December - with three months of the financial year still remaining - the Western Cape Housing Department's spending had exceeded by 40% the money allocated to it by central government

Housing Minister Sankie Mthembu-Mahanyele said she was increasingly optimistic that there would be no roll-overs in the current year

This would be a marked improvement over the previous year, when roll-overs from the national Housing Department and the Reconstruction and Development Programme funds totalled R3,1-bn. It resulted in the national housing fund allocation being cut by more than half to R1,5-bn in the 1996 budget

The Eastern Cape continued to lag behind, spending only 22,2% of its R450-m, followed by the Northern Province on 27,6%, North-West with 43,5% and Kwa-Zulu-Natal with 46,5%

Ms Mthembu-Mahanyele said the Housing Ministry had reached agreement with the Finance Ministry to allow provinces to

continue spending past their allocations

"This will continue while we sort out capacity problems in the provinces," she said

Ms Mthembu-Mahanyele said the joint venture initiative by the public and private sector, to enable mass delivery of houses for ownership and rental, was moving ahead rapidly

She estimated the programme had the potential to deliver more than 150 000 homes across the provinces

The National Housing Corporation - a

'The need for rental accommodation has not been addressed by the department's subsidy schemes'

government body set up last June to make funds available for low-cost housing - had been allocated R100-m for joint low-cost housing ventures with the private sector.

The aim was to match investment of a private sector partner or a local authority with the intention of leveraging at least R3 of working capital to every R1 invested by local government

John Africa, the Western Cape's chief director of housing, said so far his department had approved 124 low-cost housing

projects, while 25 were in the process of being evaluated for approval

The province's housing department has built 3 000 low-cost houses

Central government has set the department a target of at least 114 000 houses to build in five years - to meet the national target of a million houses by 1999.

Since 1994, the province has approved 73 000 housing subsidies. The total value of applications for housing subsidies received since 1994 by the provincial housing department totals more than R1,07-bn but the department has so far only approved subsidies for a total of R62,2-m

Mr Africa said although housing delivery in the province had been very slow, it had picked up steam in the past six months.

The department estimates that around 167 700 households require housing, although most analysts believe the needs of the province are much greater

He reckoned the Western Cape was well on its way to meeting the five-year targets set by the national government

He blamed elaborate consultation between developers and those who would in the end benefit from the homes for the breakdown in housing delivery

It also took the provincial Housing Department quite some time to put together its new housing policy

Mr Africa said there was an substantial need for rental accommodation which had not been addressed by the department's subsidy scheme

ARG 7/2/97

Housing task team in bid to lighten load of borrowers

Innovative finance packages for the poor

(123)

JOSEPH ARAMES
STAFF REPORTER

A task team, consisting of bankers, housing developers and government housing experts, has been established to investigate innovative ways of making finance available to the poor so their housing needs can be addressed.

This was announced by national Housing Minister Sankie Mthembu-Mahanyele after a recent meeting of the various stakeholders.

Mrs Mthembu-Mahanyele said that the meeting addressed a range of issues which had the potential to impact on the rate of delivery in the lower-income housing market.

The participants at the meeting agreed on the need for the introduction of a fair and practical package to address the respective concerns of the government, the developers and the banks.

The task team will tackle issues such as the phasing out of preferential treatment by banks for certain categories of borrowers, innovative finance packages and the

need for appropriate housing products given the affordability profile of borrowers.

Mrs Mthembu-Mahanyele said she was very pleased with the progress so far.

She said she would endeavour to ensure the task team's work be completed as soon as possible to provide longer-term certainty to the housing sector.

"It is vital that we move away from the dangers of stops and starts in housing delivery

"Thus will impede overall delivery", she said

MUNICIPAL CHARGES STILL ON APARTHEID LINES

Flat rates may be unconstitutional

(123) CT 11/2/97

THERE IS resentment in Cape Town about the different treatment that authorities mete out to black, coloured and white areas. **PETER DENNEHY** reports

stantiapark, Pretoria, appealed successfully against a magistrate's court judgment against him for arrear municipal charges. He had refused to pay on the grounds that he was not being treated equally.

The judge found that Walker was being unfairly discriminated against. On the other hand, the judge did not write off the amounts Walker owed.

Flat rates were not unconstitutional in themselves, the judge found, but they could be when they were set at such a level that one part of the city cross-subsidised the other.

He also found that it was unconstitutional to selectively issue summonses to residents on the basis of their "racial areas"

were raised by 10%, the previous increase in Cape Town had been in 1978.

Many township residents do not pay even these compulsory charges, and non-payment in iKapa areas is at about 30%.

There is resentment in Cape Town about the different treatment that authorities mete out to black, coloured and white areas.

Mr Philip Bam, councillor for Grassy Park, said many people felt strongly about arrear write-offs which applied to "black" but not to "coloured" areas, but change is on its way there, too.

At the end of last month, Mr Justice K van Dijkhorst delivered a landmark judgment on flat rates in the Transvaal High Court.

Mr J Walker, a resident of Con-

also applied in a couple of small settlements like Vrygrond, a mixed coloured and black shanty settlement near Marina da Gama, Imizamo Yethu in Hout Bay, and Masiphumelele in Noordhoek.

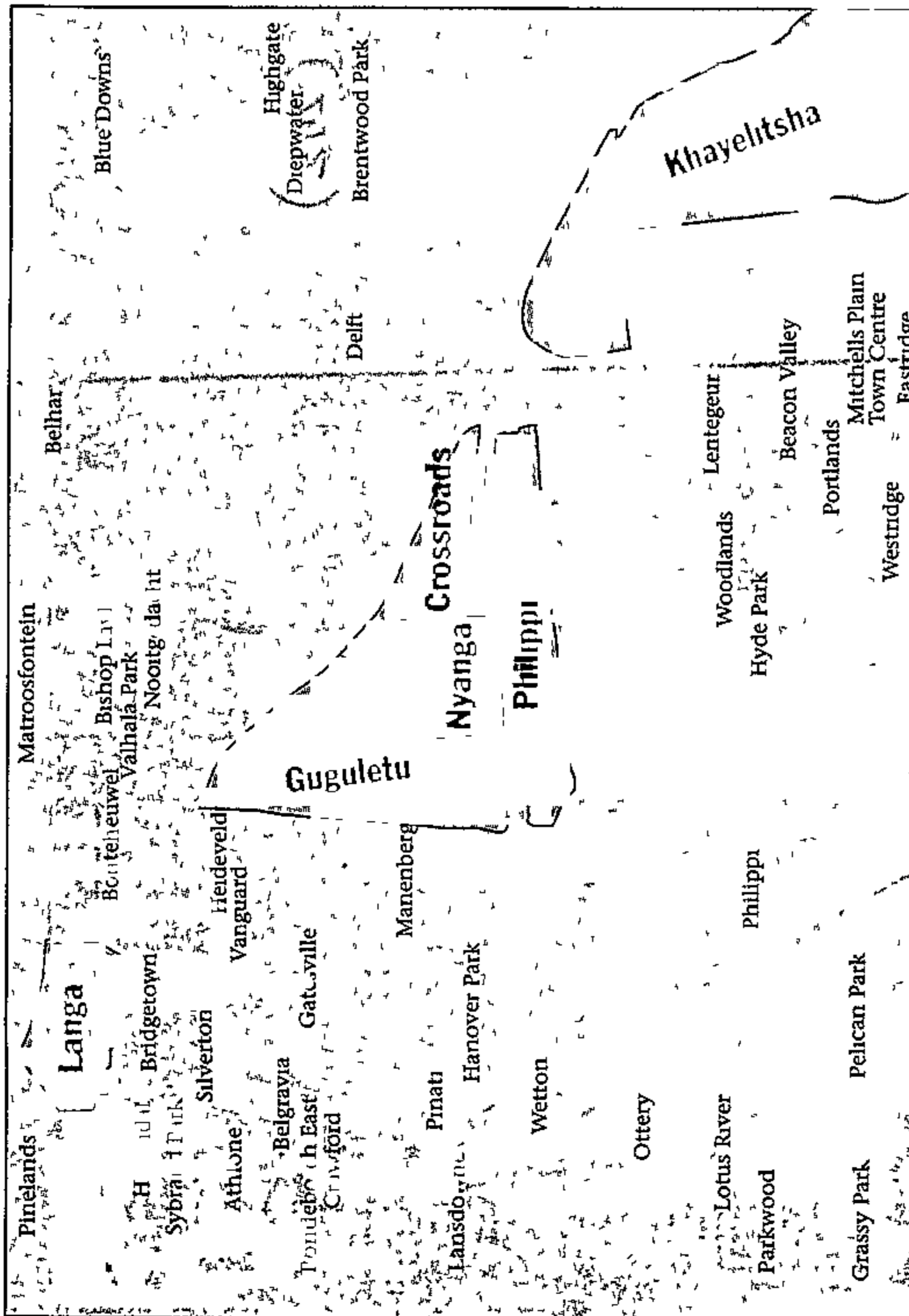
For thousands of households in the iKapa areas of Langa, Guguletu and Nyanga monthly tariffs are as low as R15,81 for a formally built house, and R7,80 per shack. In Khayelitsha they range between R12,50 and R56. These are often even lower than they are up-country, where the rating broke out.

Before July last year, when they

FLAT rate charges — the cause of the resentment that led to last week's explosion in Gauteng's coloured suburbs — are also charged in some suburbs of Cape Town.

A "flat rate charge" is a low, uniform tariff payable for municipal services by every household in an area. It includes refuse removal, sewage treatment, street lighting and health services, but excludes electricity, and usually water.

In greater Cape Town, flat rate charges are still levied in former Black Local Authority areas, but are



Areas in which flat rates are charged

Eskom on target with R1,2bn home electricity plan - Sigcau

WILLIAM-MERVIN GUMEDE
POLITICAL STAFF

Early estimates showed Eskom had exceeded its ambitious target of connecting 300 000 homes to electricity by the end of last year, Public Enterprises Minister Stella Sigcau announced in Cape Town.

The company spent R1,2 billion on the project

Ms Sigcau said at a press briefing that Eskom had maintained its pricing levels below inflation. The parastatal had continued to perform well above the overall economic growth rate of the country with revenue jumping 11 percent to R17,1-billion or 19,8 percent

Other state enterprises had been performing well overall, said Ms Sigcau. Arms company Denel, forestry company Safcol and mining company Alexkor had good years but Aventura, the leisure company, and Transnet made losses

Transnet lost about R250-mil-

lion, but the company had recently showed a turnaround

An investigation of irregularities in Transnet's pension fund had almost been completed by the Finance Ministry. It would be reviewed by the Cabinet before being made public

South African Airways' restructuring was to be speeded up. This would involve changes in management structure, legal form, personnel, contracts and balance sheet structure, and separation from Transnet's pension and medical aid fund

A workshop on restructuring SAA would take place on February 25 and 26

The Cabinet had decided that the previous limit of 25 percent foreign ownership of a South African airline should be raised to 49 percent, Ms Sigcau said.

This could affect Sun Air, which is to be privatised soon. Shareholders in a privatised Sun Air could include a trade investor, a black grouping and a national empowerment fund controlling the interests of "histori-

cally disadvantaged investors".

She said proposals for a strategic equity partner for the Airports Company were being discussed with labour with the next round of talks scheduled for Friday

The government needed to revise figures of what state enterprises were worth before they were restructured, Ms Sigcau said.

Some evaluations had been carried out by management and were inaccurate. For example, land owned by Aventura, some of the most valuable in the country, had been rated as agricultural land

The way had been cleared for the sale of Aventura to a consortium

The government's overall adviser on privatisation, the Hong Kong Shanghai Banking Corporation, was co-ordinating an advisory team to oversee the sale

Forestry company Safcol was also being restructured, Ms Sigcau said

(123) AAL 12/21/97

Grinaker completes 1 000 homes

(123) BD 12/2/97

Lukanyo Mnyanda

PRIVATE sector involvement was the key to addressing SA's housing delivery crisis, Grinaker housing division MD Gerry Scott said as the company completed its first 1 000 homes recently

The homes, most of which were built at Hendrina, Mpumalanga, were the first group out of 25 000 houses Grinaker is building in Mpumalanga, Gauteng, Northern Cape and KwaZulu-Natal

Most of the homes were aimed at meeting the needs of households eligible for the R15 000 government subsidy and represented an example of "what can be achieved by a proactive team which represents all the stakeholders", Scott said

He said more than 70% of SA's housing needs fell into the category

targeted by government's subsidy system and it was Grinaker's objective to deliver core houses of between 40m² and 54m². It aimed to deliver about 1 000 houses a month by the year end

"The recent completion of 850 houses in a subsidy-linked upgrade project at Hendrina has given Grinaker Housing the confidence to enter into the low-cost housing market at scale," he said

Grinaker had developments in progress in Balfour, Greylingstad and Morgenon in Mpumalanga. It had also been appointed developer for projects in Kimberley, Barkly West, Warrenton and Jan Kempdorp, in terms of a Nedcor Bank housing initiative in the Northern Cape.

Launched by Housing Minister Sankie Mthembu-Mahanyele in December, the Northern Cape

project utilised local labour

About 65 houses were already under construction and almost 12 500 subsidy applications had been approved

Grinaker's activities in Gauteng included the construction of 10 000 homes in Roodepoort and Springs as part of a provincial government pilot project with a target of 20 000 houses

Scott said Grinaker would also be doing construction work at Cato Manor in KwaZulu-Natal where the housing backlog was estimated at 30 000. It was also negotiating a project for 20 000 houses in the Eastern Cape

"The involvement of national, provincial and local governments with the private sector is very encouraging and we expect housing delivery throughout the country by the end of this year," he said

FEBRUARY 15/16 1997

State takes steps to speed up housing delivery

123
ARG 15/2/97

Subsidy increase 'too risky'

CHARLENE CLAYTON
PROPERTY EDITOR

The Government has set up several initiatives to speed up home building and is on track to deliver its promised one million houses by the end of 1999, says Housing Minister Sankie Mtembi-Mahanyele.

Between March 1994 and November last year, 123 139 houses were built or were under construction, giving many people home ownership opportunities for the first time, she said this week.

With more than 380 000 subsidies reserved so far, indications were that the Government was on target with its promise.

It had taken two-and-a-half years for the housing policy to take effect and this delay could be attributed to the legacy of the past, the interim constitutional dispensation, the state of the economy and the lack of capacity in the housing-related sectors.

The country's housing backlog is estimated at between two and three million houses and the Government did not have sufficient funds to meet this need.

Its policy was aimed at maximising available resources through gearing state funds, involving the private sector, encouraging "sweat equity" and utilising

savings contributions by individuals. "To house a family adequately, a counter contribution of R3 is required from other sources to every rand Government spends on housing," said Ms Mtembi-Mahanyele.

She said everything was being done to speed up delivery of low-cost housing. Steps taken included the establishment of a national capacitation programme aimed at provincial housing authorities and the promotion of joint ventures to enable mass housing delivery both for ownership and rental. This programme could include as many as 150 000 houses.

The minister said the Government did not dispute the fact that the housing subsidy - an amount of between R800 and R15 000 on a sliding scale depending on income - did not provide sufficient finance for a completed house, but increasing the subsidy system would be too risky.

"Looking at the growth of the economy, it's something we can't risk."

Ms Mtembi-Mahanyele also warned that unless homeless people contributed by building their own homes, the 1999 target would not be achieved.

The various tenure forms, such as rentals, shareblock, deed of sale and freehold, were expected to increase significantly, she said.

Government to rethink low-cost house subsidies

Infrastructure costs eating into budget

CHARLENE CLAYTON
PROPERTY EDITOR

Government is taking steps to prevent infrastructural costs swallowing up low-cost housing subsidies, leaving very little for people to build homes.

National Housing Minister Sankie Mthembu-Mahanyele has undertaken to look into the issue

Because it was the local authorities who ultimately provided infrastructure, she and Constitutional Affairs Minister Valli Moosa have initiated a task team that will look into integrating the activities of the departments of constitutional affairs and housing.

Part of the slow housing delivery process had been a lack of co-ordination and planning of infrastructure process

For example, the housing department manages the bulk connector infrastructure grant, which is supposed to provide

for internal reticulation

"The bulk connector infrastructure grant is supposed to pull reticulation into the households, but does not necessarily cover paving of streets, bringing water closer to the households and bringing in electricity

"Because there has been no clarity at provincial level, there hasn't been enough spending on the bulk infrastructure grant"

Ms Mahanyele said in certain areas, developers had used the housing subsidies for bulk infrastructure costs, leaving people insufficient capital to build a house

She hinted that an amount of R800 million could be set aside "to empower local authorities to help us with servicing of bulk infrastructure"

A member of a German delegation visiting Cape Town this week expressed concern at the amount of subsidy money being spent on infrastructure

ART 15/2/97
The delegation, led by Dr Michael Vesper, the deputy premier and minister of construction in the German state, North-Rhine-Westphalia, visited the country to investigate the housing situation and identify areas where the German state could offer assistance

General secretary of the German development assistance association for social housing Dr Dieter Baldeaux said that the Government's capital subsidy scheme was a very good one

"It benefits the poorest section of the population"

But he said the cost of services and infrastructure was a worry

In the first project visited by the group in Marconi Beam, R8 250 was spent on infrastructure costs

At another project in Weltevreden Valley an amount of R11 000 was spent on infrastructure, leaving only R6 250 for a housing unit

R300m sought from housing body

Robyn Chalmers

6D 17/2/97
(123)

THE National Housing Finance Corporation is negotiating applications of more than R300m for low-cost housing finance from financial entities which range from large financial institutions to local authorities.

The corporation was set up by government last year as a wholesale housing financier targeting the critical 30%-35% of SA's population which is employed and should have access to credit, but is largely unbanked.

Corporation MD Johan de Ridder said at the weekend strong interest had been expressed by financial entities across the board in obtaining finance for this segment of the market.

"Our immediate focus is to build financial capacity in the housing sector while funds for mobilisation and the promotion of innovative products remain the ultimate objectives."

He stressed the corporation was a stand-alone entity which was not guar-

Continued on Page 2

Housing (123)

Continued from Page 1

6D 17/2/97

anteed or subsidised by government. It did not focus on the very poor who could not afford credit and for whom government's subsidy system was the main source of finance available.

The corporation's target markets included housing retail lenders from small banks to nongovernmental organisations, housing institutions such as parastatals, large financial institutions; and other credit providers. It had adopted a risk-sharing approach rather than straightforward funding.

The corporation has received R525m from the reconstruction and development programme fund which has been allocated to the housing ministry's densification programme aimed at mass projects and promoting state and private sector joint ventures.

De Ridder said R350m of the fund

had been allocated to boost capital invested in the corporation. A R75m contribution to an already established R25m fund had been made to launch housing institutions such as housing associations. A further R100m had been earmarked for the corporation to invest in joint development ventures. The idea was to match the investment of the private partner or local authority with an intention of leveraging at least R3 of working capital to every R1 invested by national government.

The housing ministry's second task team report envisaged that public and private sector partnership should produce a dozen or so large projects in major urban areas around SA. "(These projects) should have a combined capacity to deliver 150 000 low-cost, high-density units over the next four years. While they are to be designed as joint ventures, it is envisaged government will play a key role and contribute to the financial capacity of these partnerships," the report said.

Threat to delivery of houses

19/2/97
(123)

By Joshua Raboroko

THE strike of about 2 000 construction workers in Gauteng might seriously affect the mass delivery of low-cost housing

The strike, which entered its second day yesterday, follows a deadlock in wage and conditions of employment talks between the Cosatu-affiliate Construction and Allied Workers Union and employers in the province's building and construction industry

Cawu is demanding a R1-an hour increase while employers and three other unions, the Building Construction and Allied Workers Union, the Amalgamated Trade Workers Union and Building Workers Union, have agreed to an increase of 60 cents an hour, paternity and maternity leave

By late yesterday trade union representatives and the employers were locked in an independent arbitration meeting aimed at reaching a settlement. The results of the talks are expected this morning, sources said yesterday

Building Industries Federation of South Africa executive director Mr Ian Robinson said some companies had experienced problems, while plants which did not have Cawu members were not affected

Arbitration

Cawu general secretary Mr Matthew Oliphant confirmed arbitration was in progress, adding that report-back meetings would be held in Johannesburg and Pretoria today

It is difficult to quantify the real effects of a strike at this stage, but the industry's turnover is estimated at several millions of rands in the province

Robinson was optimistic a settlement would be reached

Masterbuilders Association executive director Mr Colin de Kok said yesterday that workers at some companies had been intimidated, resulting in "complete absenteeism"

No casualties have been reported so far



OBED ZILWA

Campaigner: Jane Mzonqwana counsels Nyanga residents on their rights to lodge land claims

German state pledges aid for low-cost homes

(123) ARG 20/2/97

A visit to the Cape has prompted the German state of North Rhine-Westphalia to assist the South African Government in meeting the demand for low-cost housing.

North Rhine-Westphalia deputy premier and Minister of Housing Michael Vesper made the announcement after accompanying national Housing Minister Sankie Mthembu-Mahanyele on a tour of the integrated serviced land project

The project is part of the RDP's urban renewal plans and aims to address the development and housing needs of about 40 000 landless people living in informal settlements and overcrowded backyards in Crossroads and surrounding areas.

Mr Vesper said the North Rhine-Westphalia government had identified South Africa for bilateral cooperation, and the purpose of his visit was to identify areas of need where they could offer help.

"I visited projects in the Western Cape and was impressed when I saw how people are themselves making efforts in housing," said Mr Vesper

If services come, then so must payment

GOVERNMENT'S tardiness in making a decision on the restructuring of the R20bn electricity supply industry is starting to cause major problems in the sector, notably delivery obstacles and the potential loss of interest by international investors.

A similar restructuring under scrutiny for the water supply sector may be further behind in terms of planning, but it could soon strip the electricity supply industry through service delivery and private sector investment.

The National Electricity Regulator's warning that more than 100 local authorities stand to lose their temporary licences because of default is already cause for concern. Added to this is the more than R1.2bn owed to Eskom by defaulting local authorities, which is making it progressively harder for the parastatal to meet its annual target of 300 000 new electricity connections.

Now it appears that big business electricity consumers are getting edgy about the lack of progress being made on restructuring, saying that prospective investors — local and foreign — will look towards greener pastures if delays continue. They have previously demanded that local authorities be bypassed in the distribution of electricity and a direct link with Eskom be established. This would be a further threat to local authorities, many of which rely on income from electricity, and most

In the second part of her series on how government is keeping its delivery promises,

Robyn Chalmers looks at water and electricity

of which use these funds to cross-subsidise other, less profitable services such as water provision.

On the plus side, all stakeholders in the electricity supply sector — from trade unions through to government — agree on the need to restructure the industry. It is an extremely fragmented sector with more than 400 distributors around the country, there is inefficient stakeholder involvement and an inappropriate governance framework.

Other problems include a lack of regulation, a comparatively low rate of electrification, a lack of accountability on the part of distributors and shocking customer service in many areas. There is minimal electrification in former homeland areas, an inability on the part of the industry to redistribute surpluses, and there are a plethora of different tariffs which are poorly regulated.

Given the level of consensus on the need for urgent restructuring, it is becoming increasingly difficult to grasp the reason for government's inability to decide on a way forward for the sector. Granted, it would be the biggest restructuring in SA's history and is high-

ly complex, but government is being asked only to give broad direction on the way forward, with specifics to be worked out later.

The electricity working group, made up of representatives of central and local government, the regulator and various associations, started looking in September 1995 at an ideal structure for the supply industry and the role of electricity in financing local governments. A report was submitted to the mineral and energy affairs ministry in March last year, after being distributed to 24 stakeholder groups, including business, civics, local government, trade unions, agricultural unions and Eskom, among others.

One possible reason behind the lack of action could be limited understanding at cabinet level of the urgency of the problem. The lights are still burning, as it were, and although some local authorities appear close to collapse, they have not actually done so yet.

A further issue in the electricity sector which has yet to be comprehensively unpacked is the viability of Eskom's electrification programme in the absence of a successful Masakhane campaign.

The cost of delivering services is rising, but payment for these services is not. The capital-intensive nature of the electricity industry means that monthly consumption has to rise above the initial outlay.

In other words, it is broadly estimated that households need to use 350 units of electricity a month if the initial capital investment is to be recovered, but in rural areas consumption can be as low as 50 units. Eskom has recorded much of its rollout to date in urban areas such as Pretoria, Durban and Cape Town, and while unprofitable rural areas also have been tackled, they remain the priority.

Affordability — along with more complex historical payment problems — are also an overriding factor in government's bid to supply water services to the underserved segment of SA's population. Significant progress has been made with the community water supply and sanitation programme, with more than 700 000 previously unserved people having been supplied with water to date at a cost of R300m.

While the delivery of services will continue to roll out over the coming years with R1.5bn allocat-

(123) 80 20/2/97

ed at the end of last year and 706 projects under way, there are several obstacles government still has to overcome.

The water affairs and forestry department's annual report for last year says a key concern for the water supply and sanitation and the water resource management programmes is the inadequacy of the budgetary framework for the promotion of capital programmes. Key issues are the re-prioritisation of budgets and the consolidation of any such re-prioritisation. The re-construction and development programme fund is no longer available for the re-prioritisation of budgets following its limitation to external donations, and clear political direction is needed on the way forward if the water programmes are to be sustained.

Arguably the biggest problem facing government is to ensure payment for services delivered under its various water programmes, although this issue stretches across the state's entire delivery spectrum. The two key next-tranchedly linked performance indicators for these programmes are payment levels and sustainability. With water, continuing prob-

lems with payment are the result of a mix of conditions, the foremost being a lack of affordability, particularly in rural areas where water services are generally needed the most. Service levels in some cases have not lived up to community aspirations and there is often resistance to paying for water obtained from a communal tap. It is also proving difficult to overcome the legacy of former homeland governments which generally delivered free water services. The point is that the current supply of water services cannot continue unless there is a sharp rise in levels of payment.

Government's focus this year is likely to be on the promulgation of the new national water act aimed at providing the basis for the management of SA's water resources on an efficient and sustainable basis into the next century.

A parallel can be drawn between the restructuring of water services and the restructuring of the electricity supply industry. In both instances, government is looking to the creation of national utilities to manage the supply of services and pave the way for greater private sector involvement. And while it is vital to focus on the broad structure of each sector so as to ensure the stable delivery of services into the 21st century, it is equally as important to ensure that payment for those services is forthcoming if the new structures — once set up — are to remain viable.

Shack-building to be regulated?

CT 20/2/97

(306)

(123)

METRO WRITER

THE days of putting up shacks without regard to building regulations may be numbered

Ms Metsi Makheta, co-ordinator of the People's Housing Partnership, which works from the offices of the housing ministry, told a seminar in the city yesterday that town and city councils must inspect new informally built houses to make sure they are durable and meet health and safety standards

The partnership is funded by the United Nations' Development Programme. The housing ministry has seconded some staff to work on the partnership.

Makheta said "people's housing" was the name for dwellings people built themselves

The government was committed to supporting those who put up

such housing, but it also wanted to regulate the dwellings and ensure that they complied with the law

Town and city councils had three main tasks in "people's housing", she said

- "Regularise" the situation of those who have simply settled somewhere without official sanction. This may happen either where they are or elsewhere. People living in shacks or other cheap housing ought to be given secure tenure. Local authorities should play a role in identifying suitable land

- Municipalities can sign contracts with provincial housing boards in which the municipalities act as "accounts administrators" on behalf of groups of subsidy beneficiaries

Councils can then act as clearing houses, allocating subsidies

from higher levels of government to individuals who must get them

With this kind of arrangement, local authorities can disburse monies at various stages upon completion of work done by the family, instead of the state paying out in one lump sum when the building is finished

- Local authorities must send inspectors to make sure that new "people's housing" is built in such a way that it is durable and safe, does not impinge on other people's properties and is not inimical to good health

Makheta said many local authorities were not accustomed to sending their inspectors to "people's housing" developments.

"The partnership has been set up specifically to make sure that we (the government and the people) walk the path together," she said.

Low-cost home delivery moves

Robyn Chalmers

BD 26/2/97 (123)

GOVERNMENT's low-cost housing programme should benefit significantly from a number of provincial initiatives as the delivery of units takes off this year, two reports show.

SA Housing Scenario, compiled by the SA Housing Trust, said the establishment of a housing development fund in Gauteng and various new funding sources for infrastructure would boost housing delivery.

A variety of statistics indicated the low-cost housing industry was shielding itself from the modest slowdown in aggregate economic activity, the report said. "Proof of this is found in a significant increase in new mortgage financing, increases in the value of building plans passed and indications that most provinces will have spent all of their housing allocations by the end of the fiscal year."

Gauteng's proposed development fund would endeavour to use provincial and private sector funds to provide end user finance to local authorities for their housing projects. This

could be complemented by funds flowing through the recently established Infrastructure Finance Corporation, from which local authorities were expected to borrow more than R1bn over the coming year.

A report by The New Housing Company said the company had achieved record delivery in the year ended June 30 last year, but it had lost market share during this period.

"The reduction in our market share, which coincided with a 45% increase in units completed and a 98% rise in turnover, reflects a surge of new private sector entrants to the market. This demonstrates that the goal ... of providing housing to the homeless and the poor, is now well under way," said the report.

All the indicators were positive with official statistics showing that almost 115 000 housing subsidies had been paid out to beneficiaries by the end of October last year. "Considering that 14 665 of these subsidies were paid out in October alone, it seems as though delivery has, at long last, started in earnest," said the report.

SA will run out of water by 2003, warns expert

Population explosion the main cause

ASHLEY SMITH
STAFF REPORTER

South Africa will run out of water in six years if the population explosion continues and proper conservation measures are not applied, a Cape Town water expert has warned.

He predicts the country may have to resort to towing icebergs from Antarctica, re-using purified sewage effluent or desalinating sea water to solve the impending crisis of a dry country by 2003.

Underground water also offers an alternative source, but the 60-billion tons available would be exhausted by 2050.

These alarming statistics were disclosed yesterday by Bryan Davies, an internationally-respected water scientist from the University of Cape Town. He said affluent residents were the

main culprits - two Constantia households used as much water as an average village in Venda.

More than 60 percent of water consumption was at home, with gardens taking a hefty chunk of Cape Town's supply, Professor Davies said.

Areas of high population growth and industrial activity such as Gauteng and Cape Town had become parasites, drawing their water from surrounding areas rather than conserving their own resources.

"Water is spread unevenly across the country and even in areas of relatively high rainfall, evaporation causes a deficit," said Professor Davies.

The situation in Gauteng was of particular concern as nine river basins fed into the Vaal Dam from other areas to ease water shortages in the densely-populated province.

(123)
RALG 27/2/97

The Tugela River in Kwazulu-Natal was supplying more water to Gauteng than to the local population.

Cape Town's population was rapidly approaching three million and growing by 2,5 percent a year while it was predicted water demand would increase even more quickly.

"Although it is not known to many people, Cape Town did in fact run out of water over 100 years ago and today 98 percent of our water comes from areas way beyond the Cape Flats: the Berg River, the Rivier-sonderend and the Palmiet River all supply water to the city centre," he said.

In some parts of the city individuals used more than 1 500 litres a day and in others less than 10 litres a day. More than 1 314 tons of water was wasted in Cape Town in various ways and nearly a quarter of water consumed was not accounted for, he said.

Housing plan needs 103 govt decisions before building starts

CT 28/2/97 (123)

POLITICAL STAFF

A TOTAL of 103 decisions had to be taken at various levels of government before construction could begin on a single house, Housing Minister Ms Sankie Mthembu-Mahanyele has revealed

In a reply to a question in the National Council of Provinces, Mthembu-Mahanyele said the bureaucracy was "too much" and steps were being taken to reduce it. She said the number of decisions had been reduced from 803, which the present government had inherited from its National Party-led predecessor. Mthembu-Mahanyele said that while there were provinces that were well ahead on their housing schedules, others were not able to spend money allocated to

them because of the lack of capacity, among other things

● Every province had freedom to allocate money it had received from central government in accordance with its specific priorities and requirements, Health Minister Dr Nkosazana Zuma said yesterday

Zuma was replying to a question from an NP delegate who wanted to know whether the government would be prepared to provide additional funds to cash-strapped Tygerberg Hospital

She said talks were being held on whether the government should start funding national hospitals in various provinces. Focus would be on hospitals that had had to cater for cross-border migration of patients.

State to aim for equity over service payments

(123) Star 28/2/97

By Jovial Rantao
Political Correspondent

Cape Town - The Government would not be pressured into abandoning its aim of maintaining equity on the question of rent and service payments by those who had the ability to pay but had refused to do so, Provincial Affairs and Constitutional Development Minister Mohammed Valli Moosa has warned.

In reply to a question from Gauteng delegate Mohammed Dangor, Moosa said the deliberate non-payment of services would not be tolerated by any political parties.

"These communities that may think they could pressure the Government into moving away from the constitutional requirement of creating equity in towns, cities and rural areas are in for a rude shock," Moosa said.

He advised the discontented communities in parts of Greater Johannesburg to resolve their problems through negotiations by their elected representatives.

Moosa cautioned against the communities equating their problems with those of the majority of black communities who had boycotted the payment of rent and services for more than two

decades. He said that during the apartheid era, black communities had no elected representatives to attend to their problems.

"When people in the townships boycotted, they did this at greater costs to themselves. The services began to collapse, and at that time people saw that as part of the struggle against apartheid I don't believe the small pockets of people living in privileged areas will (see) a dip in services or (their) termination," Moosa said.

In reply to a separate question from the National Party's Adriaan van Niekerk on whether the Shubane Commission into the boundary dispute between North West and the Northern Cape was necessary, Moosa said the Government's appointment of the commission was based on requests from the two provinces.

Van Niekerk claimed the commission was a waste of taxpayers' money because the ANC structures had already decided on the dispute relating to the Kuruman, Taung and Kudumane areas.

Moosa said he had been assured by North West Premier Popo Molefe and his Northern Cape counterpart Manne Dipico that both provinces had no formal positions on the matter.

SA set to develop new water management plan

Business Day Reporter

(123) BB 3/3/97

SA IS set to develop a new multidisciplinary approach to managing the country's scarce water resources based not only on technical considerations but also on economic, social, political and environmental considerations.

A document released by the waters affairs department and the Water Research Commission said water resource managers in SA faced challenges because of a scarcity of resources and the need for economic growth, development and social upliftment.

The situation was further complicated by the deterioration of SA's water resources.

The report said far-reaching political changes had made the historic approach of central government — one of "dictate and manage" — unacceptable to the public. People had a greater need to be involved in decision-making and end-users would have to be drawn into planning and management processes.

"For these reasons it is essential that a new approach for SA's water resource managers is developed," the report said "Water resources can no longer be dominated by technical considerations but should be more people-centred."

It said the water affairs department should be responsible for leadership rather than taking control. "Catchment area management" was currently accepted worldwide as one of the best building blocks for establishing an integrated management system.

"Integrated catchment management implies that water — and related ground resources — must be matched to the best advantage of its users, and that the operations of all agents and organisations concerned with water resources are properly coordinated," it said.

The document forms part of a review process of SA's water legislation.

Corporate travel management

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15 million wait for water

Asmal spells out conservation plans

JERILANE GOAG
STAFF REPORTER

AR 5/3197 (123)



Water law: Kader Asmal explains new plans

A million South Africans have been given access to water in the past two years, but a staggering 15 million are still without a proper water supply.

This was the message from Minister of Water Affairs and Forestry Kader Asmal to Paarl residents during a tour of townships there yesterday.

His visit follows a directive from President Mandela that his ministers have regular "people's forums" to consult at grassroots level about the country's problems.

Professor Asmal said access to water was not as great a problem in the Western Cape as it was in other regions. Only 5 per cent of people here did not have water.

But he said South Africa was a "water-scarce" country. There was not enough to meet the needs of its people and plans were being formulated to meet these needs.

He defended new laws to regulate the use of water.

"What we are doing for the first time is starting a real conservation plan to save water. The policy of the country is not to build dams. There are seven dams which

are not being used at all and are costing us a lot of money," said Professor Asmal.

He encouraged historically disadvantaged people to take their rightful place in agriculture.

"There were African and coloured farmers who are no longer farmers because they were denied their right to farm under the Group Areas Act.

"We have to bring disadvantaged people into farming and into small-scale industrial developments. But if you have to work you have to have access to water," said Professor Asmal.

Farmers used half the country's water, of which a quarter was wasted. He said laws had to be put in place to regulate water use.

He allayed farmers' fears that they would be affected negatively by the proposed water laws, saying Mr Mandela had recently stated that farmers made a major contribution to the gross national product and provided employment.

Professor Asmal said that although the Government was working hard, it could not do everything on its own. He encouraged communities to organise themselves and improve things in their own areas.



Wet work: Professor Asmal sees how Paarl washerwomen put water to good use

0860 211WA

Cabinet nod for electricity shake-up

BD 7/13/97

(123)

Amanda Vermeulen

THE long-awaited restructuring of the R25bn electricity supply industry has moved up a gear after Minerals and Energy Minister Penuell Maduna announced last night from Malaysia that the cabinet had finally approved proposals to transform the industry.

In a statement released by minerals and energy chief director Johann Basson, Maduna said cabinet had approved the electricity working group's March 1996 recommendations, and consultation with stakeholders — set to kick off next month — would pave the way for implementing proposals to “restructure the distribution sector of the electricity supply industry”.

The decision follows criticism from big business electricity consumers that the lack of progress in transforming the industry would force local and international investors to look elsewhere if delays continued. Maduna's statement put a three-year timeframe on the restructuring process.

Cabinet had approved a range of proposals in principle, including the consolidation of the electricity distribution industry into the maximum number of financially viable and semi-independent regional electricity distributors — the number of which still had to be determined. This consolidation would result in the merger of Eskom and municipal electricity departments at a regional level.

The second proposal approved was that consultation between the ministers of minerals and energy, finance, public enterprises, provincial affairs and constitutional development, and

all the various stakeholders, must take place. This followed criticism from certain quarters that wide consultation had not taken place.

Third, cabinet had agreed on the introduction of cost-reflective tariffs (tariffs that match the cost of the service), an electrification levy and a capped tax, imposed by local government on electricity sales, to part-fund municipal services. Municipalities have, in the past, depended on the revenue from electricity supply.

Basson said the tariffs, any subsidies and taxes would be “fully transparent” because although some already existed, they were unknown to the average consumer.

Fourth, the levy on electricity sales would be paid into an electrification fund which would be administered on a national level. A full-time restructuring team would be appointed to investigate detailed issues as well as involving all the major stakeholders in planning the transformation process.

“We are fortunate that the major players in the industry understand and accept the need for transformation. It is important that they support the direction government is giving to the industry,” Maduna said. “The next step will be to consult the leaders in provincial and local government structures, Eskom, organised business and labour, the national electricity regulator (NER) and others. They will form part of the process that will shape the future of an effective and efficient electricity supply industry in SA.”

Consultation is expected to begin

Continued on Page 2

Electricity

Continued from Page

within the next month, with planning structures functioning three months later. The restructuring should take about three years.

Johan du Plessis, customer services

GM at NER — which has played a crucial role in the restructuring process — said last night the regulator was delighted with the cabinet decision. “The rationalisation of the electricity industry is a quantum leap towards rectifying its shortcomings. It will result in an efficient and effective industry which will better serve all electricity consumers.”

BD 7/13/97

6 SOUTH AFRICA

MAIL & GUARDIAN
March 7 to 13 1997

Housing risk fund plays it safe

A fund set up to encourage banks to finance housing in high-risk areas has not been used, reports **Mungo Soggot**

THE government agency set up to entice banks into lending money for housing in high-risk areas has concentrated on areas where it admits there is no risk

In its two years of existence, the Mortgage Indemnity Fund has not used a cent of the R300-million budget it was given by the government to insure banks against loan defaulting in high-risk areas

The main reason the money remains untouched is that the banks the fund has been working with are operating in areas where there is little to no risk that homeowners will

default on their loans. Fund chief Nkukuleko Sowazi says banks should have been lending in many of these areas all along, adding their policy of redlining had been made "willy nilly" and without thorough research

Sowazi rejected suggestions that the fund was being too cautious in its attempts to draw banks into black areas

Housing Minister Sankie Mthembi-Nkondo says in fact that non-use of the fund is an indicator of its success. Its record, she says, "breaks the myth that this market cannot pay"

"The fund has to be cautious," she adds. "It should not be seen to be grabbing money." The fund is to be shut down in May, though she hopes to extend its life

The fund was set up in 1995 as a mechanism to persuade banks to approve bonds for houses in what have been considered no-go areas



Sankie Mthembi-Nkondo: 'It's a success' PHOTO HENNER FRANKENFELD

The refusal by banks to approve bonds for housing in risky areas has been a key stumbling block to the

government's housing drive
The fund has provided indemnity cover to 469 previously redlined areas, resulting in the approval by banks of 91 000 bonds worth a total of R6-billion. Sowazi says the fund has also blacklisted 65 areas

The fund has a contract with a private company, Social Survays, to determine an area's risk before deciding whether to offer cover. Communities that have been blacklisted are welcome to appeal, Sowazi says

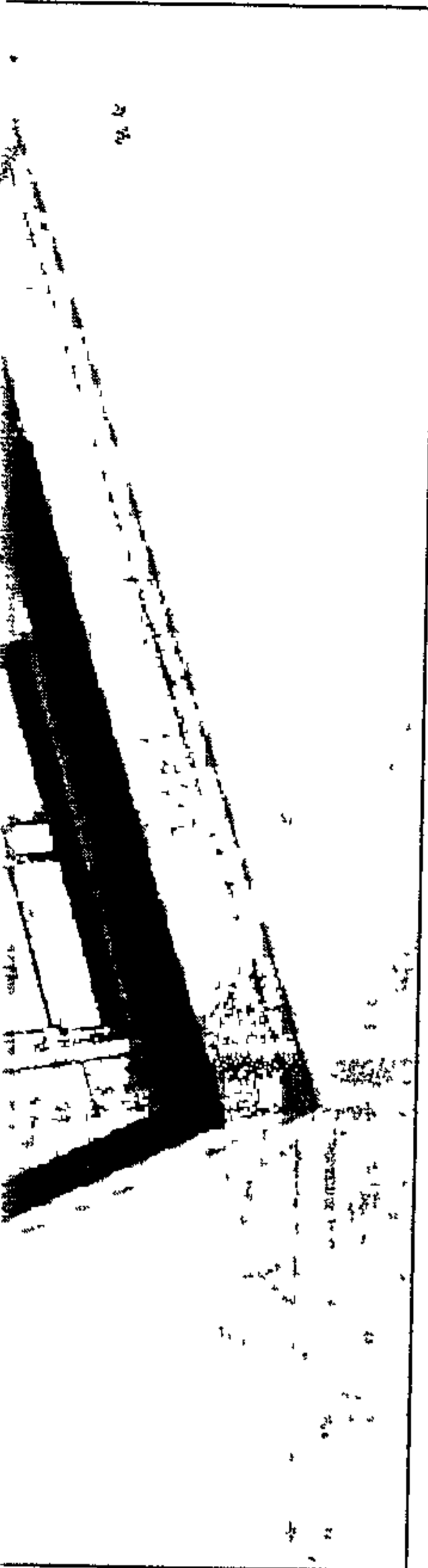
The *Mail & Guardian* reported last week that the fund had angered residents in Meadowlands, Soweto, who say the fund blacklisted an entire zone of Meadowlands because some of its residents had been involved in a five-year dispute with three banks
The dispute — with ABSA, Perm and Standard Bank — is about the

poor construction of their R60 000 homes

The residents say the banks bear some of the responsibility for granting loans for houses they knew were not going to last. Despite their unhappiness, the residents have continued to pay their bonds

When they discovered last month that they had been officially redlined the residents complained to the provincial government, saying fund official Thoriso Thelejane had told them the redlining was to pressure the community to stop its "bad apples" from coming

Thelejane initially said his comments were taken out of context. Sowazi says Thelejane denies saying any of this
Sowazi also dismisses any suggestion that the fund colluded with the banks to redline the area, though he said the dispute probably did affect the area's risk rating.



Elite school brawl comes to sporting end

Mungo Soggot
the Flames Restaurant at the Randburg Waterfront. Asked by the

Council aims to make late payers see the light

ARG 8/3/97

(123)

JULIAN JACOBS
STAFF REPORTER

Unless people pay their electricity bills on time they will not only have their service disconnected, but will be forced to instal pre-payment meters in their homes.

This no-nonsense warning comes from the Cape Town municipality which has now disclosed that its electricity arrears bill has escalated to more than R64-million. And it would seem as if it is not only the poor who are battling to pay their electricity accounts. A substantial number of ratepayers in more affluent areas are also in arrears.

The Cape Town City Council has now decided that electricity users will have to pay their accounts on time - or be compelled to have pre-payment meters fitted in their homes. Consumers who default more than three times a year - eligible for disconnection - will be compelled to have a "budget energy controller" or pre-payment meter fitted.

Cape Town municipal spokesman Ted Doman said the pre-payment meters should eliminate a lot of problems. "The city council already has 136 000 consumers using the pre-payment meters and we urge others to use it. Installation and connection will be free of charge."

Mr Doman said people who were in arrears and eligible for disconnection were sent letters advising them that they were late in payments. If they didn't pay, wheels were set in motion to disconnect their electricity. The disconnection policy of the council focused on those consumers who owed more than R500.

"Having electricity disconnected is a time-consuming exercise and an unnecessary waste of tax-payers' money. It also means the consumer will have to pay extra to have the electricity re-connected.

"In the case of the energy dispenser, the user will simply run out of electricity, something he or she can address by simply buying a card with more electricity time.

"The dispensers are offered to consumers who have difficulty in keeping up with payments," said Mr Doman. An application form should be filled out and there was a waiting period of four to six weeks.

A new identity "swipe" card, which looks like a credit card, also will be made available to consumers. Electricity vendors have been equipped with "swipe readers" to accommodate these cards which can be obtained free on request at council electricity depots or housing cash offices.

The cards will provide access to automatic vending machines for electricity units which the council is considering introducing at a later stage.

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Flashback ... residents in coloured townships around Johannesburg during a one-day work stayaway last month in protest against the payment of rates and services.

Rate arrears a major challenge

Soweto 10/3/97 (123)

By Joshua Raboroko

LOCAL and provincial governments - who have hailed 1997 as "the year of delivery" on a wide range of fronts, particularly housing - now face a new challenge

As put by Provincial and Constitutional Affairs Minister Mohammed Valli Moosa, the success or failure of local government will determine whether South Africa can be governed effectively or not

There have been warnings that local governments face bankruptcy and even possible collapse, if tenants do not pay rates and services

Democratic Party leader Tony Leon estimates that outstanding service payments for the four substructures of the Greater Johannesburg Metropolitan Council is about R1,4 billion

The figure for Gauteng is R3,6 billion. If Moosa's assertions are anything to go by, recent incidents in Gauteng provide an indication of an even bleaker future

The Sandton rates boycott is almost in its seventh month, with no compromise on the horizon. The boycott was triggered by rate increases of up to 300 percent and by sharp rises in property valuations

In coloured townships around Johannesburg such as Eldorado Park and Westbury, attempts have been made to persuade residents to settle their debts

However, protests over the payment of rates and services ended tragically last month when four people were killed and 200 injured during clashes with security forces

Another problem is the incapability of local government to provide housing. Much damage has been done to government's credibility - at community level, in particular - because of this lack of delivery

There are problems with delivery of tarred roads, street lights, potable water in squatter camps, housing and electricity. However, the slow progress to date cannot be blamed solely on the present Government

Fingers can also be pointed at previous governments, whose policies ensured that millions of black people struggled without proper housing, water, electricity or other basic infrastructure

The non-payment of services and rates, particularly in black residential areas, creates serious problems for municipalities. It is estimated that the arrears of the 800 councils total more than R3,5 billion

The situation in coloured townships around Johannesburg is further complicated by racial connotations. The coloured community wants their arrears to be scrapped in the

Local governments face collapse as accounts are left unpaid



Provincial and Constitutional Affairs Minister Mohammed Valli Moosa says the success or failure of local government will determine whether South Africa can be governed effectively.

same way it was in neighbouring Soweto

They believe they are being unfairly targeted by the Southern Metropolitan SubStructure (now the Southern Metropolitan Local Council). That led to the recent one-day stayaway from work

The chairman of the South Western Joint Civics Association, Basil Douglas, says coloureds are discriminated against by the new authorities because they are not being charged the same rates as their black neighbours

Not black enough

He recently said "Under the whites we were not white enough. Under blacks we are not black enough." However, these views were rejected by Gauteng premier Tokyo Sexwale, who accused the organisers of the stayaway of trying to plant seeds of racism

The Gauteng government has appointed a judge to head an inquiry into the violence which resulted after the stayaway

A task team has been appointed to resolve the Sandton rates boycott. Sandton ratepayers are taking legal action against the Northern Metropolitan Local Council

Ratepayers' spokesman Brian Stolzenburg recently said the council was not prepared to negotiate with them in good faith

The continuing non-payment of rates and services in Gauteng has

created the impression that the Government's Masakhane campaign was on the brink of failure.

Leon recently said since last August the four Johannesburg councils were losing R50 million a month as a result of the non-payment of tariffs. He believes these councils are on the brink of bankruptcy and may collapse.

But the provincial MEC for development planning, Sicele Shuceka, says payment levels in most areas have improved satisfactorily during the past few months, although difficulties are being experienced in some cases

An executive in the office of the Department of Provincial and Constitutional Affairs, Chris Olivier, says payment levels are on the rise

He claims residents have been responding in large numbers to calls to pay their rates and service arrears after threats that the councils would wield the big stick

In Johannesburg local authorities are enforcing stringent rules. Says the chairman of the SMLC's budget and finance committee Shan Balton "Pay, arrange payment within 60 days or face prosecution"

He added that 1 000 summonses were being sent to defaulters every day. The first round of service cut-offs started last week. But ultimately, says Balton, the success of the councils depends on improved services and tight credit control measures

To address these issues, Shuceka asked councils to prepare objectives that will enable them to deliver on the promises made to communities before the 1995 local government elections

They have taken their cue from the national government's Reconstruction and Development Programme, which is aimed at strengthening national and local socio-economic progress. Their objectives include providing housing and infrastructure, jobs and transport and public safety.

Servcon offers alternatives to non-payment

(123)
Kawtham 10/3/97

By Joshua Raboroko

HOME ownership may be an exciting prospect for those who have ready cash or fixed collateral, but for today's working family it can also be fraught with all sorts of dangers and risks

Since the late 1980s, South African authorities have witnessed an increase in the inability or unwillingness of householders to meet their bond and rental payments

Initially the main reason for non-payment was political, although economic problems and growing joblessness also contributed to communities adopting a stance of non-payment

Other home owners defaulted as a result of the death of breadwinners in the family, coupled with incidents of ill health, disability and outright unaffordability

In order to normalise matters, the Government and banks formed Servcon Housing Solutions (Ltd) Pty

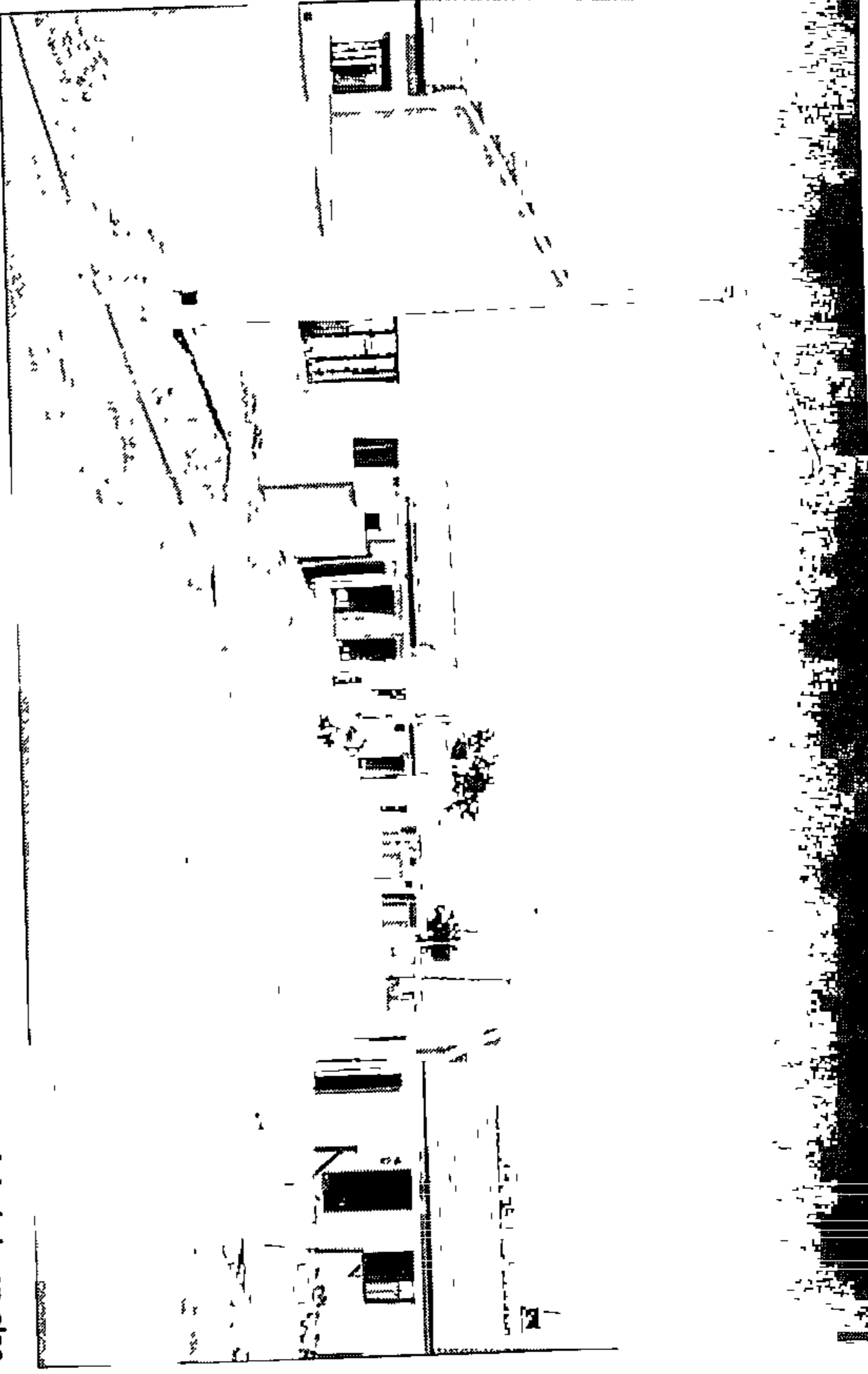
Managing director Denis Creighton said as a result of non-payment, financial institutions have become reluctant to lend money to prospective home buyers

About 4 000 clients agreed to move into more affordable homes, despite reports that opposition to rightsizing was reportedly a major problem

Home owners were usually unwilling to downgrade to more affordable houses as it could mean losing face with their neighbours

Creighton said "Servcon is looking at ways to provide new homes for defaulters and is optimistic that low-cost housing delivery will pick up and offer alternatives"

Servcon plans to allow those illegally occupying repossessed homes to purchase the houses in instalments. Another option was for them to



Home ownership may be an exciting prospect for those with ready cash or fixed collateral, but it can also be fraught with many dangers and risks.

"Banks feel strongly that borrowers who cannot afford to repay their loans should vacate the houses and allow others, who have the money, to move in and thus normalise the market"

40 000 not repaid

Servcon officials revealed that 40 000 of the 180 000 home loans for affordable housing were not being repaid

Notice has been served on those borrowers who were totally uncooperative and rejected the "rehabilitation plans" of banks

However, the company was optimistic that through a process of "rightsizing" the defaulters would be helped in several ways, including having to relocate them to affordable dwellings

Rightsizing, as referred to in the Record of Understanding and in the housing White Paper, is a pivotal concept and is of particular significance to resolving the problem

Creighton explained that in order to introduce the concept successfully, it required the full and active participation of all affected parties - borrowers, banks and community-based groups

Rightsizing has become a major alternative worth exploring to the mutual benefit of all parties, said Creighton, and Servcon planned to rehabilitate up to 14 000 repossessed homes. Good progress was made in the last year

Banks delay loans criteria moye

Robyn Chalmers

BANKS are to delay introducing more stringent mortgage lending criteria by more than a year after objections from builders, with the new rules being phased in over eight months from May 1998, the Association of Mortgage Lenders said yesterday.

Housing Minister Sankie Mthembi-Mahanyele confirmed yesterday that a breakthrough had been reached on criteria.

She also released upbeat provincial spending figures, with five provinces having spent more than 100% of their budgets by end-January.

The new mortgage lending criteria mean public servants will qualify for significantly reduced loans, and could affect the low-cost housing market.

R60 1113197

(123)

opposed by builders when banks put forward proposals last year, forcing Mthembi-Mahanyele to appoint a special task team to investigate. Mthembi-Mahanyele told the Islamic Chamber of Commerce and Industry yesterday the task team had managed to resolve the issue, with all parties agreeing on the need for change.

"It has been agreed that my department will convene a monthly meeting of the banks and developers — involving the highest officials from each organisation taking part — to ensure closer co-operation and a better flow of information," she said.

Kevin Gibb, recently appointed new chairman of the Association of Mortgage Lenders, said the purpose of the mortgage lending criteria was to bring public servants in line with other borrowers. "We have agreement on this is-

sue from the builders upwards, facilitated by government." The new criteria meant an individual earning R2 500 — previously qualifying for a loan of R85 000 over 20 years — would now qualify for a R60 000 loan.

On provincial lending figures, Mthembi-Mahanyele said the Western Cape had spent 203,7% of its budget, Northern Cape 154,3%, Free State 136,3%, Gauteng 125,8% and Mpumalanga 110,7%. This solid performance was offset by relatively poor spending figures from Eastern Cape, North West, Northern Province and Kwazulu-Natal.

"If I had to prioritise the two main obstacles for housing delivery, they would be capacity and land. One of the main items on my agenda for 1997 is to build capacity in provincial housing departments and in local authorities."



Housing Minister Sankie Mthembi-Mahanyele addressing the Islamic Chamber of Commerce and Industry in Johannesburg yesterday on a range of housing issues. Picture: TYRONE ARTHUR

Lack of skills hits housing output

Star 11/3/97 (123)
STAFF REPORTER

The Housing Ministry is unable to reach its targeted delivery of houses because of a lack of skilled people in the industry

Housing Minister Sankie Mthembu-Mahanyele said yesterday the ministry would this year focus on boosting the number of skilled staff in provinces to improve the level of production

Experts had expected 200 000 houses to be built by June, but there were only about 123 000 in production.

The Eastern Cape, Northern Province and North West had been most affected by the lack of skilled staff. The minister said these provinces had used less than half their housing budgets and produced fewer houses than the other provinces

About R100-million had been given to the Eastern Cape and about

R175-million each to Northern Province and North West

Other provinces had used all of their housing budgets by the end of last year and had requested additional funds from the RDP

"We need people who have experience in the construction industry and who understand its quirks and workings," she said

Human resources were mostly needed in engineering, architecture and town planning.

Mthembu-Mahanyele said that once skilled people were found, local government would be able to deliver houses at a faster pace

By June this year the ministry expected to have issued half-a-million subsidies. The biggest challenge it faced would be turning the subsidies into houses.

Although the level of delivery was increasing, the minister said it was "a drop in the ocean compared to what still has to be achieved"

Note

- * The relevant information is classified and has not been made available

(a), (b), and (d) Creation and abolition of posts relates to the rationalisation of numerous functions, including the receiving and relinquishing thereof

(c) Creation and abolition of posts relates to functions inland revenue and customs and excise which were transferred from the Department of Finance

(e) Creation and abolition of posts relates to functions being transferred from Provincial Administrations and national departments as well as the expansion of other existing functions e.g. labour courts, land claims court and the public protector

(f) Creation and abolition of posts result of transfer of functions from the PSC to DPSA and SAMDI

(g) Creation and abolition result from early rationalisation of post establishment of the provincial administration

(h) A result of the restructuring of the Provincial Administration

(i) Creation and abolition of posts relates to transfer of functions from national departments and internal decentralisation of education in the province

Building of State-subsidised houses

106 Mr C W EGLIN asked the Minister of Housing

(1) How many State-subsidised houses were built during the 1995-96 financial year in each of the provinces,

(2) whether the number of such houses built in each province met the target set by her Department for that financial year, if not, why not, if so, what are the relevant details,

(3) whether it is envisaged that the target of 200 000 houses for the 1996-97 financial year will be reached if not, why not, if so, what are the relevant details.

(4) whether she will make a statement on the matter? N195E

The MINISTER OF HOUSING

(1) For the period 1 April 1995 until 31 March 1996 41 281 individual ownership subsidies (project linked and individual subsidies) were approved by the nine provincial housing boards in respect of beneficiaries who had bought residential properties. Once such subsidies are approved conveyancers are instructed to register transfer of the residential properties in the names of the subsidy beneficiaries. In the case of existing houses and completed houses in projects this means that the beneficiary can take occupation of the house soon after registration of transfer or earlier if the agreement of sale so provides. Where the housing unit is still to be constructed, indications are that construction is completed within two to three months after registration of transfer. The following is the provincial breakdown of housing units bought by means of individual ownership subsidies during the said period

Northern Cape	3 067 housing units
Eastern Cape	1 687 housing units
Western Cape	2 775 housing units
North-West	5 927 housing units
Free State	2 261 housing units
Gauteng	11 823 housing units
Mpumalanga	7 301 housing units
KwaZulu-Natal	4 334 housing units
Northern Province	2 106 housing units
Total	41 281 housing units

(2) In terms of the constitutional dispensation the Department of Housing at central level is responsible for the development of national housing policy and strategy whilst the provincial governments are responsible for ensuring implementation thereof within their provinces

(3) No. It could, however, be confirmed that there has been a steady increase in delivery since

August 1995 Until 31 December 1996, 129 884 individual ownership subsidies were approved in respect of beneficiaries who had bought residential properties

(4) No

Houses built using State funds

(123)

141 Mr C W EGLIN asked the Minister of Housing

(1) (a) What was the total number of houses built using State funds during the period 1 May 1994 up to the latest specified date for which information is available and (b) how many of these houses were built in (i) 1994, (ii) 1995, (iii) 1996 and (iv) during the period 1 January 1997 up to the latest specified date for which information is available.

(2) whether the Government will have fulfilled the undertaking made at the launch of the Reconstruction and Development Programme to build one million houses in five years by April 1999, if not, how many houses is it estimated will have been built by this date, if so, what are the relevant details? N230E

The MINISTER OF HOUSING

(1) (a) For the period 1 May 1994 until 31 January 1997, 138 543 individual ownership subsidies (project linked and

individual subsidies) were approved by the nine provincial housing boards in respect of beneficiaries who had bought residential properties. Once such subsidies are approved, conveyancers are instructed to register transfer of the residential properties in the names of the subsidy beneficiaries. In the case of existing houses and completed houses in projects, this means that the beneficiary can take occupation of the house soon after registration of transfer or earlier if the agreement of sale so provides. Where the housing unit is still to be constructed, indications are that construction is completed within two to three months after registration of transfer

(b) The following numbers of individual ownership subsidies were approved during the relevant years in respect of beneficiaries who had bought residential properties

(i) 1995	(1) 915
(ii) 1996	(ii) 22 277
(iii) 1997	(iii) 106 692
(iv) 1997 (January 1997)	(iv) 86 599

(2) With more than 388 000 subsidies reserved by the provincial housing boards until 31 January 1997, the trend indication is that one million homes will have been built or will be under construction by 1999

Hansard.

Money spent on homes will soar

HOUSEHOLD expenditure in black areas in SA is expected to soar by 2010 according to a new released survey.

BMI Building Research Institute's consultant and high income households - black and white - currently spend about R117-billion annually on home improvements, of which about R700m is spent by black households. But the figure is expected to soar to R3-billion, 2010 equalling the amount spent by Super X income white households. The article ID: 501313197

Research found that almost half the black households surveyed had built on, added to or improved their home in the past five years, in line with an increase in home ownership and higher incomes.

The most frequent type of home improvement was the addition of a bedroom, followed by a bathroom. Other popular improvements included the installation of electrical equipment, putting in ceilings and painting.

More than 60% of black households responded and they would like to improve their homes further in the next 12 months.

The installation of ceramic floor tiles topped the list of home improvements, followed by installation of kitchen cupboards, burglar bars and new front door.

BUDGET

Community water projects to bear brunt of cut in funds

Robyn Chalmers

THE water affairs and forestry ministry's budget allocation was cut by 8,9% to R2,1bn with water resource planning, water resource development and community water supply and sanitation programmes bearing the brunt of the reduction.

The programmes' budgets were cut to R74,6m (R76,5m), R218,8m (R231m) and R1,2bn (R1,5bn) respectively. Stakeholders expressed dis-

appointment at the dip in funds that would be available for water, sanitation and forestry projects.

One nongovernmental organisation spokesman said the cut in the community water supply and sanitation programme was particularly disturbing as real progress was being made on projects falling under the programme.

Water Affairs and Forestry Minister Kader Asmal was more optimistic yesterday, saying the budget fo-

cusd strongly on socio-economic development, which made considerable provisions for the poor.

He shrugged off the cut in his budget, saying the overall focus on speeding up socio-economic development meant the funds would be well spent elsewhere. In addition, rolled over amounts from the reconstruction and development programme (RDP) could be made available to supplement the existing funds.

The budget review said the allocation on the community water supply and sanitation programme of R1,2bn included a R500m carry-through from the RDP Projects which had been started by the end of last year would ensure that a total of 6,4-million people gained access to water supplies.

"Projects to serve a further 2,1-million people have recently been announced in the fourth RDP programme. It is expected that a further 1,7-million people will be served

in 1997," the review said.

It said the integration of the water affairs and forestry department with the corresponding components of the former homelands had been completed, with the exception of KwaZulu-Natal.

Restructuring would continue as direct water supply functions were devolved to water boards and local government, and the department's emphasis turned to support other spheres of government

Govt closes loopholes in retirement fund taxation

Belinda Beresford

GOVERNMENT has acted to close two loopholes in retirement fund taxation, and has announced plans to equalise public and private sector retirement provisions.

Pension funds are now going to be taxed at 17% on the dividends they receive from investments in property unit trusts.

Previously, such investments had escaped owing to an omission whereby tax was only paid on rental and interest. Money from property trusts was technically dividend income, and

not included in the tax net.

Deloitte & Touche partner Anne Pappenheim said the situation arose from a genuine error. Dividend income was not included in the definition of interest when the tax on retirement was defined.

"To be totally honest, this one was a straight mistake," she said.

Also effective from March 1 are government plans to tax retirement funds that earn income from lending scrip. Pappenheim said technically such compensation for lost interest was not defined as interest, therefore it did not fall into the retirement fund

tax net.

In addition, the government will tax the fees paid by the borrower to the lender company for lending the scrip.

Government has decided to tax lump sum payments from public sector funds on the same basis as private sector funds to equalise taxation, in effect from March 1 next year.

However, this change is subject to protection of vested rights — people will be "protected by reference to the number of years' service ... as well as the final salary applied".

One exclusion from the vested in-

terests clause concerns the transfer of benefits from public sector pension funds to any kind of provident fund. Two-thirds of such transfers will be subject to tax as of yesterday.

The SA Revenue Service is to investigate whether contributions to medical savings accounts should remain tax deductible or regarded as investments. Interest accrued by such savings accounts is to be taxed.

Government plans "no changes to the current system for this year" for private sector retirement funds pending National Retirement Consultative Forum recommendations.

Low-cost housing to get 156% boost

Robyn Chalmers

(123) 10/13/97

GOVERNMENT's low-cost housing programme received a significant boost yesterday with a 156% increase to R4bn in the housing allocation for 1997/98.

The allocation took into account more than R1,76bn rolled over to the housing vote in 1996/97. The budget-to-budget increase in the housing allocation amounted to 20,9%.

Housing Minister Sankie Mthembu-Mahanyele said yesterday she was pleased with the increase which would help government in its task of increasing the delivery of homes to the poor.

An important focus this year would be on building capacity within provincial governments so officials could help accelerate housing delivery. She said she would keep a close eye on the situation in the Eastern Cape in particular, after a decision was made to send a national housing department official to head up the provincial housing department, which had problems.

The Budget Review said just more than 123 000 houses had been built or were under construction between March 1994 and November last year, and it was expected that more than 192 000 units would be produced in the subsidy band this year.

Analysts said that if government hoped to meet its promised target of 1-million houses by 1999, more than 650 000 units would have to be built or be under construction next year.

Housing analysts and spokesmen broadly welcomed the increased housing allocation yesterday and said it sent the right signal to the market.

Building Industries Federation of SA executive director Ian Robinson said the R4bn allocated to housing represented 2,2% of the total budget against the housing ministry's stated aim of ultimately receiving 5% of the budget.

Robinson said government still had to deal with a huge housing backlog and grapple with issues of poor quality.

He said the implication of the R4bn allocation was that there would be no increase in the subsidy scheme, leading to a decrease in real terms, resulting in less product being provided.

Newhco MD Willie Els said the sharp rise in the housing budget was encouraging. He said the challenge now was to ensure that the funds were turned into services and houses for the population.

"There are real capacity constraints at local government and provincial housing board level and attention must continue to be paid to ensuring that local authorities are functioning well," he said.

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Islamic Bank to support housing

Journalist 13/3/97 (123)

By Joshua Raboroko

HOUSING MINISTER Mrs Sankie Mahanyele has agreed to consult the Islamic Chamber of Commerce and Industry on possible joint ventures aimed at boosting low-cost housing delivery

Mahanyele told businessmen at the Islamic Bank in Johannesburg this week that the private sector had a major role to play in providing one million houses in 1997 – which has been designated the “year of housing delivery”

The private sector is already engaged in several joint ventures aimed at allocating low-cost housing, she said.

“I approved the report of the min-

Minister has agreed to consult bank on joint ventures

isterial task team on short-term housing delivery, which made available R100 million for joint ventures with the private sector and R75 million for capacity building for social and rental programmes,” Mahanyele said

Capital subsidy

She urged the Islamic business community – mostly members of the Islamic Bank – to seek opportunities in “our housing programmes” for the benefit of the poor people

“Our experience of the past three years is that while the capital

subsidy is not enough to build a house, it is enough to give a family a beginning – secure tenure of a serviced site,” the minister said

Mahanyele also announced a breakthrough agreement reached between banks and Government on the stringent mortgage lending criteria. If introduced, it could reduce the low-cost housing backlog drastically

Islamic Bank chief director Mr Ebrahim Areff pledged their support for the low-cost housing market, although the bank does not have a definite home loans policy

Manuel confident that Budget is fair

A healthy economy will mean better services delivery

By Abdul Millazi

FINANCE Minister Mr Trevor Manuel's maiden Budget yesterday came a step closer to realising what the labour movement has termed "the poor man's Budget".

Manuel's allocation of 60 percent of the Budget to social services shows a commitment to delivering on the "social wage" demanded by the labour movement as a means of addressing unemployment and poverty.

Although there is some relief in personal tax, the Government seemed to have avoided the much contested Value Added Tax, which the unions argued increased the tax burden for the poor, and a reduction of which would contribute to a social wage.

In many countries the social wage, which is usually accounted for by expenditure on housing, health, education, public transport and other public services, has become a major demand on the state to counter unemployment.

In most developed countries, employers do not meet the costs of the provision of these services. The industrial wage is supposed to provide sufficient income for workers to afford them or the state provides for them.

Interestingly this year's Budget makes a special provision for a poverty-focused child support system and R300 million will be spent on a poverty relief programme.

The labour movement has also continually criticised the ineffectiveness of the then Reconstruction and Development Programme office and called for the programme to be incorporated into Government departments.

This year's Budget has incorporated RDP initiatives into all Government departments, while an amount of R19 billion is to be spent on building the economy and industrial promotion programme.

The emphasis is on road construction, water provision and support for agriculture.

This move will go a long way in creating jobs while enhancing basic services delivery for disadvantaged communities.

The increased social spending also addresses the issue of alleviating the plight of women.

Many groups within Government and non-governmental organisations have lobbied for "a women's Budget", arguing that over 50 percent of all South Africans are women, and they are among the poorest in society.

The Women's Budget Initiative under the leadership of ANC MP Ms Pregs Govender argued that political democracy had not yet translated to economic democracy.

Another member of the Initiative,



Minister of Finance Trevor Manuel delivering his Budget speech in Parliament yesterday.

‘VAT affects poor people more than the rich, because poor people spend a large portion of their earnings on their daily needs’

Debbie Bundlender, wrote in the *Labour Bulletin* "One of the main functions of the national Budget is to ensure that every citizen has adequate access to goods and services."

"The main way of doing so is by taking from those who have and giving to those who are in need by funding things like health, education and welfare."

The VAT issue

She argued that individuals paid more than companies. In 1995 companies contributed only 13 percent in taxes while individual tax payers contributed 41 percent.

"VAT affects poor people more than the rich, because poor people spend a large portion of their earnings on their daily needs. It falls hard on those people, particularly women," said Bundlender.

What many especially labour, might see as a compromise is Manuel's concession on business tax

rates to encourage investment and economic growth.

As part of his strategy to improve South Africa's investment environment, Manuel reduced the current marketable securities tax and stamp duty on share sales from 0,5 to 0,25.

He has also lowered the customs and excise duties from 37,5 percent and 32,5 percent to 15 percent.

The existing provisions of the Income Tax Act dealing with exchange controls will be extended to include passive income such as interest, royalties, annuities and rentals not presently deemed to be from a South African source.

Manuel's seriousness in improving the Government's delivery process is evident in his approach to servicing the national debt, where the projected deficit for this year is estimated at R24,771 billion.

Manuel said in the quest for better basic services delivery, the Government aims to reduce the level of borrowing and thereby reduce its debt service costs, which limited its ability to deliver basic needs.

The Government should first determine what it wants to do and then decide how much and where to allocate resources, argues Bundlender.

Manuel said the aim was to improve the country's competitiveness and bring the economy in line with that of its major trading partners.

Bid to speed up housing for poor

Star 13/3/97 (123)

By Jovial Rantao
Political Correspondent

Cape Town - In a move aimed at speeding up the delivery of houses, the national Ministry of Housing has started sending task teams to provinces which have shown the lack of capacity to deliver housing on a larger scale, Housing Minister Sankie Mthembu-Mahanyele said this week

Mthembu-Mahanyele told the portfolio committee on housing that the intervention by her department was part of an initiative to remove obstacles which stood in the way of delivery. She said the Eastern Cape, North West and Northern Province were provinces where intervention was required

Mthembu-Mahanyele said the Government has realised that local government was the pillar of delivery and has begun steps to empower local authorities

She said emphasis would also be placed on programmes for people who earned less than the minimum wage of R1 072 who

would be helped to build their own houses

"We have tried to look at various needs of the communities such as the size of the product, affordability and levels of participation. Our experience, though, is that these people still prefer to have their houses built by developers," she said

Building own home has big advantages

Mthembu-Mahanyele came out in support of people building their own houses instead of using developers. She cited successful programmes in Mpumalanga, KwaZulu Natal and the Eastern Cape through which communities built their own homes. "People who build their own houses produce a better, bigger and cheaper product

"There are no labour costs and there's low cost on building materials because they buy in bulk," she said

She gave an example of a family consortium which put together R1-million and produced houses of between 40 and 65 sq m

Mthembu-Mahanyele said provincial MECs have been asked to set up provincial housing teams through which they could help consumers with information about schemes available to them

She said all MPs have been asked to ensure that communities received information and that provinces were empowered to deal with the huge number of applications for subsidies

She said her department would review the Rent Control Act as part of finding mechanisms to encourage better relations between landlords and their tenants

Housing director-general Billy Corbett said the act would be reviewed with a view to addressing the exploitation of tenants and overcrowding in city buildings

123 000 houses 'are in production'

BD 17/3/97 (123)

Lukanyo Mnyanda

THE housing ministry should have issued about 500 000 low-cost housing subsidies by June this year when delivery should have accelerated enough to push the number of units to 200 000, according to the BMI Building Research Strategic Unit

The unit's quarterly review of the industry notes that, with 123 000 houses in production, visible delivery was taking place at a faster pace and should boost business and consumer confidence levels

However, it warned that concerns about crime would continue to put a damper on spirits

"The building industry will only be able to exploit its undoubted potential to be an engine for growth if government can fulfil its role to create a secure and investor friendly environment," it said.

Respondents were also concerned

about the availability of key resources, especially finance, capital subsidies and land for low costs developments. But other resources were fairly easy to access, with the high unemployment rate making labour "extremely easily available"

BMI director Llewellyn Lewis said the survey — made up of 121 telephone interviews with both established and emerging contractors — showed that confidence levels had been consolidated in the fourth quarter with 40,8% of respondents expecting improved conditions over the next six months

Contribution

Lewis said both the emerging and established sector viewed houses costing less than R65 000 as an important source of growth this year, although this view was more prevalent among emerging contractors

The established sector expected

that houses in the R65 000 to R150 000 bracket would be their main source of growth, while townhouses and cluster homes were also set to make a healthy contribution

Lewis said both the established and emerging sectors generally expected conditions to improve by up to 5% this year, with the emerging sector slightly more confident

Building costs, which were seen to be very high, were still a source of concern for both sectors of the market and most respondents believed that building materials price increases had exceeded the inflation rate

Confidence was also suffering from perceptions that corruption, an ineffective public service and government were still the norm

Continuing perceptions that SA was still a divided society added to the negative views and did "not contribute to the nurturing of a positive self image and an investor environment"

Communal land housing subsidy planned

BD 17/9/97

(123)

Louise Cook

GOVERNMENT'S national housing subsidy could soon become available to people living on communal land, sources said at the weekend.

Housing department director-general Billy Cobbett said recommendations relating to tenure security and the national housing subsidy were due to go before cabinet in the next few weeks. He refused to disclose details of the plan, but confirmed that the recommendations were linked to changing the qualifying criteria for the

housing subsidy. Sources said the breakthrough followed months of negotiations between the land affairs and housing departments.

Housing director Francois Jacobs said the new plans came in the wake of the land affairs department's Interim Protection of Informal Land Rights Act, which was passed by Parliament last year.

"The act effectively protects one's right to occupy land — to qualify for the subsidy it is a prerequisite that the right to occupy is legally registered. It may require starting up a land register, but not necessarily at the

Deeds Office," Jacobs said. He stressed that the details had not been finalised.

Referring to how farm workers would be affected, Jacobs said they were not the main target of the new plans. People living on tribal and communal land were the ones likely to benefit most.

Currently farm workers received housing assistance through an institutional subsidy, but this scheme would eventually also be streamlined, he said.

Sources said that farmers were reluctant to spend money on housing for farm workers because of the expense

Last week, land affairs director-general Geoff Budlender said government was hoping to provide incentives to farmers to find accommodation for workers in cases where they could no longer be accommodated on farms. However, Katz commission sub-committee member Dame Uys said this would prove difficult, as the amount farmers could claim against income tax had not been adjusted since 1982.

Cobbett said government would announce details once cabinet had approved the new subsidy plans. This was expected within weeks.

Transfer of low-cost housing begins

Robyn Chalmers

THE transfer of rental housing stock to occupants in Gauteng kicked off on Friday with the first batch of title deeds handed over in Soweto as part of a R4bn free transfer exercise.

Gauteng provincial housing minister Dan Mofokeng said a total of 168 000 claims had been received from tenants and purchasers in the areas formerly under black local authorities. Soweto accounted for more than 83 000 of these cases, consisting of 55 000 claims for rented houses and 27 000 for previously bought houses.

"Government has come up with a

discount benefit scheme of R7 500 for each state-financed rented property. This means that if the price of a house is R7 500 or less, the beneficiary will receive full ownership without paying anything more.

"To replace a township house on a fully serviced erf today would cost about R35 000. In total, the free transfer value of rented assets to township residents in Gauteng exceeds R4bn," he said.

However, Mofokeng said that before any transfer of property could be registered, the law required that all the outstanding rates and services charges be settled.

PD 17/3/97

(123)

The Gauteng provincial government had passed a special law to assist first-time buyers of state or council-owned property to acknowledge debts owing from February 1994, after which houses could be transferred without payment being made immediately.

Mofokeng believed this measure constituted a major boost for the Masakhane campaign because the acknowledgment of debt was a legal instrument that obliged beneficiaries to pay service charges' arrears on agreed terms and conditions.

He said property ownership would bring many benefits, such as security of tenure, while also encouraging a

normal property market and greater security for previous tenants.

"The acquisition of property gives access to mortgage finance for home improvements, business ventures or education," said Mofokeng.

For local authorities, the transfers of property ownership would bring council records up to date, remove un-economic administrative and financial burdens and reduce loan indebtedness to the National Housing Board.

Mofokeng said 125 housing bureau offices had been established throughout the province to facilitate the transfer of township houses to Gauteng residents.

123 000 houses 'are in production'

Lukanyo Mnyanda

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The unit's quarterly review of the industry notes that, with 123 000 houses in production, visible delivery was taking place at a faster pace and should boost business and consumer confidence levels.

However, it warned that concerns about crime would continue to put a damper on spurts.

"The building industry will only be able to exploit its undoubted potential to be an engine for growth if government can fulfil its role to create a secure and investor friendly environment," it said.

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Confidence was also suffering from perceptions that corruption, an ineffective public service and government were still the norm

Continuing perceptions that SA was still a divided society added to the negative views and did "not contribute to the nurturing of a positive self image and an investor environment"

Josey Ballenger

MIDRAND had achieved one of the best records in SA during the seven-month-old Masakhane campaign, having stepped up its collection of service payments from 3% at the programme's launch to 30% in the December-to-February quarter, officials said at the weekend

In the greater Midrand area, Masakhane — a national campaign to implement services in disadvantaged areas, and combat rates boycotts — was applied to Ivory Park township, which has a population of 180 000

December was the highest-yielding month, as 41% of Ivory Park's 15 000 formal sites paid for their ser-

Ivory Park leads the way in Masakhane campaign

The residents were charged R31 a month

To date the Midrand local council had collected about R982 000, said council executive committee chairman Alan Dawson. This would be used to install street lights, parks and undertake job skills training.

However, at an awards ceremony in Ivory Park on Saturday, Dawson said 60% or R2,5m still needed to be collected to realise the council's goals.

"We have collected nearly R1m, but R2,5m is not with us," he said, noting that sum-

could be used for 600 flush toilets, mass lighting to reduce crime or the launch of a training centre for jobs.

"We not only have a culture of nonpayment, which is being swept away in Ivory Park, but also a culture of non-service delivery," he said, emphasising that the council had to improve its delivery of services.

The council ranked 4,5 out of 10 in its administration and delivery of services in an in-house survey.

He said Midrand's goal was to reach a 50% payment level by June.

"Ivory Park has very little by way of infrastructure," Dawson said

Only 20% of residents had flush toilets and individual water points, while 80% used a septic tank system — which Dawson described as "totally unacceptable given the geological strata of Ivory Park" — and shared water taps. Emergency and waste removal services were, however, available throughout the area.

Dawson credited the improvement in payments to council interaction with the community. "Because of the lack of services, we have turned payment for services into developmental funds, which allows the community to reinvest its money directly into the community."

SA cities to vie for investment

Nicola Jervoy

THE constitution, which transfers the responsibility of regional development to local government, would force cities to look at their competitive advantages when competing for fixed direct foreign investment, said KwaZulu-Natal Finance and Investment Corporation economist Dana Moore

Addressing the annual KwaZulu-Natal marketing initiative strategic planning session last week, Moore said there was a concentration of fixed direct investment in the trading blocks of Europe, southeast Asia and the US.

In 1994, Japan, US and western Europe attracted 60% of the world's fixed direct investment followed by developing countries (37%) and eastern Europe (3%). Sub-Saharan Africa and New Zealand each attracted \$1,8bn, translating into 1,7% of the investment pie

Moore said one advantage of encouraging local governments to assess their competitive advantages was that the affected citizens would become more familiar with their own environments.

Investment SA CEO Rafiq Bagus said SA did not have the time or manpower to use "the shotgun approach" to attract investment Malaysia and Scotland annually spent more than \$500m each on attracting investment, but SA's constraints forced a more targeted approach

Reviewing the KwaZulu-Natal initiative's targets for the year, initiative chairman Peet Marais said there would be more emphasis on attracting investment in the food and beverage sector.

During 1995/96, the initiative attracted 33 new projects worth R176m to the province and 15 projects valued at R147m last year

Number of mortgage bond repayment defaulters drops sharply

Robyn Chalmers

THE number of defaulters on bond repayments has dropped sharply to 35 000 from 49 000 last year, Mortgage Indemnity Fund figures show.

However, sources close to the rehabilitation process warned yesterday that while important breakthroughs had been made with defaulters falling under banks and the SA Housing Trust, figures were in a "state of flux".

The reduction in the number of defaulting home owners had been

achieved in part through evictions but mainly through repayment agreements, which could still fall through.

Government vowed in April last year to back tougher action against bond boycotters who were "completely uncooperative" under the payment normalisation programme. The programme, run by joint venture company Servcon, the trust and banks, covered more than 49 000 borrowers who had the choice of rehabilitating loans or moving with eviction a last resort.

Housing Minister Sankie Mthembu-

Mhanyele, at a briefing yesterday on resolution of a bond dispute between the Chiawela community of Soweto and the trust, confirmed that many bond disputes were being resolved.

"We have been able to initiate more than 400 greenfield projects in areas where bond disputes have been resolved (but) there is an urgent need to resolve remaining bond disputes."

"They have an adverse impact on mortgage lending and the development of areas," she said.

Mortgage Indemnity Fund MD

Nkululeko Sowazi said the fund was

involved in dispute-resolution programmes in about 14 areas and hoped to increase its involvement in resolving disputes. Reasons for nonpayment of bonds varied, but some were the result of disputes between bondholders and financial institutions, developers or local authorities. Unaffordability due to economic hardship or retrenchment was also a key element. "There are very few, if any, areas where actual bond boycotts have been declared," he said.

Siza Khampepe, MD of trust divi-

sion Khayalethu Home Loans, said defaulting home owners had cost the company about R250m in the past five years. However, average payments had risen to more than 52% from about 40% in November, he said.

At Chiawela residents had not paid bonds since January 1992, when they declared a boycott over the poor quality of houses. After intervention by the national housing department and the fund, the Chiawela Residents' Committee and Khayalethu signed a pact yesterday to end the boycott.

Five-year bond boycott ends

(123) Sowetan 18/3/97

By Joshua Raboroko

THE Chawelo Residents' Committee and a subsidiary of the South African Housing Trust, Khayalethu Home Loans (KHL), have entered into a landmark agreement ending a five-year bond boycott which has cost the company R4 million.

The agreement, which was witnessed by Housing Minister Sankie Mahanyele and other dignitaries in the housing industry, was signed at the headquarters of the Mortgage Indemnity Fund (MIF) in

Johannesburg yesterday.

The MIF is an organisation established by the Government to increase the availability of mortgage finance to low-income consumers.

Speaking at the ceremony Mahanyele said the settlement demonstrated that it was through negotiations that disputes could be resolved.

She said there was an urgent need to resolve the remaining 15 bond disputes in the country because it was having a negative impact on both the mortgage lending

market and on the development of areas where such disputes occurred.

"The normalisation of the mortgage finance sector and the consequential rise to access housing finance for low-income families is a critical pre-requisite for dealing with the housing programme," Mahanyele said.

People living in Chawelo Extension 5 have not paid their mortgage bonds since January 1992 when they declared a bond boycott protesting against defects and the small sizes of their homes. They also

protested against the lack of facilities such as stormwater drainage.

According to the agreement, loans would be re-scheduled on an individual basis taking into account the financial circumstances of each household. A new house price has been determined which will adjust payment.

The SAHT's chairman, the Rev Frank Chikane, said they hoped the settlement would set a precedent for about 35 000 other bond defaulters who owed the trust about R250 million.

Homeless still wait

WHILE MORE THAN R4 billion allocated to housing by Finance Minister Trevor Manuel may seem to be an important contribution towards alleviating homelessness, many homeless people are cautiously adopting a wait-and-see attitude on whether their lifelong dreams will be realised

James Motaung, who lives at Eikenhof squatter camp, 35km south of Johannesburg, says he has been homeless throughout his life

"Every year the Government allocates a certain amount of money to housing but we, the homeless, don't see any results. I have no reason to believe it will be different this time," says Motaung, who has been living in a shack with his family of six for more than 18 years

"The Budget means nothing to me and my family. Previous budgets have failed to address the housing problems as the backlog continues to grow"

Many of the homeless feel the houses the Government is building are too small, are poor structurally and have small yards

"It would be better if the Budget provided the old four-roomed type of houses which we can extend in future," says Motaung

He adds, however, that the one-two roomed houses are better than nothing

"We hope more will be built this year. Employers must also help improve our meagre wages so that we can improve our present structures," Motaung says

Motaung is among three million homeless people

Housing Minister Sankie Mahanyele confirmed this week that the country's housing backlog had reached three million units

Massive positive effect

South African Residential Developers Association (Sarda) executive director Hendrick Kekana says "The 158 percent increase in budgetary allocation means that real growth can take place within the sector and will have a massive positive effect on actual delivery of housing"

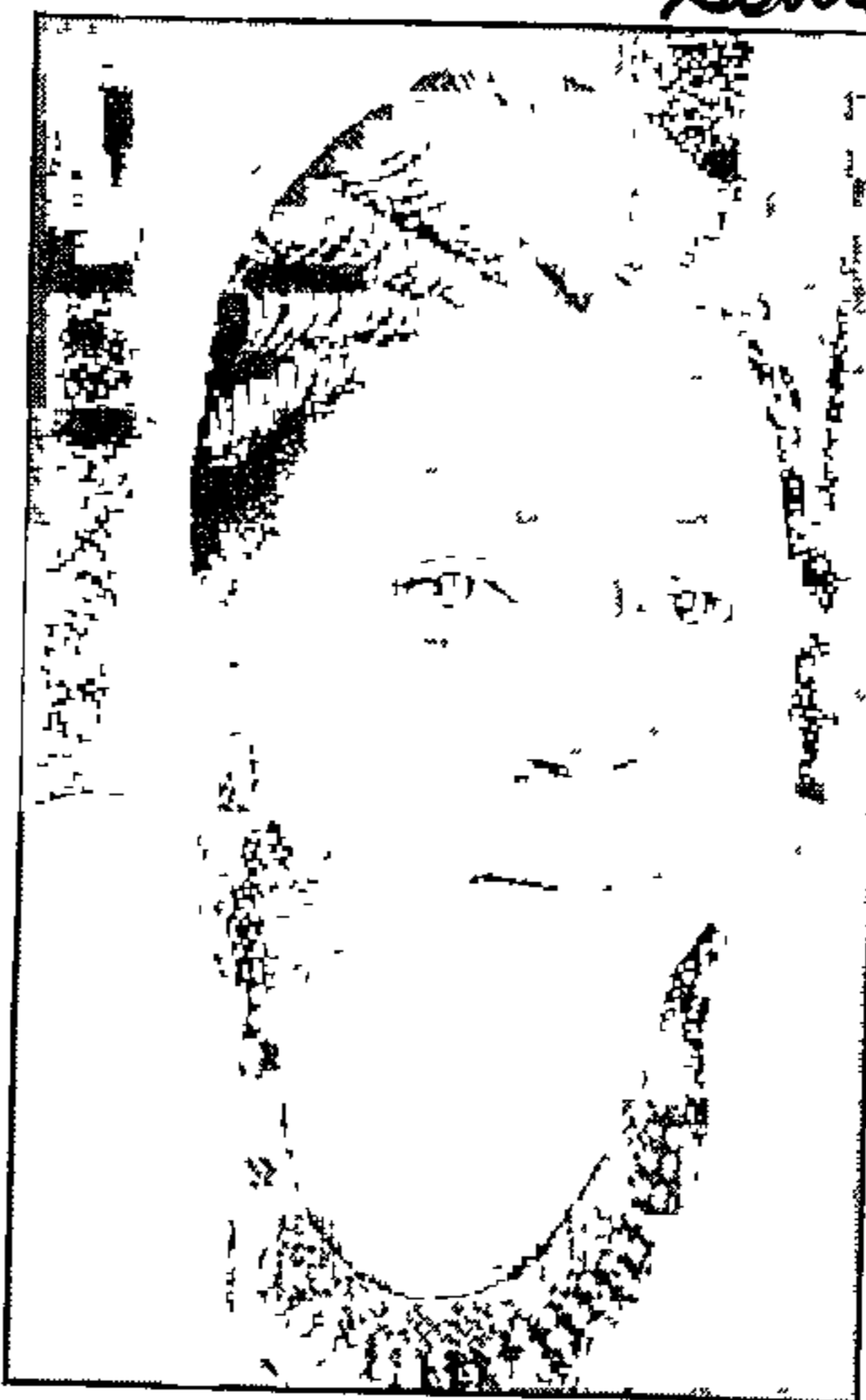
"Both bridging and end-user finance can be adequately dealt with. There is, however, far more to housing delivery than simply making huge amounts of money available"

Facilitation, capacity building and effective administration are also vital to the process of providing homes for all people and Kekana believes that progress has already been made in these fields

"Government clearly has good intentions and a clear vision. We now have to look at assisting in translating these into tangible housing delivery. This is where my associa-

(123)
While the R4 billion allocated to housing may look like a massive figure, only brick and mortar will matter to the homeless. **Joshua Raboroko** explains why ...

Sowetan 19/3/97



Housing Minister Sankie Mahanyele

tion and its members play a vital role"

Sarda has expressed concern that the Budget made no effort to encourage the private sector to become involved in housing provision

"The Budget offers no encouragement to players in the industry such as tax breaks and incentives. It is unfortunate that nothing has been done to help those willing to contribute in what is historically a very risky market"

"Not even the country's emerging builders and developers have been offered any incentives," Kekana says

Building Industries Federation of South Africa executive director Mr Ian Robinson says the R4 billion allocated to housing represented 2,2 percent of the total Budget. The Housing Ministry hoped to get five percent

The implication of the allocation was that there will be no increase in the subsidy scheme, leading to a decrease in real terms, resulting in fewer houses being provided

South African National Civic Organisation (Sanco) chairman of housing portfolio Sandile Mgudlana has welcomed the Budget alloca-

tion, expressing optimism that it might serve the purpose of reducing the housing backlog

"The allocation is a positive sign. We hope it will be translated into housing units the country desperately needs"

In his Budget speech, Manuel said "Housing delivery is now accelerating and it is expected that more than 190 000 houses will be built in the subsidy band during the new financial year"

The Housing Ministry has welcomed the Budget, saying it raised optimism that more homes would be built in 1997

The department has spent some 75 percent of its R3,3-billion budget in the 1996-97 financial year, indicating a marked increase in low-cost housing delivery last year

The 1996-97 expenditure is a significant improvement on the previous financial year when the department could spend only some 25 percent of its R4-billion budget allocation and managed to build fewer than 30 000 low-cost homes

The dismal performance in 1995-96 meant that R1,7 billion of the housing budget has to be rolled over to the 1996-97 financial year and that only R1,5-billion was provided for in last year's housing budget

Mahanyele says that the roll-over to the present financial year comes to R819-million - less than half of last year's - which she reckons indicates increased delivery and better management of funds

The delivery of houses should further accelerate in 1997-98 with an estimated 193 000 houses built this year

Ambitious target

However, if the Housing Ministry wants to achieve this ambitious target, it will urgently need to improve delivery mechanisms in three provinces, which badly under-performed last year

These provinces are Eastern Cape, Northern Province and North West, where the housing boards spent only 25,5 percent, 30,8 percent and 50 percent respectively of their budgets

The ministry says five provinces were already spending ahead of budget on housing programmes, reflecting new priorities

In essence, the ministry said, it meant the housing programme would reach "the poorest of the poor"

49 000 households still not paying their bonds

Star 19/3/97 (123)

Continuing nationwide boycott makes it difficult for banks to re-enter the low-income housing market

By BONGIWE MLANGENI

About 49 000 households nationwide are not paying their home loans despite repeated calls from civic organisations to end the bond boycott

Mortgage Indemnity Fund (MIF) chief executive officer Nkululeko Sowazi said the boycott had a negative impact on financial institutions and was making it difficult for banks to re-enter the low-income housing sector.

The MIF, a Government-owned company, was launched in 1995 to provide insurance to banks to lend to low-income groups living in areas formally involved in the bond and services boycott.

The fund covers more than 469 areas across the country and is now working in 14 areas to solve bond disputes

Sowazi said some residents were not paying their bonds because they had acquired houses with defects. He said the banks

had reported 49 000 bond defaulters, some of whom were still occupying repossessed houses

The boycott has mainly affected banks like Khayaletu Home Loans, a lending wing of the South African Housing Trust.

Khayaletu's managing director Siza Khampepe said the company had lost more than R250-million on unpaid loans over five years.

Last year the trust agreed with the South African National Civic Organisation (Sanco) that its 14 000 defaulters would start paying. However, since the agreement, the repayment rate has been about 36% - far below the 75% expected, said Khampepe.

Other banks which have not reached an agreement with Sanco have handed over their default cases to Servcon, a joint venture company between banks and the Government which recovers repossessed homes still occupied by defaulters

Servcon managing director

Denis Creighton said they were investigating about 10 000 non-performing loans. The company had already visited about 1 500 non-paying households, he said.

Servcon was also handling about 14 000 cases of residents who were still occupying repossessed houses.

Creighton said about 3 900 residents had agreed to re-buy their homes and 4 200 were willing to move to alternative accommodation.

Sanco spokesman Mbongeni Ngobeni said the boycott crisis could only be solved if financial institutions negotiated with the civics and took into account the problems faced by some communities.

Housing Minister Sankie Mthembu-Mahanyele said normalising the lending sector would help solve the housing crisis.

She said the dispute was delaying development in areas where bond disputes were occurring

Chiawelo residents win battle over loans

By BONGIWE MLANGENI

Residents in Chiawelo, Soweto, celebrated a landmark achievement this week when their houses - valued at R70 000 - were sold to them for about R28 000 each

The Khayaletu Home Loans and the Chiawelo Residents' Committee signed an agreement on Monday to finally end a five-year dispute and bond boycott

About 171 households in Chi-

awelo Ext 5 went on a bond boycott in 1992 because of the "poor quality of their houses" "This is victory for us," said residents' committee chairman Leslie Bonoko

The residents were initially told the four-room council houses would cost R20 000

"Then the banks took over and sold the houses at about R36 000 We were shocked. We knew the council was given about R2-mil-

lion to build the houses," he said

In July 1994 the Department of Housing intervened, and in February the banks and the Civics Association came to an agreement that residents would start paying and that their names would be removed from the credit bureau listings.

Chiawelo is the first of 15 communities with bond disputes mediated with the assistance of the Mortgage Indemnity Fund.

Minister appeals to defaulters

(123) *sewetaan 20/3/97*

By Joshua Raboroko

HOUSING Minister Mrs Sankie Mahanyele has appealed to bond holders to end boycotts and negotiate deals with banks in an attempt to encourage financial institutions to resume lending in the low-cost housing sector

Mahanyele said there was an urgent need to resolve the remaining bond disputes because it was having a negative impact on both the mortgage lending market and on the development of areas where such disputes occurred

The Minister was responding to reports that about 49 000 households were still not paying their bonds despite calls by civic organisations to end the bond boycott

It has been estimated that financial institutions lost between R2 billion and R3 billion as a result of bond boycotts, which started five years ago. These disputes have caused banks to redline many areas

Most of the affected financial institutions are affiliates of the Council of South African Banks and Khayaletu Home Loans, a sub-

subsidiary of the South African Housing Trust

In an attempt to resolve the problem and to persuade banks to resume lending to low-income earners, the new Government formed Mortgage Indemnity Fund and Servcon Housing Solutions to monitor the home loans situation two years ago

Servcon executive director Mr Dennis Creighton said they had made it possible for defaulters to resume payments or to find suitable alternative accommodation through a process of 'rightsizing'

People can't pay for non-existent services – ANC

123

Leaders will use 'Masakhane weekend' to show supporters the party delivers

Star 20/3/97

By ANSO THOM
Political Reporter

The ANC's "Masakhane people's weekend" starting today will serve as a platform for the organisation's leaders to report back to supporters on what the ANC and the Government have delivered, asking in return for people to pay for services, according to ANC acting secretary-general Cheryl Carolus

"We can't expect people to pay for services they don't have, but service delivery has definitely been speeded up," Carolus said at a press briefing in Johannesburg yesterday

She admitted that in retrospect it might have been a mistake on the part of the ANC and the Government to launch the Masakhane campaign before local government structures were in place.

Carolus added that the campaign would also serve as a vehicle to crack down mercilessly on those who did not pay for services when they could afford it

She said they would be seeking the help of the community in identifying those people who could or could not pay

Carolus admitted the process was being hampered by the fact that a proper billing and payment system was not in place, but she said a flat rate had to be imposed while the metering system was being installed.

"The flat rate would be an interim measure, but it must come to an end as it benefits those who can afford to pay," she said, placing the blame for this problem squarely on apartheid

"We have delivered. It is a myth that the Government has

not delivered"

Carolus said ANC leaders would be informing supporters on the lowering of the infant mortality rate, the lowering of the mortality rate among pregnant women, free health care for women and babies, and the electrification programme in which Eskom was connecting 20 000 households a month.

"We are making a difference in the lives of most poor people and that should remain our focus for the foreseeable future," said Carolus.

She stressed it would be impossible for the Government to deliver water to houses, install new electricity and sanitation, and lay streets unless communities paid for services.

Masakhane, she said, meant that people had to assume responsibility

Carolus said ANC representatives would first be reporting back to those communities who put them in power.

She added that the ANC's main responsibility lay with those people who elected the party in the first place

Events have been organised in all the provinces, with Safety and Security Minister Sydney Mufamadi scheduled to address a rally in Thabazimbi and North West Premier Popo Molefe in Albany, near Grahamstown

Deputy President Thabo Mbeki is expected to address people's forum meetings in the Winterveld and GaRankuwa

Environmental Affairs and Tourism Deputy Minister Peter Mokaba will participate in the commemoration of Sharpeville Day at Miami Beach, Sharpeville

Dates for these activities have yet to be released

Straw houses offer hope

Durable, cheap, easy to build

JILYAN PITMAN

STAFF REPORTER

FRIDAY 22/3/97

(123)

Mud-covered straw houses may hold the solution to South Africa's huge housing shortage.

These houses are cheap, durable, fire-proof and quick to erect. Cape architect Etienne Bruwer recently designed the first two-storey straw-bale house to be granted a building permit in the country and he is also using straw bales to build his offices.

If he has his way he would like to see mud-covered straw houses dotted all over the country.

Mr Bruwer has been inundated with enquiries about this "new" method of building, including enquiries from several neighbouring countries.

"Khayelitsha community leaders are also looking forward to a pilot scheme," he added, after workers from his project showed them their work.

The first double-storey home made of straw - with the blessing of the Cape Metropolitan Council - is under construction in Noordhoek.

Three other structures are being built. One in Constantia, a "retreat for canoeists" on the banks of the river at Clanwilliam and a community centre near the Gemsbok Park in the Kalahari. The 80-square-metre community centre will cost about R30 000 excluding electrical work.

The American concept of building with straw bales originated around the turn of the century with the development of the baling machine. In Nebraska, where Mr Bruwer lived for a year while he was studying architecture, straw bale houses are quite common.

"There was a surplus of straw in those farming areas and wonderful homes all over the mid-west were built from this natural resource. It's a good concept and there is no reason why anyone should be homeless because we also have a straw surplus in the Cape," Mr Bruwer said.

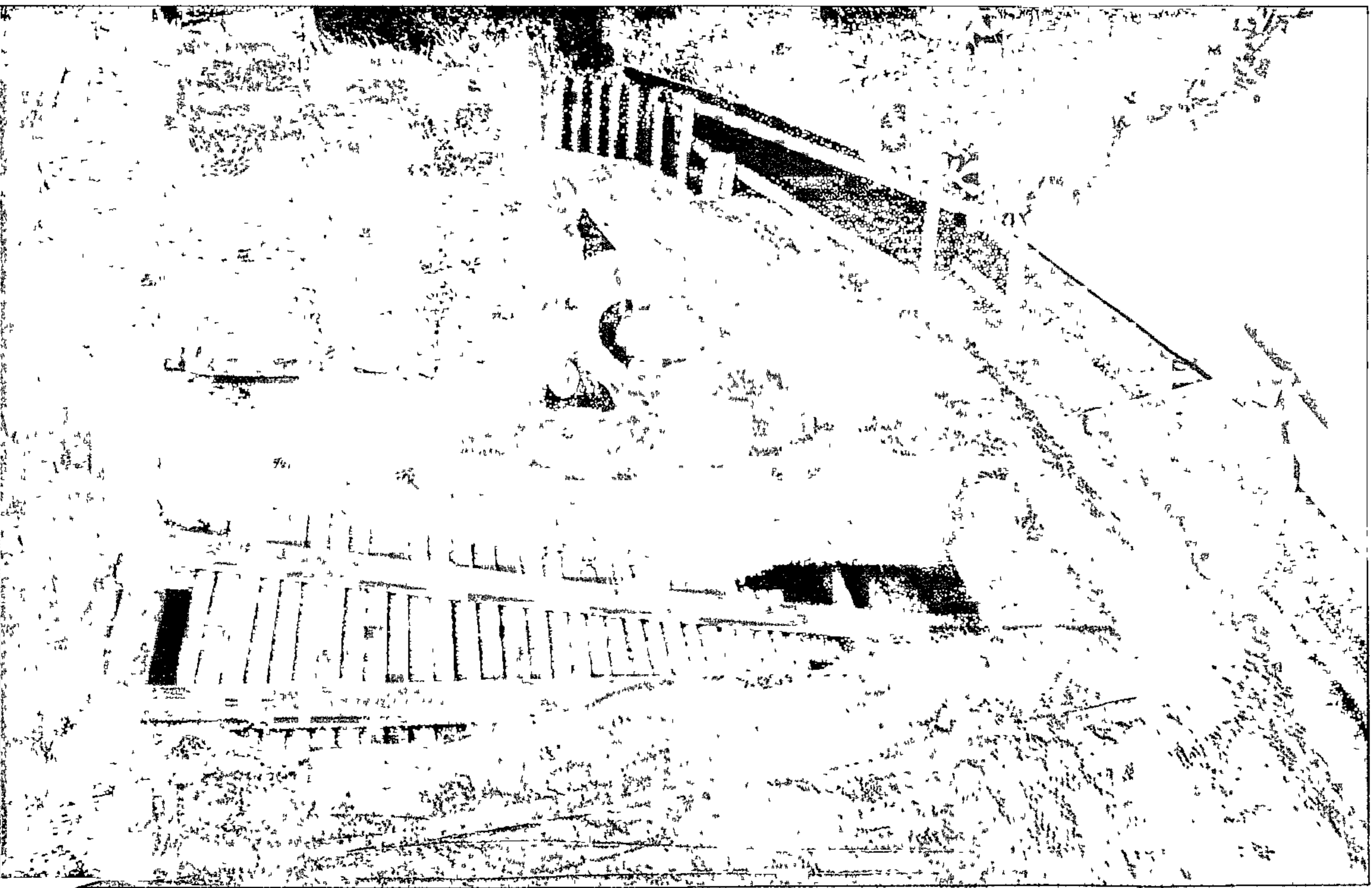
He said UCT architectural students had built an outbuilding in Constantia of straw in under five weeks and now plan to build a house with a Cape Dutch gable next to it.

"Straw is readily available in the Caledon and Malmesbury districts, about 40 minutes away from the city. It is a farming by-product," he said. "Each bale costs about R3 and weighs about 6kg. The walls of the structures are made from stacking bales in offset layers much like bricks. Each layer is skewed to the layer below with iron rods. At roof height bales are bound to the foundation with a top plate which compresses the bales and serves as a wall plate for roof trusses.

"Lastly, the walls are plastered with clay or soil cement. Because of their highly compacted nature straw bales with plaster on both sides have a fire resistance rating of over two hours."

"They are easy and quick to erect, cheap to build and even cheaper to live in requiring almost no heating or cooling in our climate."

The width of the straw bales give an impression of great solidity. The cost of straw-bale walls is about half that of conventional brick walls.



I'll huff and I'll puff: Cape architect Etienne Bruwer and his council-approved two-storey straw-bale house

BRENTON GEAR

Economic hardship takes over from politics

Unemployment and lack of access to finance are the major stumbling blocks, writes THABO KOBOKOANE

(P23)ST (PT) 23/3/97

EFFORTS by the government and the private sector to resolve the bond boycott, estimated to have cost banks about R2-billion, are showing mixed results.

Politically motivated boycotts have virtually come to a halt, but on the economic front, joblessness and lack of access to finance are emerging as major remaining obstacles.

On balance, though, indications are that defaulting mortgage bond repayments dropped sharply to 35 000 from 45 000 last year due to increased repayment agreements and government's tough action on defaulters.

"The reasons for defaulting mortgage payment vary, but the fundamental cause is economic. This makes resolving the bond boycott even more difficult," says Dennis Creighton, managing director of Servcon, a joint venture between the government and banks.

Servcon oversees a programme intended to deal with repossessed properties and has 24 000 non-performing loans on its books. Creighton says as many as 85% of these are a result of unemployment.

His views are shared by Nkululeko Sowazi, CE of the Mortgage Indemnity Fund, which provides political risk cover to banks in exchange for institutions re-starting lending in previously red-lined areas. The fact that political boycotts are on the decline is clear from the MIF's budget for 1997/98. Political risk cover has been cut to R15-million from R105-million in 1996/97.

'The reasons for defaulting on mortgage payments vary, but the fundamental cause is economic'

Attempts at rightsizing — allowing people to stay on repossessed properties and pay "affordable" rent until alternative accommodation has been found — have not succeeded because of a lack of alternative stock and access to finance.

Of the non-performing loans, Servcon has signed at least 4 000 rightsizing agreements, but no-one has been relocated as a result.

The government has acknowledged this problem and set aside R50-million for the establishment of a sister com-

pany to Servcon to seek alternative stock. Creighton hopes the R50-million will now kick-start the process. "At the end of the day R50-million is small. It can only complement other efforts from the ground and facilitate the development of alternative accommodation, but people have to be able to afford something. At current economic activity levels, it makes our efforts vain," says Sowazi.

Meanwhile, the National Housing Finance Corporation announced it had made wholesale funds available to four housing lenders to give up to 118 000 families access to finance and is negotiating for an additional R250-million to ensure credit is available to an extra 135 000 families.

The government established the NHFC to make wholesale finance available to lenders, who provide end-user finance to borrowers, as part of its drive to make housing finance available. It had approved credit facilities of R116-million to micro-lenders.



ON THE RIGHT TRACK... Nkululeko Sowazi, chief executive of the Mortgage Indemnity Fund

QUESTIONS

†Indicates translated version

For written reply

National Agricultural Marketing Council: Members/commercial procedures

88 Dr E A SCHIEMAN asked the Minister for Agriculture and Land Affairs †

- (1) Who are the members of the new National Agricultural Marketing Council.
- (2) whether these members were appointed according to specific categories as determined by the Marketing of Agricultural Products Act, 1996 (Act No 47 of 1996), if not, what is the position in this regard, if so
- (3) whether the recommendations as contained in the final short list in respect of commercial producers were deviated from if not what is the position in this regard, if so, why?

N176A

The MINISTER FOR AGRICULTURE AND LAND AFFAIRS

- (1) Members of the new National Marketing Council are as follows
 - Prof W E Kassier (Chairperson)
 - Mr G Rathogwa (Vice-Chairperson)
 - Mr D P S Claassen
 - Mr S N Manjezi
 - Dr E Brock
 - Dr B J Willemse
 - Mr T A Smith
 - Ms L Bengu-Baloyi
 - Ms T S Khumbane
 - Mr K Gaoraelwe

(2) Yes

Commercial Production of Agricultural Products
 Mr D P S Claassen
 Dr E Brock

Agricultural Product-Related Trade and Industry

Mr T A Smith
 Dr B J Willemse

Agricultural Economics, including Agricultural Marketing and International Agricultural Trade

Prof W E Kassier
 Mr M Rathogwa

Consumer issues relating to Agricultural products, including issues relating to previously disadvantaged communities

Ms L Bengu-Baloyi
 Ms T S Khumbane

The Production and Marketing of Agricultural products by small scale and previously disadvantaged farmers

Mr S N Manjezi
 Mr K Gaoraelwe

- (3) No I received a final short list of 15 members of whom the abovementioned 10 were appointed

Police officers: complaints/charges for rape/sexual harassment

134 Ms S C VOS asked the Minister for Safety and Security

- (1) (a) How many (i) complaints were lodged and/or (ii) charged were laid against police officers for rape and sexual harassment in the Republic during the latest specified period of 12 months for which figures are available and (b) how many (i) convictions and/or (ii) disciplinary procedures have resulted from such complaints and/or charges in each case
- (2) whether he will make a statement on the matter? N223E

The MINISTER FOR SAFETY AND SECURITY

(1) (a) (i) 109
 (ii) 119
 (b) (i) 8
 (ii) 3

(2) No

Low-cost housing: amounts allocated

177 Mr M J TILLS asked the Minister of Housing

- (1) (a) What amount was allocated for low-cost housing delivery in the (i) 1994-95 and (ii) 1995-96 financial years and (b) what amount was spent in each of these financial years
- (2) whether any problems were experienced in spending the budgeted amounts in respect of what is the position in this regard if so what are the reasons for failure to do so
- (3) whether any steps have been or are to be taken to eliminate these problems if so what steps?

The MINISTER OF HOUSING,

N317A

- (1)(a) During the two financial years in question the following amounts were made available to provincial administrations to finance their housing programmes
 - (i) 1994-95 R2 233 billion (ii) 1995-96 R1 8 billion
- (b) During the said financial years the following amounts were spent by provincial administrations under the capital subsidy scheme and commitments under the previous dispensation
 - (i) 1994-95 R1 35 billion (ii) 1995-96 R931 0 million

- (2) and (3) As far as the problems experienced in spending the budgeted amounts in respect of the reasons therefor and the steps taken to eliminate these problems are concerned full details in this regard are set out in the attached document Housing the Nation doing justice to delivery

(See Annexures of House - M127/97)

Politicians' voyage to Antarctica

204 Mr N J J VAN R KOOORNHOFF asked the Minister of Environmental Affairs and Tourism †

- (1) Whether any politicians participated in the recent voyage to Antarctica if not what is the position in this regard, if so who invited them

- (2) whether members of all political parties were invited if not, what criteria were applied in respect of these invitations?

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM

N345I

- (1) I confirm that the Chairpersons of the Senate Select Committee on Environment Affairs and Water Affairs and Forestry and National Assembly Portfolio Committee on Environmental Affairs and Tourism were invited by me as Minister to accompany the recent voyage to Antarctica for the opening of the new SANPATV Base. The Chairperson of the National Assembly Portfolio Committee on Environmental Affairs and Tourism requested Mrs R T Mabudhavi to represent the Committee
- (2) No members of political parties were invited and the criteria was to invite the Chairpersons

Serious offences in Northern Province

206 Mr A FOURIE asked the Minister for Safety and Security †

How many serious offences were reported during the (a) period 1 January to 31 October 1996 and (b) corresponding period in the previous year in the districts of (i) Pretoriusburg (ii) Tzaneen (iii) Messina (iv) Louis Trichardt (v) Nkxosoom and (vi) Warmbaths? N337A

The MINISTER FOR SAFETY AND SECURITY

	(a)	(b)
(i)	10 813	10 352
(ii)	3 826	3 218
(iii)	1 809	2 080
(iv)	1 425	1 848
(v)	1 731	1 427
(vi)	2 150	1 943

Potchefstroem crimes

208 Mr A S BEYERS asked the Minister for Safety and Security

- How many cases of (a) murder (b) culpable homicide, (c) assault with intent to do grievous bodily harm (d) common assault (e) rape (f) robbery, (g) theft (h) damage to property (i)

QUESTIONS

Indicates translated version

For written reply

KwaZulu-Natal nature conservations: tax money stolen

57 Rev M HENRY asked the Minister for Environmental Affairs and Tourism:

- (1) Whether his or his Department's attention has been drawn to allegations that certain officials of the department of nature conservation in KwaZulu-Natal have stolen tax money, if so, (a) what is the total amount allegedly stolen and (b) in respect of what date is this information furnished;
- (2) whether any persons involved in the alleged theft have been held, if so, who are these persons,
- (3) whether any of these persons have been discharged, if not, why not,
- (4) whether these persons will be discharged, if not, why not, if so, when,
- (5) whether he will make a statement on the matter? C63E

The MINISTER FOR ENVIRONMENTAL AFFAIRS AND TOURISM

(1) I have no details or information regarding the allegation that certain officials of Nature Conservation in KwaZulu-Natal have stolen tax money because this is a provincial matter. Your question has therefore been forwarded to Mr R Rubenheimer, Deputy Director-General, Department of Traditional and Environmental Affairs, Private Bag X02, Ulundi, 3838

(a), (b) No information regarding this matter is available

(2) (3) and (4) No information regarding this matter is available

(5) I am in no position to make any statement on this matter

QUESTIONS

Indicates translated version

For written reply

Certain firm: amounts paid for services rendered

10. Mr J SELFE asked the Minister of Finance

Whether any amounts were paid in 1996 to a certain firm, the name of which has been furnished to his Department for the purpose of his reply, for services rendered to the State, if so, in each case, (a) what was the nature of the services so rendered, (b) which employee, partner and/or consultant attached to the said firm was retained for this purpose, (c) which Department retained the firm, (d) over what period were the services rendered and (e) what amount was paid to the firm? C13E

The MINISTER OF FINANCE

Yes,

- (a) for the drafting of the Special Pensions Bill in layman's language,
- (b) Mr H Cheadle,
- (c) the Department of Finance,
- (d) November 1995 to May 1996,
- (e) R63 075 23

Mortgage Indemnity Fund: claims from banks

27 Mr W F MNISI asked the Minister of Housing

Whether the Mortgage Indemnity Fund has received any claims from banks for losses in previously red-lined areas that they have been unable to recover, if so, (a) how many such claims were received, (b) from which areas were such claims received and (c) as at the latest specified date for which information is available, (i) what was the total value of the claims received and (ii) what total amount had been paid out by the Fund? C33E

The MINISTER OF HOUSING

No claims have been received thus far and it is extremely difficult to estimate and determine from where such claims will emanate

The reason for this is that claims become valid only at the point where vacant possession of a property

HANSARD

following default is not possible, thereby not enabling the financial institution to sell the property

The MIF monitors files sent to attorneys and eviction orders granted to financial institutions as an early warning system for potential claims

Up to 28 February 1997, 2 432 files had been passed to attorneys on defaulting properties, of which 691 had eviction orders granted

Affordable housing: programmes/projects

34 Mr S D FISHER asked the Minister of Housing

Whether any (a) programmes and/or (b) projects are being planned for 1997 for the provision of affordable housing in each of the provinces, if not, why not, if so, (i) what programmes and/or projects, (ii) what is the nature of every such programme and/or project, (iii) what is the (aa) date of commencement and (bb) date of completion in respect of such programmes and/or projects and (iv) who is responsible for each of the programmes and/or projects? C40E

The MINISTER OF HOUSING

The provision of affordable housing is an ongoing process undertaken by the various provincial governments. Information regarding the progress of programmes/projects which are carried out within the framework of Government's Housing Subsidy Scheme is not readily available at national level as projects are undertaken and monitored by the provincial administrations. However, the Department of Housing is presently engaged in a process of collecting comprehensive data from provincial administrations in respect of each project which will be stored in the Department's Housing Information System which will enable the Department to provide the required information once the information system has been put into operation

It could, however, be indicated that since the implementation of Government's Housing Subsidy Scheme on 15 March 1994 until 31 January 1997, 388 830 subsidies have been reserved by the various provincial housing boards in respect of housing units to be erected in more than 660 projects approved by the housing boards and of these, at least 52% are active. The following is a breakdown of the number of subsidies reserved

Project Linked Subsidies 356 711
 Consolidation Subsidies 30 322
 Institutional Subsidies 1 797
368 830

The Provincial breakdown of subsidies reserved and approved in respect of beneficiaries for the period 15 March 1994 until 31 January 1997 is provided in the accompanying table

PROGRESSIVE HOUSING STATISTICS 15 MARCH 1994 UNTIL 31 JANUARY 1997

Province	Project linked (Reserved) *	Project linked (Beneficiaries)***	Individual****	Credit linked (Savings Rowe) *****	Consolidation (Reserved) +	Consolidation (Beneficiaries)+++	Institutional (Reserved) ++++	Institutional (Institutions) +++++
W Cape	47 912	10 201	2 678	19	4 097	149	203	13
Gauteng	78 156	25 514	11 111	9	2 000	1 631	779	0
N West	30 798	6 428	2 602	0	0	0	0	0
Mpumalanga	31 857	12 450	6 475	0	0	0	0	0
KwaZ-Natal	67 933	9 791	2 996	3	8 370	725	240	0
F State	24 539	9 101	3 744	0	8 258	1 213	0	0
E Cape	32 483	3 502	2 976	0	4 040	0	575	0
N Cape	5 603	1 742	3 324	3	205	0	0	0
N Prov	37 430	17 254	6 570	1	3 352	1 511	0	0
TOTAL	356 711	95 983	42 476	35	30 322	5 239	1 797	13

- * Project linked subsidies reserved by provincial housing boards in respect of the number of housing units to be erected by developers in projects approved by the boards. These subsidies are approved in respect of individual beneficiaries once they have bought housing units in these projects
- ** Project linked subsidies approved in respect of beneficiaries who had bought properties in projects approved by provincial housing boards
- *** Individual subsidies approved in respect of individuals who had bought existing housing units or new housing units in projects not approved by provincial housing boards
- **** Subsidies approved in respect of beneficiaries who had entered into a savings scheme with banks to enhance their subsidies with

QUESTIONS

†Indicates translated version
 For written reply

Masakhane campaign: amounts spent

17 Mr M F MNISI asked the Minister for Provincial Affairs and Constitutional Development.

- (a) What amount had been spent by (i) the State and (ii) provincial governments on the Masakhane campaign as at the latest specified date for which information is available and (b) what was the total amount in outstanding debt in respect of the payment of rates and services in respect of each province as at 1 February (i) 1996 and (ii) 1997?

THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT.

- (a)(i) The Department of Constitutional Development spent the following amounts on the Masakhane Campaign during the financial years given
- 1994/95 - R 1 528 538,45
 - 1995/96 - R 12 530 685,60
 - 1996/97 - R 2 155 995,53

(a)(ii) Provinces spent R 7 022 202,23 on the Masakhane Campaign during the 1995/96 and R 1 977 797,77 during the 1996/97 financial years from funds transferred to them by the Department of Constitutional Development. Provinces may also have spent other funds on the Campaign but the Department does not have such information available.

(b) The hon delegate is referred to my reply to his Question No 16

Government-owned houses: debt on bonds

18 Mr W F MNISI asked the Minister of Housing

- (1) (a) What is the total number of persons who currently owe money to the Government for bonds on government-owned houses, (b) what is the total amount owed by these persons and (c) in respect of what date is this information furnished,

- (2) whether any bond defaulters had debts in respect of bond repayments written off in 1996, if so, (a) how many and (b) what total amount was written off,

(3) whether any bond defaulters had their houses repossessed in 1996, if so, (a) how many, (b) what was the amount in debt owing by these defaulters and (c) what amount was recovered as a result of such repossessions?

THE MINISTER OF HOUSING

- (1) (a) 39 468
 (b) R616 166 868,87
 (c) 28 February 1997

- (2) No
 (3) No

Stolen livestock moved across Lesotho border

24 Mr E K MOORCROFT asked the Minister for Safety and Security

- (1) Whether any farmers on or near the border of Lesotho are experiencing problems with the theft of livestock and movement of stolen livestock across the border, if so to what extent,

(2) whether any farmers have been arrested in connection with efforts to recover livestock from Lesotho, if so, (a) what were the circumstances in each case and (b) what charges were brought against them,

(3) whether any farmers were killed or injured as a result of efforts to reclaim stolen livestock, if so, what are the relevant details in each case,

(4) whether the South African Police Service is taking any steps to address this problem if so what steps?

THE MINISTER FOR SAFETY AND SECURITY

- (1) Yes
 Eastern Cape

In most of the reported cases, animals are taken at gunpoint and are stolen during the night. In some instances animals are captured from the grazing camps during the day. As a result of the

Housing credit of R116m approved

Robyn Chalmers

(123) BD 24/3/97

IN ONE of the first major initiatives to deliver mass low-cost housing, the National Housing Finance Corporation has unlocked housing finance for 118 000 families through the approval of credit facilities totalling R116m to four housing lenders

CEO Johan de Ridder said the corporation — set up as part of government's housing initiative last April — intended to facilitate housing finance for previously "unbankable" people with regular incomes through a range of institutions. The initiative aimed at improving existing accommodation rather than constructing new homes.

The corporation was negotiating with a variety of parties for facilities totalling an additional R250m, sufficient to ensure housing credit facilities for a further 135 000 families, he said.

Corporation niche market lenders GM David Porteus said although the funds made available might appear small in relation to the need, this was the basis of the corporation's programme to support the development of

sustainable alternative lending capacity that could service low-income borrowers. He said the corporation had also made equity investments of R6,4m in microlenders who provided finance to families who would otherwise be denied housing credit.

De Ridder said apart from targeting "unbankable" families, the corporation was also facilitating appropriate regulatory measures for nonbank finance companies and housing institutions.

The corporation had three target markets, including small banks and nonbank finance companies, which provided secured or unsecured housing credit to borrowers.

Other target markets were organisations or institutions providing housing under alternative tenure such as rental or rent-to-buy schemes and those entering joint ventures with established institutions piloting new approaches to housing credit provision. The corporation had engaged in negotiations with 17 small bank and nonbank finance companies and about 25 organisations or initiatives aimed at the rental or rent-to-buy market.

COMMENT & ANALYSIS

It is time to bite the nonpayment bullet

Cracking down on nonpayment for services might not have the adverse consequences local councils appear to fear, writes Ivor Chipkin

ED 24/3/97

(123)

NONPAYMENT for municipal services in SA is usually discussed because of the economic implications it has on local government. Little thought has been given to its political consequences.

It was originally believed that reluctance to pay for services spoke of a social inertia arising from the rent boycotts of the 1980s. Nonpayment was believed to be a legacy of apartheid local government that would dissipate in the democratic order.

As a result, Masakhane was a national campaign intended to explain the necessity for payment in the new order. Its success was negligible.

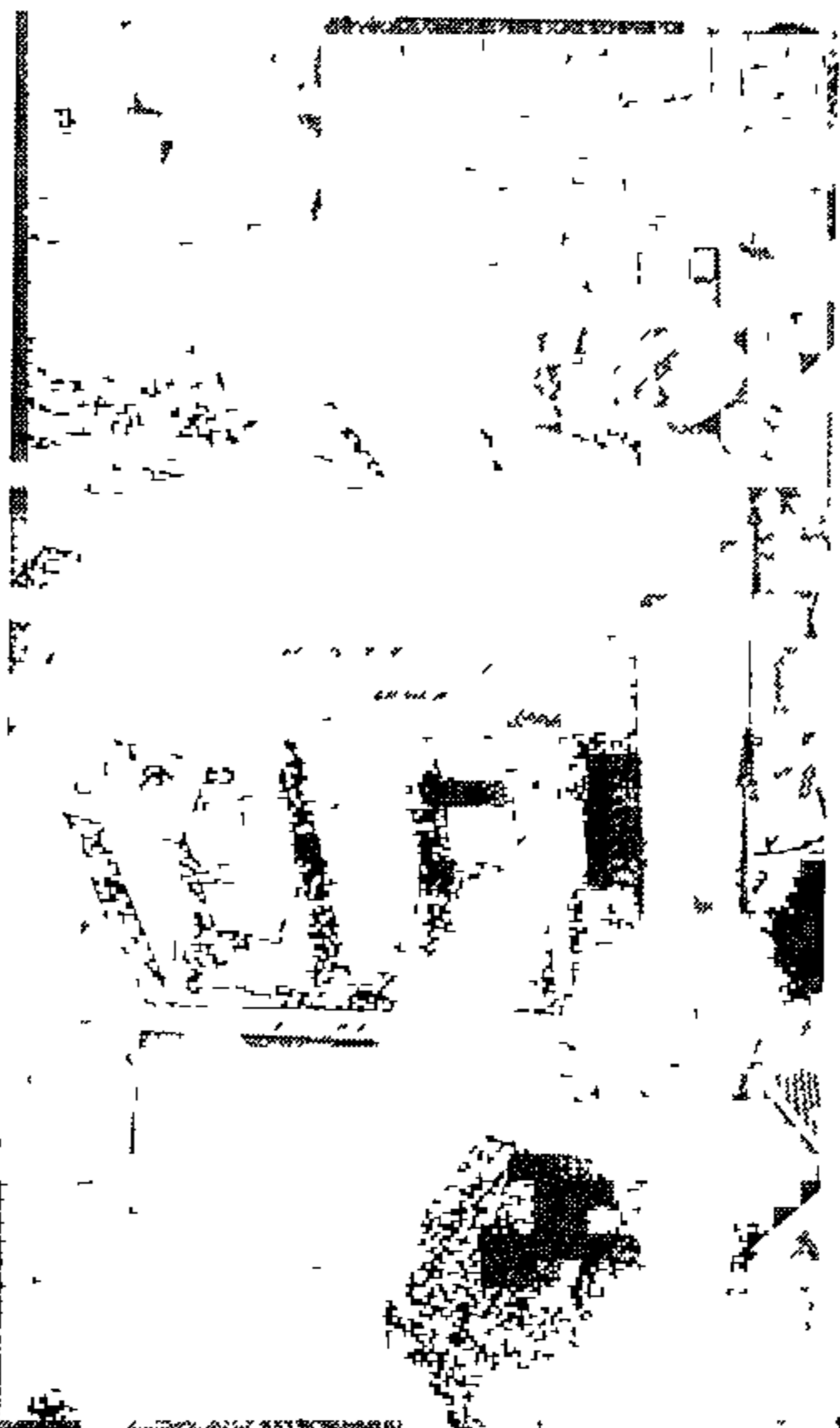
Later thinking believed that nonpayment was a function of administrative failure and other local problems. The newly elected councils inherited deficient assessment and billing systems that generated unreliable (and sometimes exorbitant) accounts.

The revised campaign located Masakhane in local government itself, precisely to manage specifically local difficulties.

This was certainly a step forward. But there were more complex problems that the campaign was reluctant to confront, or overlooked. They are not simply related to affordability. The first was the apparent lack of consequences. Defaulters felt confident that arrears would not be accompanied by forfeited services.

New councillors were reluctant to withdraw services for fear of the repercussions, possibly a decline in their popularity and even non-election at a future date.

Many election campaigns, moreover, stressed improved services and increased investment in the social infrastructure. Candidates seldom spoke of payment



Boksburg council electricity workers switch off power in Reiger Park

These electoral worries may be misplaced. It was interesting to note that local election results during 1995 often mirrored national results in 1994. These suggest that the role of the African National Congress (ANC) — as bearer of freedom, liberation and/or democracy — continued to determine voting patterns.

When splits occurred between local ANC branches and/or members of the SA National Civics Organisation over nomination procedures for election candidates, many disgruntled people stood as independents. None won.

ANC candidates — not always familiar to their ward constituents — were preferred to in-

dependent hopefuls, themselves often indigenous to the area and/or well known to its residents. Most had a long history of civic involvement in local issues for instance in water points, blocked drains, family disputes and crime.

This suggested that electoral choices often had little to do with local issues they spoke not of electricity, water and clinics but rather of freedom and liberation. This suggested an opportunity existed for the ANC to sanction unpopular measures. This may result in greater voter apathy in future but is unlikely to affect final results. Given the likelihood that future electoral districts will reflect population densities — and

not apartheid geography — there are likely to be fewer wards in former white areas, so even voter apathy will still see ANC majorities. Historical inertia, unaffordability, administrative incapacity and lack of political will may overlook one further variable.

During the 1980s electrical cut-offs and the withdrawal of services was often matched by informal arrangements most often the effects of electricity cut-offs were lessened by the illegal reconnection of electricity cables by local residents, which demonstrated the expertise of local operators.

There is no reason to believe that these skills have evaporated. The following remark, culled from an interview by Centre for Policy Studies energy project researchers, suggested the persistent existence of these informal technicians:

Faced with the disconnection of her electricity supply, one woman said she planned "to get the boys, the tsotsis, to reconnect it."

Should government finally attach consequences to nonpayment for services — instead of symbolic gestures emphasising the citizens' responsibilities under the democratic order — it will be more than likely that electricity cut-offs will be matched by simultaneous reconnections operators may connect to the supply of paying residents, linkages may be made to main distributor cables and so on. This will make enforcement of cut-offs difficult, messy, costly and

troublesome.

There is a further danger (even the likelihood) that cut-offs will result in mass protest and resistance. This has already been seen in Eldorado Park.

Even if enforcement conjures up images reminiscent of the urban protest of the 1980s, and hence discouraged official action, local governments may have little choice but to pursue such measures. The alternative is potentially more damaging.

During research in Kalebong, Tokozo and Vosloorus for the study *The Limits of Governance: Prospects for Local Government after the Katorus Wars*, the following dialogue was recorded. When asked who was responsible for their area, people responded: it could be the civic association; I think it is the councillors. I think they all work together.

Civic associations are just messengers. Councillors have contact with higher authorities. They are able to contact people like Tokyo Sexwale. They are the ones who should solve the problems because they are closer to the top.

Street committees acted as middlemen between the top and those at grassroots level.

Disagreement hinged on the following: which organisation (street committee, civic or local government) was best able to communicate social needs to higher tiers of government.

There was a shared understanding that real authority resid-

ed in the provincial government or at the national level. Local government, in this regard, was merely seen as one competitor among many to communicate local needs upwards. It was not assumed to have sole jurisdiction for the area under its mandate.

This meant that failure to enforce payment for services might further reduce the perceived importance of local government. It could seriously undermine local government's attempts to establish itself as an important tier of government in its own right.

The long-term effect could be very damaging for government, compounding the financial crisis. Local government's tenuous influence on the public may be further weakened. It will make it difficult for them to exercise their authority on any future matters — and in particular unpopular policies. It means also that the relative importance of other organisations will improve.

Political decisions would be displaced away from elected councillors to other nonelected bodies: civics, residents' associations, individuals and so on. This means that if local governments want to be taken seriously in their own right they will have to demonstrate their authority.

In places where the ANC had a majority in the local council, unpopular measures could be taken without severe electoral losses.

It must be recognised enforcement may result in resistance. Local governments will have to bite the bullet. In the absence of such measures we could end up with local governments that are both bankrupt and ignored.

Ivor Chipkin is governance programme manager at the Centre for Policy Studies.

Incentives are getting people to pay rates

By FIKILE-NTSIKELELO MOYA
City Desk

(123) Star 24/3/97

Local authorities and service-providers are reaping rewards from their get-tough policy as defaulters come forward to pay outstanding bills.

In two weeks, 2 200 residents have approached the Southern Metro Council for assistance with rates and service bills after the council announced big incentives for people who pay up.

And Eskom said an increased rate of payments had stabilised the outstanding debt situation. Eskom spokesman, Peter Adams said: "We have slowed down the rate of (debt) increase and could see a turnaround this year."

But as two-thirds of individual electricity consumers paid for their services direct to the local authorities, the long-term success of the exercise to reduce debt depended on local authorities getting individual consumers to pay.

In the southern local authority, measures to get people to pay are beginning to pay dividends. Council financial head Shan Bal-

ton said, with registration for assistance ending this weekend, he was happy with the response to the council's offer to assess people's financial situations and then work out repayment terms.

The registration drive is part of a two-pronged effort by the council to improve payments. It comes in the wake of the council promising to take tough measures against people not paying for services, and attempting to reward those who do.

Balton said the screening process to assess residents' applications for help would be completed by the end of next month.

The council's executive committee has already approved plans to launch a lottery in which residents who have paid their rates for at least three months stand to win prize money.

The committee has also approved plans to waive interest on arrears if residents keep to the arrangements made with the council to settle their debts.

Those wishing to register for possible assistance from the council can phone (011) 358-3207/8/9.

Problems of landlords and tenants tackled (123)

6025/3/97

Robyn Chalmers

A NEW bill to address problems surrounding rented accommodation in Gauteng was tabled yesterday, providing for the establishment of a dispute resolution board and regulation of landlord-tenant relations.

Introducing the Residential Tenant and Landlord Bill yesterday, Gauteng housing and land affairs minister Dan Mofokeng said rental housing stock was an important element of the province's housing strategy.

There were approximately 35 000 housing units providing accommodation for more than 111 000 people in Johannesburg's city centre alone, of which 82% were using rental stock. Public sector hostels in Gauteng contained about 157 000 beds which provided accommodation for people from other provinces as well as neighbouring states.

Mofokeng said residential rental stock had not been problem free, but had been characterised by continuing landlord-tenant conflict.

"This calls for nothing short of a legislated regulatory framework which could govern the relationship between the two parties so as to bring stability and investment in this housing sector," he said. In the absence of such a framework, conditions and standards had deteriorated.

The bill provides for the regulation of landlord-tenant relations to promote

stability in the province's residential rental sector and lays down principles governing conflict resolution.

It outlines dispute resolution procedures between landlords and tenants of formal and informal private and public rented dwellings to protect both parties against unfair and unlawful practices, and provides for the education of both parties.

Mofokeng said the bill proposed the establishment of a landlord-tenant dispute resolution board to look into disputes between landlords and tenants, but did not seek to replace the Magistrate's courts, small claims courts or the consumer affairs courts.

"The bill seeks to increase the level of predictability with regard to norms and standards in the rental market, and to provide a framework against which expectations can be measured through regulations and a standardised lease agreement," he said.

It aimed to restore the rule of law in areas where these principles were rendered meaningless, either because property owners could not control and manage their properties and obtain fair rentals, or where rent-paying tenants were treated unfairly.

Mofokeng said the department held a number of public hearings in various parts of the province at which landlords and tenants were afforded the opportunity of making representations as well as contributing input in the drawing up of the new regulations.

Soros institute in joint housing plan

Samantha Sharpe

CAPE TOWN — Southern Life, the nonprofit National Urban Reconstruction and Housing Agency (Nurcha) and international financier George Soros's Open Society Institute had joined forces to facilitate R100m in working capital loans for low-income housing projects, the parties said yesterday.

Southern Life would invest about R45m in the project through its reconstruction and development project portfolio Futuregrowth.

This investment would be matched by a R15m contribution from the Open Society Institute

This added 33,3% to all guarantees raised by Nurcha

Nurcha CE Cedric de Beer said the R60m facility would be used immediately to finance about R100m in loans to medium sized building contractors, with Nurcha providing guarantees of up to 60% of the loan value

"However, the average loan life cycle is about 18 months, which means the five-and-a-half year facility should provide at least R200m in working capital loans as initial loans are repaid — resulting in about R1bn worth of

housing construction," De Beer said

The first project targeted for the funds was the Mtubatuba Isandlwana property development in KwaZulu-Natal, where about 194 homes had been planned for construction.

Futuregrowth co-ordinator Michael Leeman said he expected the R45m investment to produce satisfactory returns, reflecting Futuregrowth's belief that investment in infrastructure and development projects could be accompanied by solid returns

"Futuregrowth can add real value to its clients through deals of this nature Retirement funds are generally not able to participate directly in such investments, but can now gain access to these transactions by investing a portion of their assets in the fund"

Leeman said a major problem affecting the delivery of low income housing was limited access to finance for building contractors, with an estimated backlog of 2,5-million houses in disadvantaged communities.

"This is particularly noticeable in the provision of low income housing which was scheduled to start in 1994 and is only now gathering momentum," he said

2026/3/97

(123)

Cabinet committee is given privatisation brief

Linda Ensor

CAPE TOWN — Public Enterprises Minister Stella Sigcau has recommended to the cabinet committee responsible for privatisation that it formulate uniform guidelines to govern privatisation in the provinces.

A committee meeting scheduled for yesterday was postponed.

Sigcau said in an interview that the committee wanted to ensure there were uniform and acceptable standards for the disposal of state assets by provincial governments.

Labour and other interest groups had expressed concern about the restructuring process at provincial level. Her spokesman Wandile Zota later denied that the controversial deal by the Mpumalanga Parks Board and the Dolphin group lay behind the bid to streamline procedures.

Sigcau said the discussions would include Provincial Affairs and Constitutional Development Minister Vally Moosa, Finance Minister Trevor

Mannuel and Public Works Minister Jeff Radebe.

Meanwhile, parliament's public enterprises portfolio committee has initiated talks with other portfolio committees with responsibility for state enterprises such as transport, energy, telecommunications etc, with a view to boosting parliamentary oversight of the privatisation effort.

Committee chairman Mandla Msoomi proposed yesterday that a "super committee", consisting of two representatives each from 11 portfolio committees, be formed. The task of the proposed committee would be to formulate overarching legislation to govern the disposal of state assets. No decision was taken on the proposal.

Some committee members felt that all parastatals should be consolidated under one ministry, instead of being scattered across a number of line functions.

It was totally unacceptable, they argued, for public enterprises to be wholly dependent on other ministries

Masakhane paperwork 'outweighs success'

PD 26/3/97

(123)

EAST LONDON — The Masakhane campaign came in for a drubbing from East Cape premier Arnold Stoffle yesterday, when he said the amount of paperwork involved outweighed the campaign's achievements.

Addressing a workshop on the campaign, Stoffle said it had been ineffectual since its inception in 1995 because organisers had focused too heavily on appeals for citizens to pay for rates and services and not on other aspects of nation building. He stressed that the pay-

ment of rates was only one facet of the campaign, and that the overall aim was to reconstruct a nation. He said the size of the workshops and documents about the campaign were inversely proportional to the end results.

East London city councillor John Badenhorst, representing the SA Local Government Association, said practical considerations — like including accumulative amounts on bills, credit control and flat service rates — were vital to ensuring payment. — Ecna



Thousands of Congress of SA Trade Union members marched to the labour department offices in Johannesburg yesterday to highlight their demands around proposed employment standards legislation. Picture GARTH LUMLEY

20 000 marchers disrupt Jo'burg CBD

Reneé Grawitzky

PD 26/3/97

ABOUT 20 000 Congress of SA Trade Union members disrupted the city centre yesterday as they marched to the labour department's Johannesburg offices to highlight their demands on proposed employment standards legislation.

Yesterday's action, part of Congress's programme of mass action which culminates in a national

stayaway on May 12, came ahead of a meeting of government, labour and business, planned for today, which was called off at the eleventh hour.

The march was preceded by moves by Consol Limited's glass division to bring an urgent interdict against the Chemical Workers' Industrial Union (CWIU), which had called for a stayaway in the Wits region to coincide with the march. Consol intended apply-

ing for an interdict in the Labour Court in Johannesburg on the basis that the call constituted an unlawful protest action.

The parties reached an out-of-court settlement whereby the union undertook to take all reasonable and possible steps to inform employees it was no longer calling for a stoppage. The company said on that basis it withdrew its application. Consol said one factory did not operate yesterday.

SA wants Cites

DEVELOPMENT R100m available now for medium contractors

Soros's guarantee lifts low-cost housing plan

(123) CT (BR) 26/9/97

MAGGIE ROWLEY

PROPERTY EDITOR

Cape Town — An initiative to provide working capital loans of about R200 million to support R1 billion in low-cost housing construction over five years was launched yesterday by Southern Life and the National Urban Reconstruction and Housing Agency (Nurcha)

Southern Life has invested R45 million in the deal through its RDP portfolio, Futuregrowth.

This is being matched with R15 million in guarantees from the Open Society Institute of New York, which was founded by George Soros, the international financier

This financing has been leveraged by a R25 million government allocation to Nurcha, which is an RDP-led project established in conjunction with the housing ministry

Cedric de Beer, the chief executive of Nurcha, said it had provided guarantees of up to 60 percent of the loan value. As such, the R60 million facility raised from Southern Life and the Open Society Institute would immediately be available to support loans of at least R100 million to medium-sized contractors

The finance will be available to approved projects of 100 units or more aimed at the government subsidy market

He said as the loans were repaid, the money could be reused to finance further projects. It was envisaged that, over the life of the investment, at least R200 million in working



HELPING HAND Cedric de Beer (left) and Michael Leeman go over the details of a geared R100 million initiative for low-income housing

PHOTO ANDREW BROWN

capital loans should be released from the investment

De Beer said Soros, who is a backer of Nurcha, was prepared to commit up to \$50 million if the organisation could match him three to one

Michael Leeman, the coordinator of Futuregrowth, said a lack of access to affordable finance by contractors was a serious problem in delivery of low-income housing as banks were generally not prepared to carry the sole risk involved

The new joint initiative would spread the financial risk between the private sector and the government, he said

Leeman said Futuregrowth could add real value to its clients through deals of this nature

"Retirement funds are generally not able to participate directly in such investments, but can now gain access to these transactions by investing a portion of their assets in Futuregrowth," he said.

Legislatures: budget for administration

157 Mr A S BEYERS asked the Minister for Provincial Affairs and Constitutional Development †

- (a) What amount was budgeted for the administration of each of the Legislatures with regard to the latest specified financial year for which information is available and (b) what was the corresponding amount in this regard in each case in respect of the preceding financial year?

THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT

The information is not readily available in my Ministry or the Department. In an effort to assist the hon member, the following information was obtained from the various provincial administrations

- Eastern Cape**
 (a) R1 5 336 000 (1996-1997)
 (b) R13 881 000 (1995-1996)
- Free State**
 (a) R15 685 000 (1996-1997)
 (b) R10 929 000 (1995-1996)
- Gauteng**
 (a) R55 136 000 (1996-1997)
 (b) R59 498 000 (1995-1996)
- KwaZulu-Natal**
 (a) R46 016 000 (1996-1997)
 (b) R26 381 000 (1995-1996)
- Mpumalanga**
 (a) R18 817 000 (1996-1997)
 (b) R20 233 000 (1995-1996)
- Northern Cape**
 (a) R10 362 000 (1996-1997)
 (b) R8 837 000 (1995-1996)
- Northern Province**
 (a) R28 280 000 (1996-1997)
 (b) R18 382 000 (1995-1996)
- North-West Province**
 (a) R20 788 000 (1996-1997)
 (b) R19 568 000 (1995-996)
- Western Cape**
 (a) R15 832 000 (1996-1997)

(b) R16 668 000 (1995-996)

The provinces have also provided me with the following budget estimates for the 1997/1998 financial year. These figures have however not been finally approved. The figures are as follows

- Eastern Cape** - R25 336 000 (1997-1998)
Free State - R17 610 000 (1 997-1 998)
Gauteng - R19 878 519 (1997-998)

Funding of political representation (R26 720 781) and education and public participation (R2 200 950) were listed as separate programmes under the 1997-98 budget. This accounts for the sharp decrease of the amount voted for the Administration of the Legislature in 1997-1998 in comparison to previous years

- KwaZulu-Natal** - R45 079 000 (1997-1998)
Mpumalanga - R21 056 872 (1997-1998)
Northern Cape - R11 842 000 (1997-1998)
N-Province - R22 797 000 (1997-1998)
N West - R24 295 000 (1997-1998)
Western Cape - R16 845 000 (1997-1998)

Department of Education: overtime

209 Mr T D LEE asked the Minister of Education

- (1) Whether public servants in his Department are still required to work overtime, also during weekends, to complete the work involved in the 1996 senior certificate examination, if not, what is the position in this regard, if so, (a) why and (b) at what rate are these public servants remunerated for overtime work
- (2) whether this overtime work is due to (a) a shortage of staff (b) staff inexperience and/or (c) a lack of management skills as a result of the process of rationalisation, if not, what is the position in this regard if so what are the relevant details
- (3) whether, with a view to saving costs, he or his Department will consider employing extra personnel on a temporary basis, to perform such work during normal office

hours if not why not if so what are the relevant details? N350E

THE MINISTER OF EDUCATION

(1) No. The Senior Certificate examinations are not administered by my Department

(2) and (3) do not apply

Illegal immigrants deported

210 Mr I J PRETORIUS asked the Minister of Home Affairs

(a) How many illegal immigrants were deported from South Africa in 1996 and (b) what was the percentage increase or decrease compared to (i) 1994 and (ii) 1995? N351E

THE MINISTER OF HOME AFFAIRS

(a) 180 713

(b) (i) 99% increase
 (ii) 15% increase

Illegal immigrants committing crimes

211 Mr I J PRETORIUS asked the Minister of Home Affairs

(a) How many illegal immigrants (i) committed crimes and (ii) were the victims of crime in 1996 and (b) what was the percentage increase or decrease compared to (i) 1994 and (ii) 1995 in each case? N352E

THE MINISTER OF HOME AFFAIRS

(a) and (b) No such statistics are kept. It is recommended that the hon member approach the South African Police Service for the required information

1997: 200 000 houses built (123)

239 Mr J A RABIE asked the Minister of Housing †

Whether it is the intention to build 200 000 houses in 1997 if not what is the position in this regard if so (a) how many will be built in each specified (i) province (ii) town (iii) city and (iv) rural area and (b) what types of houses will be built? N352I

THE MINISTER OF HOUSING

No. Housing delivery is however accelerating and it is expected that more than 190 000 houses will be built with government assistance during the 1997-98 financial year

The provision of affordable housing is an ongoing process undertaken by the various provincial governments. Information regarding the progress of programmes/projects which are carried out within the framework of Government's Housing Subsidy Scheme is not readily available at national level as projects are undertaken and monitored by the provincial administrations. However, the Department of Housing is presently engaged in a process of collecting comprehensive data from provincial administrations in respect of each project which will be stored in the Department's Housing Information System which will enable the Department to provide the required information once the information system has been operationalised

It could however be confirmed that until 31 January 1997, 138 459 individual ownership subsidies were approved in respect of beneficiaries who had bought residential properties. It should also be indicated that since the implementation of Government's Housing Subsidy Scheme on 15 March 1994 until 31 January 1997, 388 830 subsidies have been reserved by the various provincial housing boards in respect of housing units to be erected in more than 660 projects approved by the provincial housing boards. At least 52% of these projects are active. The provincial breakdown of subsidies reserved and approved in respect of beneficiaries for the period 15 March 1994 until 31 January 1997 is provided in the accompanying table

†

27 February 1997 that the moratorium was to continue. The Committee agreed that it was in our interest not to resume arms exports to Rwanda at present.

(b) Not applicable

(3) No statement will be made

Rural housing on communal land

*38 Mr A F MAHLALELA asked the Minister of Housing

(1) Whether she or her Department has a policy in respect of rural housing on communal land under the jurisdiction of traditional leaders if not, why not if so (a) what is this policy, (b) how many houses have been built in such areas in terms of this policy and (c) how many persons in such areas have received grants to the amount of R15 000

(2) whether she will make a statement on rural housing development in general? N297E

The MINISTER OF HOUSING

(1) No

(a) Policy is presently being developed. One of the main constraints for households living in rural areas to access housing subsidies until recently has been the lack of *de jure* security of tenure associated with land which is communally owned (i.e. tribal land). In terms of the Interim Protection of Informal Land Rights Act, 1996 (Act 31 of 1996) a legally enforceable right to occupation now pertains to tribal land and land formerly administered by the South African Development Trust, former self-governing territories and the TBVC States. These occupational rights provide sufficient security of tenure to access housing subsidies and hence enables the amendment of existing policy to address the housing needs in communal areas

(b) None

(c) None

(2) Yes, when the policy details have been finalised

Persons convicted of criminal offences

*39 Mrs S M CAMERER asked the Minister for Safety and Security

What proportion of the number of persons charged with criminal offences was convicted of offences in (a) 1991 and (b) 1995? N298E

The MINISTER FOR SAFETY AND SECURITY (Afrikaanse weergawe nie verstrekk nie)

(a) and (b) Unknown

Note

The statistics, in general kept by the South African Police Service do not provide for the specific number of persons convicted in connection with criminal offences, but only for the number of cases referred to court. It is furthermore common cause that a single case, for example, may involve a number of accused. It is regretted that further details are not available. To obtain the required information facsimiles will have to be sent to all police stations country-wide thereby placing an extra burden on limited manpower and financial resources. Members will have to be withdrawn from other duties and specially allocated to peruse dockets and registers.

It is possible that the Department of Justice may be of greater assistance in providing the required information

Sanctions against Burundi lifted

*40 Dr B L GELDENHUYIS asked the Minister of Foreign Affairs †

Whether the Government will consider recommending that sanctions against Burundi be lifted if not why not if so, what are the relevant details? N299E

The MINISTER OF FOREIGN AFFAIRS

The current sanctions imposed against the illegal government in Burundi were imposed by its regional neighbours at the Arusha II Summit on 31 July 1996. The Summit set a number of criteria which, if complied with by Major Buyoya (who led the July 1996 coup) would see the sanctions campaign ended. These were (i) the ending of the ban on political parties and their activities, (ii) the lifting of the suspension on the operation of the National Assembly and (iii) the start of all party negotiations. The campaign of sanctions was endorsed by the OAU Central Organ. South Africa supported the decision taken by the region, in that it reflected a determined African stand against military coups d'etat in Africa.

South Africa has appointed a Special Representative on Burundi. Ambassador Willie Nhlapo has conducted a wide range of contacts with key role players both inside and outside of Burundi. The Ambassador's role is to support the key mediation efforts of the former Tanzanian President Mr Julius Nyerere. He constantly advises the Department about developments in Burundi and efforts to seek a political solution.

In the present situation the South African Government cannot recommend the lifting of the sanctions on Burundi. This will only happen once the regional leaders who imposed the measures are satisfied that Major Buyoya has met the conditions laid down by the Arusha II process.

Water Affairs and Forestry: SA's selling of arms to Sri Lanka

41 Mr D K PADIACHEY asked the Minister of Water Affairs and Forestry

(1) Whether South Africa is selling arms to Sri Lanka if not why not if so what are the relevant details?

(2) whether in view of the current Tamil conflict in Sri Lanka the Government is reviewing its relationship with that country if not, why not if so what are the relevant details? N300E

The MINISTER OF WATER AFFAIRS AND FORESTRY

(1)(a) No. South Africa is not selling arms to Sri Lanka. A moratorium was placed on arms exports to Sri Lanka in the latter half of 1994 by the then Defence Foreign Policy Committee. Due to the internal situation in Sri Lanka the National Conventional Arms Control Committee has upheld the decision not to resume arms exports to Sri Lanka.

(b) Not applicable

(2)(a) No, the South African Government is not reviewing its relationship with Sri Lanka. The Government of South Africa recognises the sovereignty of Sri Lanka. South Africa deplores the deaths and destruction resulting from the current fighting in Sri Lanka and believes that a negotiated settlement between both parties, a solution which can be

reached through constructive dialogue and consultation is the best solution. In the light of the above the Government will support a peaceful solution to the present conflict in Sri Lanka.

(b) Not applicable

Estate agents misconduct/other offences

*42 Mr A ALLY asked the Minister of Trade and Industry

Whether he or his Department intends any action against estate agents guilty of misconduct and other offences if not why not if so when? N301E

The MINISTER OF TRADE AND INDUSTRY

Legislation has been in place since 1976 to regulate the activities of estate agents in terms of the Estate Agents Act, 1976 (Act No 112 of 1976). In terms of the Act a regulatory body called the Estate Agents Board was established which reports annually to Parliament on its activities. Any person who feels aggrieved by the actions or omission of an estate agent arising from a real estate transaction may lodge a complaint with the Board. In the past the nature of offences varied from gross misconduct (trust account violation (section 30(1)(c)) and (e) of the Estate Agents Act 1976 (Act No 112 of 1976)) and in some cases elements of dishonesty (section 30(1)(h) of the same Act) were present.

Where necessary the Board did act against estate agents. During 1996 the Board took disciplinary steps in respect of 416 separate cases which resulted in 46 fidelity fund certificates being withdrawn. Through active Board mediation settlements were achieved in 124 cases to the satisfaction of complainant and respondent estate agent alike.

It should also be mentioned that an Estate Agent Amendment Bill, 1997 (Act No 72 of 1997) was published for comment. Interested persons were invited to furnish written comment and representations on various recommended amendments to the Estate Agent Act, 1976 some being to amend the grounds upon which an estate agent shall be guilty of improper conduct to amend the penalties which may be imposed by the Board if an estate agent is found guilty of improper conduct to provide for the suspension of a fidelity fund certificate if a fine imposed by the Board is not paid within one

Recreation in a joint statement which was issued on 21 February 1997. But indications at the moment are that SARFU wants to renege on that initial undertaking, compelling the Department to write a letter to Dr Luyt stating that if they continued to play legalistic games around the probe we shall have no option but to recommend to the President to appoint a judicial commission of enquiry.

Salary of certain king re-evaluated

*23 Mr J A JORDAAN asked the Minister for Provincial Affairs and Constitutional Development

Whether the Government is re-evaluating the salary paid to a certain king whose name has been furnished to his Department for the purpose of his reply, in the light of certain comments made by a certain prince, whose name has also been furnished to his Department in November 1996 with the purport that the king was neglecting his official duties, if not, why not, if so, what are the relevant details? N257E

THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT

The king referred to in the question receives remuneration in terms of legislation administered by the relevant Province and his remuneration is thus a provincial issue. As far as it is known, no formal complaint regarding neglect of duties has been lodged against the king either with the Department or the Provincial Government. As there is no formal investigation, the Department is taking no action in this regard. Any further enquiries the hon member may have on the issue should, if suggested, be referred to the Province concerned.

*24 Dr W J BOTHA - Health † [Question standing over]

Nigerian citizens arrested in SA

*25 Col N G RAMAREMISA asked the Minister for Safety and Security

(1) (a) How many persons with Nigerian citizenship were arrested in South Africa during the period 1 January to 31 December 1996 and (b) how many of these persons were arrested as a result of drug smuggling and other drug-related offences.

(2) whether he will make a statement on the matter? N259E

THE MINISTER FOR SAFETY AND SECURITY

(1)(a) It has not been possible in the short time available for the Department to obtain the information requested by the hon member.

However our commitment to focus on the activities of criminal organisations who are responsible for a substantial percentage of crime in the country means that the SA Police Service pays particular attention to crime syndicates that are involved in cross-border crimes. Therefore as far as organised crime is concerned it is possible to furnish the information requested by the hon member.

(b) 180

The above figure is based on the work of the South African Narcotics Bureau only and for the period 1 January to 31 December 1996. The fact must also be taken into account that Nigerian nationals often use falsified travel documentation.

Prisoners qualifying for correctional supervision

*26 Mr G C OOSTHUIZEN asked Minister of Correctional Services †

(1) Whether his Department intends doing an investigation to identify prisoners that qualify for correctional supervision if not why not, if so when.

(2) whether he will make a statement on the matter? N260E

THE MINISTER OF CORRECTIONAL SERVICES

(1) No. Correctional supervision is a sentencing option exercised by the Courts. All prisoners who are sentenced, in accordance with the stipulations of the Criminal Procedure Act, 1977 (Act No 51 of 1977), to imprisonment with placement under correctional supervision as an option, are automatically considered for such

placement in terms of the placement policy of the Department of Correctional Services.

(2) No

Correctional Services: corruption in recruitment of new personnel

*27 Mr G C OOSTHUIZEN asked the Minister of Correctional Services †

(1) Whether his or his Department's attention has been drawn to allegation of the corruption during the recruitment of new personnel for his Department in the Western Cape if so, what was the (a) nature and (b) extent of such alleged corruption.

(2) whether he or his Department intends taking any action in this regard if not, why not, if so, what action.

(3) whether he will make a statement on the matter? N261E

THE MINISTER OF CORRECTION SERVICES

(1) Yes

(a) various complainants of the following nature have been received following the recruitment of probationary officials in the Western Cape

(i) that members of the selection panel only appointed their own family/friends,

(ii) that only family and friends of serving members were appointed,

(iii) that applicants complained that they were contacted to undergo HIV-tests, while the recruiting personnel were uninformed of this,

(iv) that insurance agents contacted applicants and informed them that their appointments had been approved - instructing them to take out an insurance policy,

(v) that applicants who did not originate from the surrounding areas were summarily rejected,

(vi) that applicants were rejected without any reason and

(vii) certain members also complained that preference was not given to their family and friends.

(b) Complainants received were of a general nature in regard to a total of 616 appointments made in the Western Cape.

(2) Yes, the complainants of members of the public will be investigated/considered by the Department. Attention will also be given to the way of advertising and recruitment, compilation of panels, conventionality of information etc. The opinion is however held that the complainants received must be seen against the background of the current unemployment rate and the short period in which this recruiting action had to take place.

(3) No

Restructuring of electricity supply: report

*28 Mr A H NEL asked the Minister of Minerals and Energy (122)

(1) Whether his Department has received the Report of the Electricity Working Group Regulatory in respect of the restructuring of electricity supply, if so, when

(2) whether the Cabinet has already taken a decision on this, if not, why not if so what decision.

(3) whether he will make Statement on the matter? N262L

THE MINISTER OF MINERALS AND ENERGY

(1) Yes, the Department received the Electricity Working Group's (EWG) report on the restructuring of the Electricity Distribution Industry (EDI) from the National Electricity Regulator (NER) in the beginning of 1996.

(2) Cabinet did not accept the recommendations of the EWG as per Cabinet Memorandum No 5 of 1996, but recommended that the matter be referred to a Committee of Ministers consisting of the Minister of Minerals and Energy (Convenor), Public Enterprises, Finance

Hansard

Provincial Affairs and Constitutional Development, and Trade and Industry to submit proposals as to the process to be followed and an action plan to deal with the matter in a consultative and transparent manner when the new Constitution is adopted by the Constitutional Assembly, taking into account the division of functions between the various levels of Government

Against this backdrop the Electricity Restructuring Inter-departmental Committee (ERIC) started its activities on 11 June 1996 to develop a recommendation for Cabinet to establish a Government position on the ED1. A complete report was developed by ERIC and was submitted to the Minister of Minerals and Energy towards the end of 1996. The ERIC recommendations were accepted by Cabinet as per Cabinet memorandum 3 of 1997 dated 6 February 1997.

(3) The Press release that went out on 6 March 1996 regarding the abovementioned recommendations was as follows:

PRESS RELEASE

GOVERNMENT MOVES ON ELECTRICITY DISTRIBUTION SECTOR

Consultation with relevant stakeholders will pave the way for the implementation of proposals to restructure the distribution sector of the electricity supply industry. The Minister of Minerals and Energy, Mr Penuell Maduna has announced. The Cabinet has approved the recommendations of the Electricity Restructuring Interdepartmental Committee. The Committee was indirectly appointed by Cabinet, as the successor to the National Electrification Forum (1993/4) and the Electricity Working Group (1995/6). These recommendations include

- in principle the consolidation of the electricity distribution industry into the maximum number of financially viable and semi-independent regional electricity distributors. The number of regional distributors still has to be determined
- consultation by the Ministers of Minerals and Energy, of Finance, of Public Enterprises and of Provincial Affairs and Constitutional Develop-

ment with major stakeholders

- the introduction of cost-reflective tariffs, an electrification levy and a capped tax for part funding of municipal services. The tariffs, any subsidies and tax will be fully transparent
- the levy on electricity sales will be paid into an electrification fund which will be administered at a national level

- the appointment of a full-time restructuring team to investigate detailed issues and involving major stakeholders in the planning of the transformation process and in moving towards a new dispensation

"We are fortunate that the major players in the electricity supply industry understand and accept the need for transformation. It is important that they support the direction Government is giving. Mr Maduna said. The next step will be for us to consult with the leaders in Provincial Government, Local Government organisations, Eskom, organised labour, organised business, the National Electricity Regulator and others. They will form part of the process that will shape the future of an efficient and efficient electricity supply industry in South Africa."

Issued by Minister of Minerals and Energy, Mr P N Maduna

Enquiries: Dr W O Barnard (012) 317-9219 (012) 322-5224

Date 6 March 1997

Road accidents

29 Mr P W COETZIR asked the Minister of Transport †

- (1) (a) How many road accidents occurred during the period 1 January to 31 December 1996 and (b) in how many of these accidents were buses involved.

- (2) whether he will make a statement on the matter? N263E

The MINISTER OF TRANSPORT

- (1) (a) 517 669 Road accidents occurred during the period 1 January 1996 to 31 December 1996 compared to 519 059 for the same period in 1995, and

- (b) 10 160 buses were involved in road accidents during the abovementioned period compared to 10 592 for the same period in 1995 although the road traffic accident data compiled by the Central Statistical Services (CSS) is comprehensive it is preliminary data. The comprehensive final report is only published after at least three years.

- (2) I have already made statements on the unacceptable fatality rate on our roads and have suggested and put into place methods to overcome the complex underlying problems which have given rise to this unfortunate situation. I have also indicated that my Department is working tirelessly on all these issues continuously striving to improve co-ordination between the activities of all role-players in the public and private sector at national, provincial and local level. I would also like to bring to the hon members attention the recently published *Business Plan Towards The Implementation of the Road Traffic Management Strategy (RTMS)*, and would recommend, for quick reference, the Executive Summary of this document, pp 3-13. This document can be obtained from the Parliamentary Office in my Department. The RTMS is the result of a Road Traffic Quality Symposium which was held in Pretoria in July 1996, during which a target was set to reduce road fatalities by 10% by the year 2000.

Home-owners: non-payment of instalments

*30 Mr J A RABIE asked the Minister of Housing †

- (1) With reference to her reply in 1996 to Question No 1039 for written reply, whether she or her Department has taken any steps against home-owners who have taken home loans from the State and are not paying their monthly instalments at present, if so (a) what steps, and (b) with what result in each relevant province, if not

- (2) whether she or her Department intends taking any steps in this regard, if not, why not, if so, (a) what steps and (b) when,
- (3) whether she will make a statement on the matter? N264E

The MINISTER OF HOUSING

- (1) The information requested is not readily available in my Department as the administration of home loans financed from the statutory housing funds, vests with second and third tier Government and the question should be addressed to the Provincial Administrations who keep records of both the second and third tier of governments

- (2) However, I am prepared to assist in obtaining the information and have already requested my Department to obtain the information from the authorities concerned

- (3) Should it be acceptable to Mr Rabie I will within the near future send him a personal letter in which I will provide answers to his questions

Parliamentary villages: robberies

*31 Mr J A RABIE asked the Minister of Public Works †

- (1) Whether he or his Department has taken any measures to prevent residents of Acacia Park and other parliamentary villages from being robbed by persons who use keys to obtain access to residences, if so what measures if not

- (2) whether he or his Department will consider taking steps with a view to (a) replacing locks with locks of which the keys cannot be duplicated, (b) providing houses with alarms which indicate at the gate where the alarm has been activated in order to prevent unauthorised entry and/or (c) searching visitors' cars at arrival and departure, if not, what is the position in this regard, if so, what are the relevant details? N265E

The MINISTER OF PUBLIC WORKS

- (1) Yes, my Department is very concerned about the number of unforced entries into houses in Acacia Park Parliamentary Villages and has embarked on an action plan to prevent such occurrences. Some of the preventative measures to be taken are

privatisation plan

8/26/97

prices, retrenchments and job insecurity

Municipal trade unionists to fight water-

(123)

Samwu urges Govt to reconsider, claiming that involving private sector would lead to drop in quality of service, higher

BY JOYAL RANTAO
Cape Town

South Africa's largest municipal trade union has come out against the Government's plan to involve the private sector in the management of water services.

The South African Municipal Workers' Union (Samwu), a Cosatu affiliate, believes that privatising water services, as envisaged in the Water Services Bill, would result in retrenchments, job insecurity, worsening working conditions, higher prices, drops in the quality of services and the loss of public accountability and democratic control over the provision of services.

"We wish to warn strongly against the involvement of the private sector in the delivery of water services.

"The private sector bias is, however, consistent with the GEAR strategy and its neo-liberal influences. This immediately clouds any private water options in an ideological skirmish and no amount of talk about dealing with the issues in ideological terms will convince us," said Samwu secretary-general Roger Rommie.

Rommie told Parliament's portfolio committee on agriculture, water affairs and forestry that private sector involvement would turn local government into a contracting authority which would be responsible for establishing and monitoring the regulatory framework within the services which would be delivered by the private sector.

"All this reference to Government as a service provider is a smokescreen," he said.

He said his union has taken the anti-privatisation stance fully aware of the problems of local government service delivery.

Rommie said much of what was contained in the Government's proposals regarding service delivery was influenced by a perceived lack of financial resources, hence

its preoccupation with private sector involvement.

This view, he added, was strengthened by the macro-economic policy choices of the Government.

He called on the Government to consider

- a review of the monetarist macro-economic policy for the Government,
- the development of a system which promotes the transparent collation of strategic local government financial information,
- the reintroduction of prescribed assets,
- increasing tax powers to local authorities,
- a Masakhane campaign which fully involves local government workers,
- the establishment of a local government solidarity to help rural councils

The union has suggested that local government employees should be considered as the key to extending and improving services.

"This will include calls for investment in ongoing skills development and maximum utilisation of the expertise and experiences of frontline local government employees in the process of reorganising the way in which services are delivered.

"This will involve investigating new forms of work organisation," Rommie said.

He said Samwu has already identified Cape Town and Johannesburg as pilot projects within which the union would produce plans for extension and maintenance of water services under public ownership and control.

"This is part of our commitment to showing the potential of the public sector in expanding services to previously unserved and under-served communities generally."

"Already our members located within water services in these areas have started work," Rommie told the committee.

R800-m in guarantees for low-cost housing

Backlog estimated at 2,5m units ^{ARG 29/3/97}
(123)

CHARLENE CLAYTON
PROPERTY EDITOR

The National Urban Reconstruction and Housing Agency (Nurcha) is on track to secure its pool of R800 million in guarantees which will help unlock finance for the country's low-cost housing backlog, estimated at more than 2,5 million units.

This follows a boost of R45 million from Southern Life through its RDP portfolio Futuregrowth and a further R15 million in guarantees from the Open Society Institute of New York this week.

The R60-million facility would be available immediately to secure loans of at least R100 million to medium-sized contractors as Nurcha provided guarantees of up to 60 percent of the loan value, said Nurcha chief executive Cedric de Beer.

During the life of the investment at least R200 million in working capital loans should be released by this investment, resulting in about R1-billion worth of housing construction.

Nurcha was set up in consultation by the Ministry of Housing and assists low income housing projects with guarantees for working capital loans and guarantees for home loans, Mr De Beer said.

By offering guarantees for end-user finance in approved projects, Nurcha

reduced the credit risk to lending institutions, thereby assisting them to make home loan finance available to sectors of the market which otherwise would not have access to home loans

Michael Leeman, Futuregrowth's coordinator, said a major problem in the delivery of low-income housing was that building contractors did not have access to affordable finance.

"Banks are generally not prepared to carry the sole risk involved in low income housing finance," he said

The South African Government through a R25-million grant from the RDP Fund and a \$5-million grant from the Open Society Foundation for South Africa, had provided Nurcha with R38,3 million in capital

Nonhlanhla Mjoli-Mncube, executive director of Nurcha, said the organisation's activities consisted of two components, each with a separate funding base

The first was the grant-making operation funded out of the R38,3-million capital

The largest part of Nurcha's work was the provision of guarantees to lending institutions for home loans and working capital loans. The target for this fund was R800 million.

To this end, the Open Society Institute had provided a guarantee facility valued at \$50 million (about R225 million)

This money was only available to the organisation if it was matched on a ratio of 3:1 which meant that Nurcha had to come up with about R600 million, said Ms Mjoli-Mncube.

So far Nurcha has been able to mobilise R76 million from the Swedish government, USAid, the Rockefeller Foundation, the Thembanani Guarantee Fund and the German development assistance association, Deswos.

Nurcha has been able to facilitate projects of nearly R76 million, comprising nearly 6 000 housing units around the country.

Projects in the Cape which have benefited from Nurcha's assistance include a R6,5-million project to build 229 homes in Firgrove, Somerset West, as well as bridging finance of R406 000 towards a R1-million housing project at Villiersdorp.

The organisation has also made about R400 000 in grants available to developers.

In the Western Cape, these include a R77 000 grant for the upgrading of the Lwandle Hostel near Somerset West, R40 000 for a hostel upgrade project in Guguletu, R17 000 for the training of building managers in Villiersdorp and R15 000 to the community organisation, the Joint Community Trust, for the building of 60 housing units in Heinz Park, outside Guguletu

NEW LAWS BY MID-YEAR

How tough water cuts will affect you

(123) CT 14/97

THE AMOUNT of water available per person will be halved 30 years from now — and the time to start preparing for it is now. **MELANIE GOSLING and LINDIZ VAN ZILLA** report.

TOUGH new measures to control water use throughout the country are set to become law within months and will tighten up on water consumption by individuals and local authorities. Two major restrictions on water usage in the Department of Water Affairs' proposed National Water Supply Regulations are:

- A nationwide ban on watering gardens, sportsfields or lawns between 11am and 3pm from October to March
- A nationwide — and total — ban on hosing down pavements, forecourts or any other hardened area.

City businesses that use high-powered hoses to clean fouled pavements daily will be particularly affected.

Local authorities will also have to comply with the new regulations, and will no longer be allowed to water public gardens and lawns during the hot part of the day in summer.

But Cape Town City Council spokesman Mr Ted Doman said last night the water restrictions would probably not mean the end of the council's street-cleaning vehicles, which use water jets to clean pavements.

He said alternative water sources would have to be found for use in the street-cleaning machines.

"We will have to look at effluent water from sewage as well as river water," he said. "Those machines cost millions and we can hardly just dump them."

Cape Town's assistant city engineer in charge of water, Mr John Saunders, said the council support-

ed the new regulations.

"These are not draconian measures. We have been spoilt in Cape Town. We've had no drought since the 1970s, but we must realise that Cape Town has just about exhausted the water resources within a reasonable distance of the metropole, and our consumption is rising all the time.

"If we allow it to continue, we will eventually run out of water, even if there is no drought," Saunders said.

Other regulations include:

- A ban on flushing urinals that are not user-activated.
- A ban on gates or doors that are operated hydraulically.
- A ban on installing lavatory cisterns with a capacity greater than nine litres (many cisterns are 13 litres).

All new lavatory cisterns will be fitted with dual flushing devices (one of which uses less water for flushing liquids only).

A ban on installing a shower head with a maximum flow rate greater than 10 litres a minute.

Hand basins will have a maximum flow of six litres a minute.

Commercial car washes will have to ensure that 70% of the potable water they use is recycled for use in the car wash.

All new geysers must be capable of being connected to a solar water heating system.

Regarding policing the proposed water restriction measures, Doman said "ways and means will have to be worked out".

He said the council would be meeting all the sub-structures that receive water from the council to determine the best way to meet the restriction measures.

This will be the first time South Africa has had national water supply regulations. Previously local authorities controlled water use.

National Water Regulations Drafting Committee chairman, Mr Neil Macleod, said South Africans were used to using water as if this were a water-rich country.

"We're an arid country, comparable with Israel, and these regulations are the first step in a national process to conserve water. In about five years' time we will have to introduce more stringent measures, such as tariff increases and compelling people to refit their homes and workplaces with water-saving devices.

"In 10 years we will probably have the same regulations as Israel, where even the type of appliances used in the home are regulated, and the type of plants one can grow in gardens is controlled."

Macleod estimated that in 30 years the amount of water available per person annually would have roughly halved to about 650 litres.

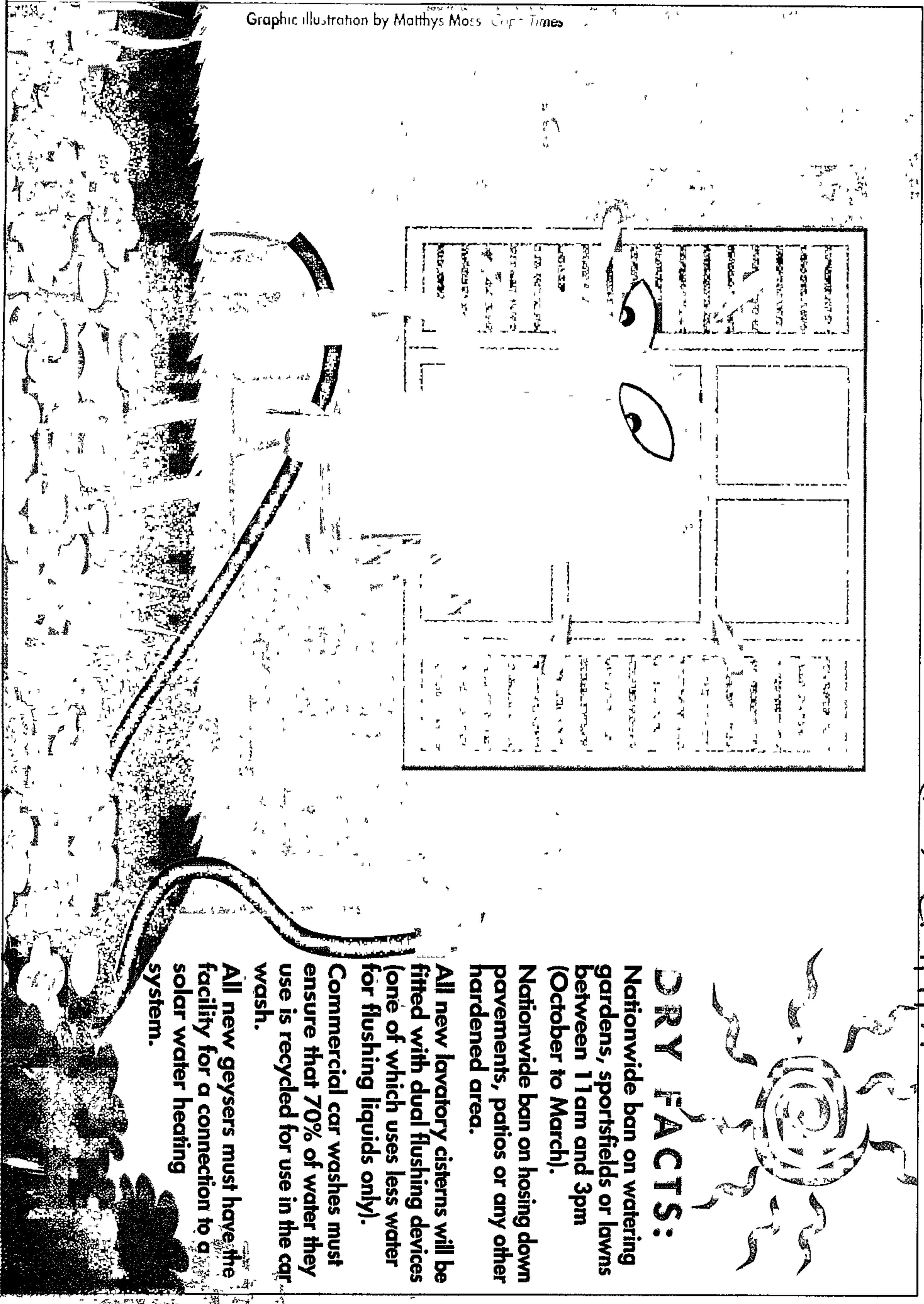
"Our rain supply remains constant — we're not going to get more. But the population is growing, living standards are rising and commerce and industry are growing," he said.

"We urgently need to change people's behaviour from a free-and-easy approach to using as much water as they like, to one that balances consumption with availability of a scarce resource."

Macleod said the old Water Act of 1956 would be replaced by two new acts, the Water Services Act and the Water Resources Act, which are to go before Parliament this month.

"Once the Water Services Act is in place, it will empower the minister to make the regulations law. They could therefore come into being around the middle of the year," Macleod said.

Graphic illustration by Matthys Moss



Soros adds his weight to housing agency

CT(DR) 1/4/97 (123)

MAGGIE ROWLEY

PROPERTY EDITOR

Cape Town — International financier and philanthropist George Soros has one major regret — that he withdrew his bursary support for black students at the University of Cape Town in the early 1980s

If he had not done this, there might have been many more qualified black South Africans participating in the economy, he said last week

“But there were good reasons at the time I had hoped to help change the system from within by providing bursaries for black students. However, the apartheid system was so well established that I felt it was co-opting me and so I abandoned it”

South Africa was the first country in which Soros invested,

through his Open Society Institute, founded in 1979. He returned here after the April 1994 elections

“I am very optimistic about this country’s future and am increasing my involvement here”

His latest venture has been to give R15 million in guarantees — along with a R45 million investment from Southern Life’s RDP Portfolio, Future-growth — to the National Urban Housing agency (Nurcha) to facilitate working capital loans of R100 million for low income housing projects

Nurcha, an RDP Presidential Lead Project, was established last year. Its operational expenses were paid with a grant from the Open Society Institute and an allocation from the RDP Fund

Soros said Southern Life was the first institutional investor to support the project, but it was hoped that others would follow

‘I had hoped to change the system from within with bursaries for black students’



OPTIMISTIC Financier George Soros launched a R60 million investment in South Africa last week

PHOTO: ANDREW TOWN

'Arid' SA to restrict the use of water

Within five years stringent curbs will be necessary and in 10 Israel-style regulations will be in force as supplies dwindle

OWN CORRESPONDENT
Cape Town

Two bills are to be placed before Parliament this month to severely restrict the consumption of water by households, businesses and local authorities and they could become law within months

Major restrictions proposed in the Department of Water Affairs' National Water Supply Regulations include

A summer ban on watering gardens and sports fields between 11am and 3pm from October to March each year

A total ban on hosing down pavements or any other hardened area. Businesses that use high-powered hoses to clean fouled pavements daily will be particularly affected as will local authorities which water public gardens and lawns during the hot part of the day in summer

Other regulations include

A ban on flushing urinals which are not self-activated.

A ban on gates or doors which operate by the use of water pres-

sure

A ban on lavatory cisterns with a capacity greater than 9 litres. All new cisterns must be fitted with dual flushing devices, one using less water for flushing liquids.

A ban on shower heads with a flow rate of more than 10 litres a minute

Hand basins will have a maximum flow of 6 litres a minute.

Car washes will have to ensure that 70% of water is recycled.

New geysers must be adaptable for connection to solar water-heating systems

The chairman of the National Water Regulations Drafting Committee Neil Macleod said people used water as if this were a water-rich country.

"We're an arid country, comparable with Israel, and these regulations are the first step in a national process to conserve water," he says "In about five years we will have to introduce stringent regulations, such as tariff hikes and compelling people to fit water-saving devices

"In 10 years we will probably have the same regulations as Is-

rael, where even the type of appliances used in the home are regulated, and the type of plants one can grow in gardens is controlled."

Macleod estimated that within 30 years, the amount of water available per person would have halved to about 650 litres a day

"Our rain remains constant. We're not going to get more. But the population is growing, living standards are rising, and commerce and industry are growing

"We urgently need to change people's behaviour from a free-and-easy approach of using as much water as they like, to one which balances consumption with availability of a scarce resource," Macleod said.

He said the old Water Act of 1956 would be replaced by two new acts - the Water Services Act and the Water Resources Act - which were due to go before Parliament this month.

"Once the Water Services Act is in place, it will empower the minister to make the regulations law. They could come around the middle of the year," Macleod said.

Star 1/4/97

(123)

Water 'needs the private sector'

(123) BD2/4/97

Robyn Chalmers

GOVERNMENT is moving rapidly towards ensuring a far greater role for the private sector in the funding and management of services in the water sector, government officials and private sector analysts say

Durban Water and Waste executive director Neil Macleod said at a recent conference on water that enormous pressure was being placed on municipalities to provide all SA citizens with access to potable water, as provided for in the constitution's Bill of Rights

"As a result of these pressures, many local councils are looking to the private sector for assistance. This does not mean to say that municipalities would abdicate their rights to determine the level of service, the rate of delivery, tariffing policy and the degree of transformation within the water sector," he said

While it was clear that these responsibilities would remain within councils, part-

nerships would be developed to provide water to communities at a faster pace and lower unit cost than was currently the case, Macleod said

Development Bank of SA principal policy analyst Barry Jackson said the enormous investment needs, and the limitations on government finance, would force more public sector bodies such as municipalities into the local capital market for development funds

Most merchant banks were keen to become more active in the sector, under the right conditions. Those willing to fund private sector service providers would look carefully at the performance of the operation before lending and cost recovery issues were extremely important

He said most banks would prefer to lend to a private sector water company which had its own money invested on a long term basis. "This is why it is often easier for a private water company to raise finance than for a municipal water utility. It is one

of the principal reasons for the growing interest in private sector participation in investment-linked concessions for water supply and sanitation services"

Jackson said there was still some apprehension over the dangers of private sector service delivery, but international experience showed that a well prepared long-term contract, awarded through a competitive process, could bring benefits to all parties

Lyonnaise Water SA executive director Jean-Claude Ambert said local authorities were undergoing significant change, which was necessary. However, they may need to look to the private sector for assistance in the water sector in the medium term

Ambert said there were many issues which had to be addressed if SA was to resolve its poor service payment record. "The provision of reliable services, good customer management services with sound tariff policies, good administration, good communication and meaningful enforcement and control of policies (is vital)," he said

Water curbs on cards for farms, industry

(123)

CT 2/4/97

MELANIE GOSLING
ENVIRONMENT WRITER

NEW draft by-laws to control water use in urban areas nationwide — including a ban on watering gardens between 11am and 3pm from October to March — are to be followed soon by stringent regulations for agriculture, forestry and industry

Dr Guy Preston, head of the Department of Water Affairs' National Water Conservation Campaign, said yesterday the country was facing a crisis and not merely a shortage

"So far the draft regulations apply to the urban areas only, but all other water sectors will also face regulations," Preston said

The draft National Water Supply Regulations, set to become law after the Water Services Act is passed during this parliamentary session, are the first of a series of steps to avert the water crisis.

The chairman of the National Water

Regulations Drafting Committee, Mr Neil Macleod, said this was a water-stressed country and had only about 1 300 cubic metres of water per person a year

"As the population and industry grows, this amount will be halved within 30 years to about 650 cubic metres a person a year," Macleod said "Zambia has between 12 000 and 15 000 cubic metres per person a year."

Preston said if water consumption continued at the present rate, demand would exceed supply early in the next century.

The regulations could save vast amounts of water in greater Cape Town:

- Seventeen million cubic metres a year if all lavatories have dual-flush systems that use less water for flushing liquids only
- Eleven million cubic metres a year by changing half of greater Cape Town's showers to low-flow showers
- Seven million cubic metres a year by not watering gardens during the hot period of the day in summer

Call for joint approach to curb water abuse

(123) Star 2/4/97

BY MELANIE-ANN FERIS

The proposed water restrictions expected to be passed by the middle of this year are not an April Fools' joke, the Department of Water Affairs and Forestry stressed yesterday.

According to the department, South Africa needed to take drastic steps to conserve water.

Neil Macleod, chairman of the National Water Regulations Drafting Committee, said yesterday that every local authority in the country had its own legislation regarding conservation.

"Some of these by-laws are about 100 years old and differ from town to town. In one they will be relaxed while in another they will be strict.

"The national regulations are going to provide a common approach to the problem of water conservation.

"What we have seen from national workshops is that local authorities

are enthusiastic about the proposed regulations," he said.

But deputy director-general of the department, Mike Muller, said model local authority by-laws had already been developed.

These, he said, could be adopted by the local authorities to guide them and other water consumers.

A major development was the requirement that local authorities undertake a comprehensive annual water audit, he added.

These by-laws were expected to help authorities establish how much water was being consumed and the quantities which were being lost to leaks and illegal or faulty connections.

With this information the

authorities could implement a suitable water conservation package, he added.

"The draft regulations are also very comprehensive in controlling water fittings that may be installed, and by whom and how they may be installed.

"This is a response to South Africa having become something of a dumping ground for inferior water fittings and to unsatisfactory plumbing standards," Muller said.

He added that the measures were also aimed at ensuring there would be sufficient water for those who currently did not have access to any.

The proposed regulations include a national ban on watering gardens, lawns and sportsfields between 11am and 3pm from October to March.

Bans have also been proposed on the hosing down of pavements or other hardened areas and on the use of high-powered hoses to

clean fouled areas on a daily basis.

In addition, the department has put a ban on the installation of lavatory cisterns greater than 9 litres and the installation of shower heads with a maximum flow rate of more than 10 litres a minute.

Dr Guy Preston, programme leader for the National Water Conservation Campaign, said the proposed October to March water ban would affect everyone in the country.

"This is a stupid time to water your garden. About 60% of water is lost to evaporation if you are watering your lawn," Preston said. He said the new regulations would apply to users of borehole water as well.

Local authorities keen on the proposed restrictions

Competition vital for economic gain

By Isaac Moleedi

ELECTRIFICATION is a key factor in the economic success of a country, said Electricite de France (EDF) Southern Africa Alan Saniez

"Electricity is not only a fundamental feature of industrial development but also an essential factor in the development of infrastructure

"This special link between energy and infrastructure makes electricity a unique product," added Saniez, whose company is one of the largest electricity utilities in the world

Speaking at Africa Power '97 in Johannesburg, Saniez said competition had to be encouraged to give customers more choice and to put pressure on suppliers to be efficient and accountable to users

Customers and other stakeholders must be given a voice and real responsibilities. He said EDF's joint venture with Eskom and the United



Electricite de France of Southern Africa managing director Alan Saniez.

Kingdom's East Midlands utility to provide electricity to Khayelitsha, near Cape Town, had been successful

"In less than three years we have supplied power to some 50 000 homes comprising half a million people," he said

He added that this had been made possible by the partnership which made it easy for

people to pay for electricity at vendors throughout the township

This has resulted in Khayelitsha becoming the town with the highest customer satisfaction level and the best customer payment record anywhere in South Africa

Saniez said the Khayelitsha project was showing the way forward for South Africa and all of Africa

"Our track record in helping countries turn their energy into effective engines of economic growth, can be applied to projects similar to Khayelitsha everywhere"

Of about 300GW of Africa's hydroelectric poten-

(123) Sowetian 3/4/97

tial, which is four times the continent's installed capacity, only a tiny percentage of this potential is used, he said

Saniez said EDF's experience in the developing world showed that countries could increase power generation and usage without damaging the

environment. This is because of EDF's new, efficient coal-burning techniques

He also suggested the development of a cost-effective and appropriate supply of electricity such as solar power as in Burkina Fasso

On using electricity to stimulate economic growth and employment, Saniez said

"Foreign investors can play a crucial role in the power sector in Africa but this will not happen until governments adopt clear procedures for awarding operating concessions"

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Survey finds bad faith can hurt housing schemes

(123)

Heather Parker

BD 4/4/97

CAPE TOWN — Suspicion and resentment characterise the relationship between low-income earners and banks, according to a University of Cape Town (UCT) study — and bad faith between the two could undermine efforts of the National Housing Subsidy Scheme (NHSS)

In the study, funded by the NBS and conducted by UCT's construction economics and management department, many misconceptions on the part of bank clients were uncovered. Among problem areas were:

- Few respondents were aware of the repayment levels associated with a specific-sized loan;
- Even fewer knew that the amount paid back over the lifetime of the loan was about four times that of the original loan. When this was pointed out, says the study, it elicited very negative comment;
- A third of respondents believed that banks were unfair in charging high interest rates and administrative charges. They also said banks had a bad attitude towards poorer clients; and
- There was a belief among a significant number of respondents that "since a mortgage lender was the de facto owner, it was responsible for the maintenance of a mortgaged house."

The survey, led by Prof Bruce Boaden, was aimed at establishing attitudes and levels of understanding among lower income households. The NHSS funds the building of a house of only about 12m². As this is too small to be useful, most beneficiaries of the NHSS also need a bond.

But banks are cautious about giving loans below about R65 000, where both the administration cost and the risk are high.

Nonpayment of bond instalments, aggravated by rises in interest rates, has led to a conflict situation where bond applicants are aggrieved at being refused.

Boaden argues that the problems are largely the result of poor communication on the part of the banks, and of poor understanding from the general public.

The banks claim to be educating their would-be clients, "but it is clearly not having any effect."

Survey finds bad faith can hurt housing schemes

(123)
Heather Parker
SD 4/4/97

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Insufficient funds for power projects

(133) (133) 714197
Robyn Chalmers

THE National Electricity Regulator has allocated insufficient funds to cover the R1bn requested of it by local authorities to meet the demand for new connections

The National Electricity Regulator has allocated R300m to 109 local government distributors, a move which should lead to 195 000 new connections being made this year by local authorities compared with 120 000 in 1996.

Regulator customer services manager Johan du Plessis said at the weekend the move would represent a "tremendous increase" in new connections made by local government distributors compared to last year

But applications were received from 184 local government distributors for 456 projects at a total cost of R1,01bn. The regulator is administering the process of allocating the funds

"The R300m at the regulator's disposal was insufficient to meet all the needs and therefore the projects that qualified for funding in terms of the regulators' policy and criteria had to be ranked," said Du Plessis.

Eskom made R300m available after the regulator asked Eskom to offer an electrification discount to local government distributors as a quid pro quo for them not having access to

the same internal transmission tariff at which Eskom buys electricity.

A spokesman for the Association of Municipal Electricity Undertakers said that although individual municipalities had electrification targets, there was no obligatory target for local authorities as a whole.

Du Plessis said the external electrification funding evaluation committee was appointed to consider local government applications and make recommendations to the board

In terms of the recommendations, the R300m will yield 195 000 connections this year, serving 1,5-million people

As part of its evaluation process, the committee eliminated distributors which had not paid their Eskom account for more than 30 days without an accord with Eskom, and those who failed to give requested data

The committee had also eliminated distributors which had not applied for a tariff increase, but had in fact increased tariffs from July 1 1995.

Du Plessis said the distributors could use the funding allocation to gear up their funds. All qualifying projects were ranked by capital cost and a contribution of R1 700 per connection would be made.

Connections with a capital cost lower than R1 700 per connection would therefore be paid in full

Power drive held back by 'a range of challenges'

Robyn Chalmers

00 9/4/97
A RANGE of challenges facing the electricity supply industry are limiting its ability to meet aggressive electrification targets and ensure world class supply quality, the National Electricity Regulator says.

The supply industry was collectively facing bankruptcy; the regulator said "It is unable to continue funding other municipal services and the electrification programme without alternative funding and pricing mechanisms, a reduction in the generation and transmission prices or substantial tariff increases."

The industry was also fragmented. There were substantial differences in the financial health of municipal distributors, and a wide disparity in prices paid by the various customer segments.

Cabinet recently accepted a range of proposals by the Electricity Working Group to restructure the supply sector, which included consolidating the industry into a number of independent regional electricity distributors.

Other proposals were cost-reflective tariffs and a capped tax for part funding of municipal services, and a levy on electricity sales to fund electrification.

The regulator said a number of issues needed to be addressed if the proposals were to be fully implemented. More equitable and transparent mechanisms for funding electrification and other municipal services had to be developed if the industry was to meet its obligations in the long-term.

In addition, the consolidation of the industry into some form of regional distribution model would strengthen the municipal distributors most at risk and facilitate rationalisation of tariffs in the country.

"These two processes must be combined to provide a rational, inclusive and integrated restructuring process, to move the industry from where it is, to where it has to go," it said.

Housing minister calls on developers to be creative

BD 214197
(123)

Robyn Chalmers

GOVERNMENT'S low-cost housing programme is starting to pick up speed, with almost 155 000 houses built or under construction by February this year, and more than 440 000 subsidies approved, housing ministry figures show.

At yesterday's launch of the SA Residential Developers' Association (Sarda), Housing Minister Sanku Mthembu-Mahanyele said developers had an important role to play in helping government meet its target of 1-million houses by 1999.

"I am optimistic that the formation of Sarda will go some way to synergising the strengths and weaknesses of all developers to the benefit of the millions of our people

who are anxiously awaiting opportunities to own their first home," she said.

She called on developers to assist government in other ways, notably finding better methods of producing houses in a more cost effective way, with more emphasis placed on innovation and creativity. Too many low-cost houses were one-roomed cabins and there was growing evidence that it was possible to build homes of between 45m² and 60m² with government's R15 000 subsidy.

Mthembu-Mahanyele also challenged Sarda to help root out corruption, bribery and malpractice, which was often associated with the construction industry in general, and, in particular, with low-cost housing. She said sound foundations for govern-

ment's housing programme had been built through partnerships between the state, the private sector and communities, and there was a need to expand these Partnerships were important as government did not have enough resources and nonstate resources had to be mobilised. The involvement of active and innovative private sector partnerships remained critical to the success of the housing programme.

Sarda president Chris Cudmore said Sarda was a natural amalgamation of the old National Home Builders' Association and the Residential Developers' Association. It would strive to create awareness and understanding of the development industry as well as facilitate co-operation in the housing delivery process.

NEW WAY TO PAY HOME BILLS

Meter keeps eye on costs — and safety

CT 9/14/97

AN ADVANCED water and electricity meter will be launched in Hermanus later this year as part of an experimental water conservation programme. **MELANIE GOSLING** reports.

REVOLUTIONARY pre-payment water and electricity meter is being developed in South Africa which will double up as an emergency meter with panic buttons and a mini-computer that can send and receive faxes, do remote banking and plug into the Internet.

The Security Meter, which is being developed by the Department of Water Affairs, Eskom and Telkom, will be launched in Hermanus later this year as part of the town's experimental water conservation programme.

Programme leaders of the experiment are Dr Guy Preston, leader of water affairs' National Water Conservation Campaign, and Mr Pierre Doman, of Eskom's research and development arm.

Preston, who says South Africa is a world-leader in developing pre-payment meters, said the Security Meter had grown out of the experimental water and electricity pre-payment meters used in the Kruger National Park and Royal Natal National Park.

"This is an evolution of those meters, bringing in an advanced communications ability and a security back-up system that will have considerable social benefits," he said.

The two main innovations of

the Security Meter over the normal pre-payment meters are:

- Panic buttons for fire, medical and security emergencies, which will be linked to a central computer console. When the button is activated, it will register directly at the console and help can be sent to the scene immediately.

- An advanced communication ability with a display window like a computer screen, for receiving and sending information.

The developers believe the meter will result in a substantial reduction in the consumption of water and electricity, household crime and health and fire hazards, theft of water and electricity, bad debts, and the cost to local authorities of sending out bills.

It is also likely to facilitate budgeting and payment for services by rate-payers, and the collection of payment for services by the authorities.

Consumers will be able to pre-pay water and electricity by typing in their credit card numbers and stipulating how much they want to buy.

They will also be able to buy water and electricity with cash, and type in the receipt number, in the same way that current meters work.

The meters would be able to tell consumers how much water and

electricity their household uses, and how their consumption compares with the average household in their community.

Preston said that when people were made aware of the quantity of natural resources they were using, and what it cost, they tended to change their consumptive behaviour and become more conservative users.

The meters will also warn households of leaks in their water systems.

In these ways the meters could become a powerful conservation mechanism.

Doman said the new meters would have anti-tamper devices. If a meter was tampered with, it would inform both the household and the service-provider.

It could also be used to pay for other services, including rates and refuse removal.

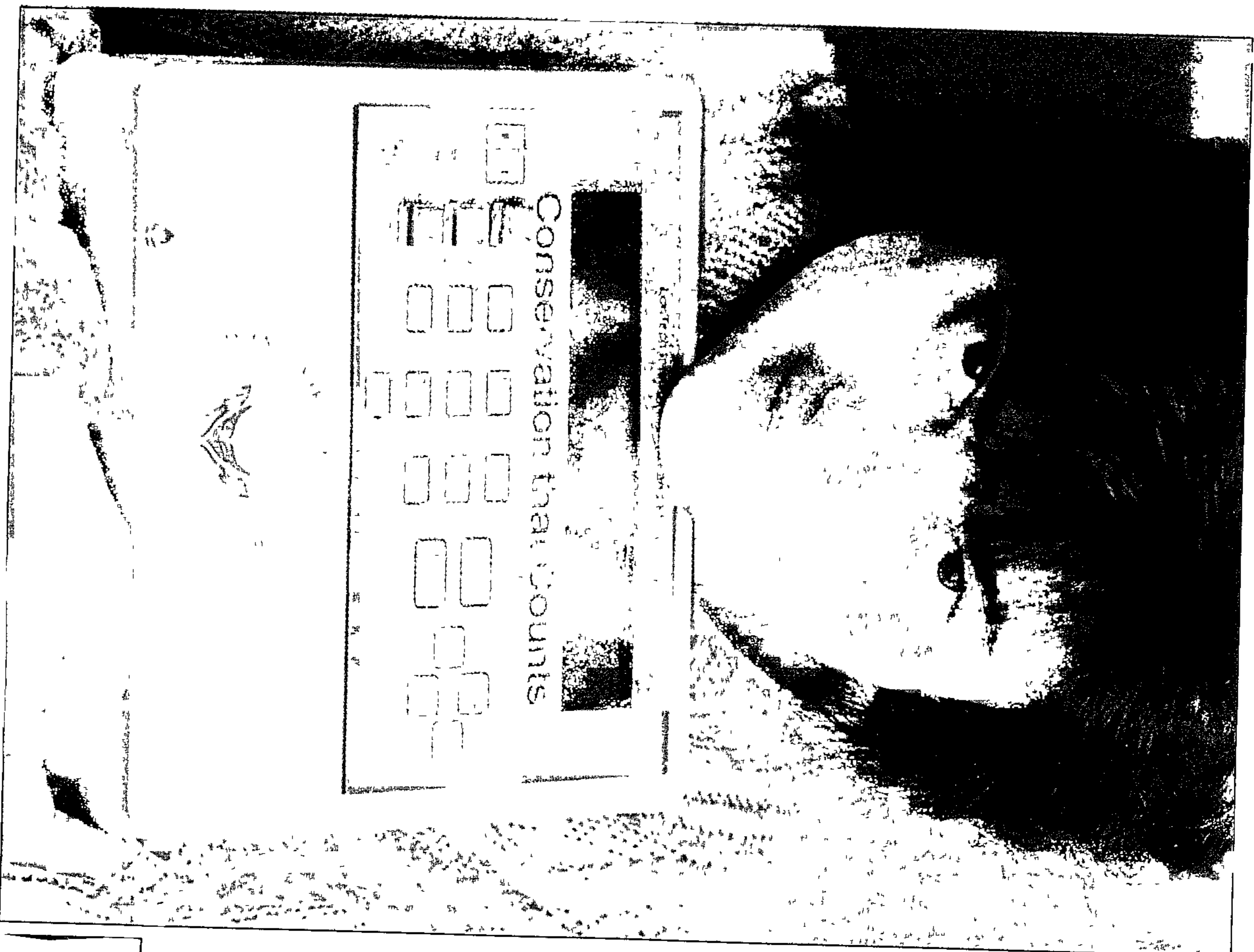
Said Doman, "Depending on how sophisticated one wants them, the meters could also send and receive faxes simply by plugging in your personal computer — and you won't need a modem attachment on your computer."

"One could do automatic banking or book theatre tickets, and access long-term weather forecasts. The meter could also become the gateway to the Internet," said Doman.

The experimental Security Meters for Hermanus would not initially have such extensive facilities, Doman said.

NEW AGE
METER: Gail Karsten of the Department of Water Affairs with a revolutionary pre-payment Security Meter being developed by the department, Telkom and Eskom, which could drastically reduce consumption of water and electricity and non-payment of these services. It also has security "panic buttons" linked to emergency services. The meter will be introduced in Hermanus later this year as part of the town's experimental water conservation campaign.

PICTURE: KARIN RETIEF



CONSTRUCTION Minister calls for more creative low-cost homes and faster delivery

New housing watchdog will answer to both sides

MPHO MANJUI

Johannesburg — A new watchdog body for the residential construction industry was launched yesterday with the aim of protecting the interests of consumers and developers

An amalgamation of the National Association of Home Builders and the Residential Developers Association created the South African Residential Developers Association (Sarda), Hendrick Kekana, the executive director of Sarda, said

Speaking at the launch of the association in Johannesburg, Sankie Mthembi-Mahanyele, the housing minister, said the government fully supported the association's aims of positively influencing the views, standards and practices in the residential development industry

Sarda, a Section 21 company, was established in January and has already made its presence felt by contributing to the settlement of the captured subsidy issue earlier this year. Accord-

ing to the resolution, the lending criteria would bring civil servants in line with other recipients of housing subsidies

Kekana said the company also had fruitful meetings with financial institutions, paving the way for more people to get financial assistance

The association subscribes entirely to the National Home Builders Registration Council and has an alternative dispute resolution mechanism forum that deals with consumers' and developers' problems

Mthembi-Mahanyele said mechanisms to speed up housing delivery should be embraced to enable the government to reach its target of building 1 million houses by 1999

She called on the developers to introduce innovative housing models in more cost-effective ways. "Too much low-cost housing is one-roomed cabins. I am told it is possible to build homes of between 45m² and 60m² with our R15 000 subsidy"



NATION BUILDERS Hendrick Kekana, the executive director of the South African Residential Developers Association, gets a nod of approval from Sankie Mthembi-Mahanyele, the housing minister, at the launch of the new watchdog body yesterday

PHOTO: JOHN WOODROOF

ET (Ea) 14/97

(123)

Lukanyo Myyanda

THE presentation to Parliament of a draft housing bill designed to facilitate the role of local authorities in delivery — originally scheduled for last month — had been delayed indefinitely but would not hinder delivery, a housing department spokesman said yesterday. Delays were attributed to

Tabling of housing bill put off indefinitely

Last-minute changes to the bill as well as the replacement of the senate with the recently constituted National Council of Provinces, which had a different time frame for tabling bills. Housing Minister Sankie Mthembu-Mahanyele had the final draft, which should

be presented to cabinet for approval soon, but it was still not clear when it would come before Parliament. The spokesman said the delays would do "nothing to inhibit" housing delivery but would, when passed, speed up delivery and empower local authorities by

removing some bureaucratic obstacles. Last year Mthembu-Mahanyele said that the bill — which should have gone to cabinet in January before being tabled in Parliament in early March — would give local councils the power to designate land for housing

and associated purposes. It would also ensure the efficient provision, operation and maintenance of water, electricity, road and transport services. Municipalities would have the authority to plan and execute housing development, and facilitate projects in their areas of jurisdiction, Mthembu-Mahanyele said at the time.

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Sowetan 10/4/97

Call to help deliver houses

(123)

By Joshua Raboroko

THE Housing Ministry is to root out corruption in the building industry, particularly in low-cost housing, estimated at millions of rands

Housing Minister Mrs Sankie Mahanyele said the ministry was working out ways to ensure that corruption, bribery and malpractices, too often associated with the construction industry, were stopped

Speaking at the launch of the SA Residential Developers Association (Sarda) in Sandton this week, Mahanyele appealed to developers to join hands in declaring war on corruption

"If you know of instances of bribery, corruption, malpractices, let me know I promise I will do something about it," she said

Mahanyele said the government had set up the National Home-builders Registration Council, to ensure that consumers were not ripped off by unscrupulous property developers

She urged Sarda to work jointly with the registration council for the benefit of the millions of new home owners in the country

She believed there had been a sound foundation for housing delivery in the past three years

There was a need for partnerships with the Government to build new homes, although there had been insufficient engagement by the private sector in helping deliver more houses

Developers had an important role to play in assisting the Government to build one million houses by 1999

According to a report by her department, a total of 154 528 houses had been built or were under construction between March 1994 and February this year

During the same period, 443 582 subsidies had been allocated

Sarda executive director Hendrick Kekana said the association would help the Government "to house the nation"

SA 'must address land, housing issues to grow'

By Isaac Moleli

ECONOMIC progress in South Africa is bound up with the successful resolution of issues such as security of tenure, equitable distribution of land and provision of housing and the sustainable management of its cities and towns

This is the view of Agriculture and Land Affairs Minister Derek Hanekom who will be one of the key speakers at the surveyors conference, iKusasa Consas '97, in Durban later this year

Others speakers are Dr Wally N'Dow, assistant general secretary of the United Nations Centre for Human Settlement (Habitat), and Professor Peter Dale, president of the International Federation of Surveyors (FIG)

The iKusasa conference, which according to the organisers is the first of its kind in the world to address informal settlement and security of tenure, it will be held at the Durban International Convention Centre, the first time the multimillion rand centre will open its doors for conferencing

The presence of N'Dow and Dale at the conference, says the South African Council of Professional and Technical Surveyors which hosts the occasion, is indicative of the significance attached to the proceed-

ings and their endorsement will lend weight to the contribution the events at iKusasa Consas '97 are expected to make to the future of development worldwide

Hanekom says although South Africa is a country of great diversity, with elements of both the First and Third World, its problems are, however, not unique

"iKusasa Consas '97 will bring together people from all over the world to address the informal settlement situation from different points of view and through this melting pot of ideas, we should find constructive development and solutions," Hanekom says

Dale believes that the conference will be significant as it is taking place at a time when the world is witnessing enormous social, political economic and technological change

He says the conference offers a great opportunity to exchange ideas and to look at alternative ways of solving fundamental problems that relate to the land and sustainable development

"There is so much for us to share," Dale says, adding that access to land and shelter are basic human needs and the proper management of land and property are vital to every country's economic success

"The international community is currently addressing a

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Somehow 10/4/97

variety of issues that are relevant to iKusasa Agenda 21, published in 1992, focused on sustainability in the environment, while the Global Plan of Action that came out of the 1996 Habitat 2 Conference directs our attention to urbanisation and how to make cities work for people," he says.

The diversity of topics to be addressed during the conference are not only relevant to Southern Africa but also across the world, say the organisers

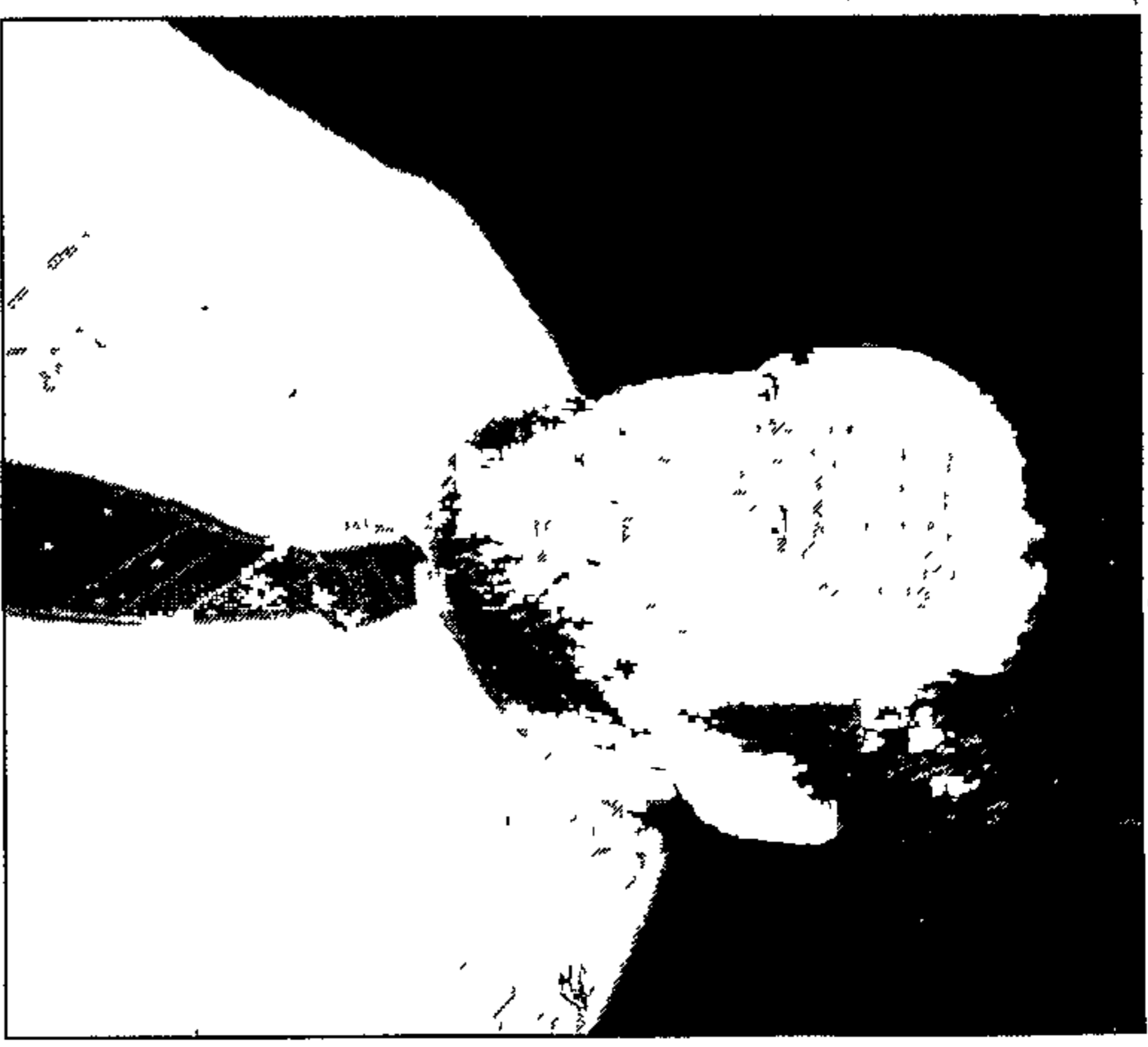
The conference on land tenure, for instance, is set to contribute much to the Habitat Agenda, the Global Plan of Action which was adopted at Habitat 2, the UN conference on Human Settlement held last June in Istanbul, Turkey

Says N'Dow "Announced FIG at Habitat 2, iKusasa '97, has a common goal in implementing the Habitat Agenda together with the UN Centre for Human Settlement

In corporation with the international community, governments and various partners' groups representing the civil society, that goal is to create a fair, secure, economically and socially sound and sustainable living environment in villages, rural centres and cities, large and small alike"

N'Dow believes the failure of so many governments to develop equitable national land policies and practices has been, and remains, a primary cause of poverty, inequality and, therefore, political and social instability in many societies

The conference is expected to be attended by more than 1 800 delegates from all over the world



Agriculture and Land Affairs Minister Derek Hanekom who will give a keynote address at the Informal Settlement and Security of Tenure conference in Durban later this year.

Bungling delays housing

By Joshua Raboroko

THE Housing Ministry is to stop large-scale bureaucracy, bungling and alleged incompetence in government departments from delaying home builders and costing them hundreds of thousands of rands

Housing Minister Mrs Sankie Mahanyele said her department had received complaints from unhappy builders who claimed that they had to wait up to 12 months for their low-cost housing plans to be processed

At the launch of the South African Residents Developers Association in Sandton this week, developers, archi-

some tan 11/4/97
tects and estate agents claimed that incompetent staff at local and provincial levels were delaying housing projects. As a result some of them have been forced to retrench workers

Mr Mak Leaf of JD Estates and Property Developers said about 2 000 of his applications were still in the Gauteng MEC for housing and land affairs' office, while prospective homeowners were waiting impatiently for their houses

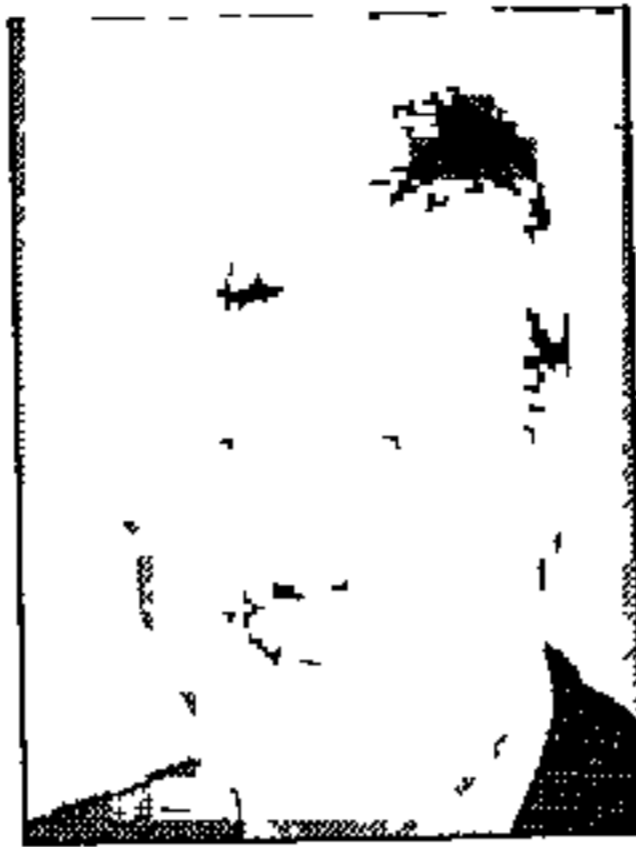
He said by the time he finalised all the plans, he would have lost up to 10 months of business. As a result bank facilities had been frozen and he was not in a position to pay staff

Most developers, who chose to remain anonymous, claimed that there were huge problems at local and provincial offices. There seemed to be no cooperation between the departments, they said

They acknowledged the need for a reconstruction of the departments and predicted that bureaucratic bungling of projects would further delay the Government's low-cost housing delivery target this year

The minister blamed a lack of skills and education as the major reason for the delays. However, the Government would ensure that workers acquired enough skills, she said

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Easing strains on landlords, tenants

(123)

New legislation should make for easier reconciliation between these traditional 'foes', writes Ian Davidson

The Gauteng Legislature on March 24 passed a significant piece of legislation which has received little publicity but is an important building block in the troubled relationship between landlord and tenant. It is also an excellent example of how constructive opposition can influence, even fundamentally change, the nature of legislation passed by Parliament.

Initially the Democratic Party registered its strongest objection to the proposed Residential Landlord and Tenant Bill, for reasons I will come to later.

Few in Gauteng, particularly those living in high-density residential areas such as Hillbrow, Joubert Park and Berea, would deny that there are major problems in the realm of landlord-tenant relationships. This deteriorating relationship has manifested itself in rent boycotts, rental exploitation, illegal occupation by tenants, intimidation, overcrowding and the overall deterioration of residential buildings in the area.

The kneejerk reaction of many, particularly the many tenants who made representations to the Housing Standing Committee, was the immediate re-introduction of rent control across the board with rents being fixed at affordable levels. A quick-fix solution which would in the Democratic Party's view have had the effect of finally frightening off what few private developers of rental housing stock that remained.

The original draft of the legislation made rent control the centre of its objective – a draft to which the Democratic Party registered its strongest opposition.

That is not to say that we did not then, or now, recognise the problem that exists.

Our view was, and remains, that any form of rent control discourages the erection of rentable residential units, a view supported in 1977 by the Fouché Commission of Enquiry into housing matters.

The standing committee debated the draft legislation for many hours over an extended period of time – just over a year. What has emerged is not only a major building block in landlord-tenant relations but also a monument to how government and opposition can work in a constructive mode. The legislation is evenhanded, setting out to regulate the relationship, giving enforceable rights and obligations to both parties with the objective of managing the problems in the residential rental sector effectively, swiftly and inexpensively through a Dispute Resolution Board.

The Landlord Tenant Dispute Resolution Board, to be constituted, will have as its main function the ability to mediate, and if necessary and where agreed to by the parties, arbitrate and make orders on a range of issues

which have proved to be problematic in the past. These include amongst others ejection, intimidation, nuisances, overcrowding, lease contracts, refurbishment, damage to property, tenants' committees, tenant activities on rental premises etc.

Rent control and determination play no part in the legislation. On the contrary, the memorandum to the act specifically recognises that the market mechanism should determine the value and cost of accommodation without interference from government. The act also recognises that the principles of capital value and return on investment should take precedence.

What the act seeks to restore, however, is the role of law in areas where these principles are rendered meaningless, either because

- property owners are unable to realise any return on their investment due to their inability to control and manage their properties, including their inability to obtain rentals from tenants, and/or

- tenants are forced to endure unfair treatment from unethical landlords who, within the context of the housing shortage, are unfairly maximising profits.

Landlords and tenants can therefore lodge complaints with the board, which will provide a procedure to resolve disputes within regulations which define reasonable norms and practices.

An important feature of the act relates to the composition of the board. While there will be an independent chairperson the remaining members will, in equal numbers, be representative of tenants of residential dwelling units on the one hand and landlords on the other.

Finally the act envisages education offices being set up to plan an educatory role, inform both tenants and landlords of their rights and obligations as well as discourage false or unreasonable expectations.

I believe that what has emerged after a long and often lively debate is a constructive piece of legislation which will begin the process of building both relationships and, hopefully, new rental housing stock.

■ Ian Davidson, MPL, is the Democratic Party spokesman on housing and land affairs.

Water privatisation plan is outlined

By Russel Molefe

WATER Affairs and Forestry Minister Professor Kader Asmal has outlined Government policy on the privatisation of water services, the issue which angered trade unions and sparked labour unrest in Mpumalanga

Asmal said Government policy recognised the need for local governments to adopt different approaches, which included the use of private sector service providers, to "ensure that all South Africans gain access to basic services on an equitable and efficient basis"

Other alternatives, apart from direct service provision, which local governments could adopt are

- The strengthening of public util-

ities such as water boards to undertake distribution as well as bulk supply, the use of non-governmental organisations, particularly in rural areas, and, co-operation between local authorities

"No particular solution is being favoured. The programme of local government support is providing technical and financial assistance to local authorities and assistance to NGOs, channelled principally through the Mvula Trust, is in place"

He explained that his ministry also made extensive use of the private sector to implement its programmes. The Government is to introduce a new Water Services Bill that "will help to build the framework for service provi-

sion"

Sowetan 17/4/97

Planning and building of dams continuing

Edward West

(123)
BD 18/4/97

PLANS for the building of additional large dams and hundreds of kilometres of tunnels and canals to convey water to meet the continuous rising demand were on the drawing board, Water and Forestry Minister Kader Asmal said yesterday.

In an address to the eighth congress of the SA Institution of Civil Engineers (SAICE) yesterday, Asmal said planning was well advanced and work had already started on projects such as the Mooi-Mgeni transfer, the Mvoti Dam, the Tugela-Mhlathuze transfer, the Levuvhu development and Skuffraam Dam.

Other sustainable water development options contemplated included the further development of the Orange River basin, of which the Lesotho Highlands Water Project formed part, development of the Tugela and Mkomazi Basins, and the tapping of the Mzimvubu Basin, SA's last remaining major conventional source of water.

"Should the growth in water requirements continue to follow the latest projections ... it is estimated that all the water resources of the country will be fully used in about 30 years. No longer will we be able to go to another basin and simply build another dam to augment supplies," he said.

Asmal appealed to engineers present to find a way to second staff to his department, to improve its in-house expertise. "The demands facing my department are increasing in complexity and volume, and our capacity is not increasing at the same rate."

Outgoing SAICE president Alex Visser said that over the past 10 years about 200 civil engineers a year had graduated from SA universities, hardly sufficient to replace retirements. However, it was often not recognised that technikons were producing significant numbers of civil engineering technicians and technologists.

The top engineering projects in terms of value last year included Dragon City in Potchefstroom and the Maputo Corridor development, he said.

Community role in housing probed (123)

Nomavenda Mathiane

BD 18/4/97

GOVERNMENT needed to refocus on the meaning of community participation to facilitate housing delivery, National Housing Forum managing trustee Brian Leveson told the Community and Urban Services Support Project conference in Johannesburg yesterday.

The Community and Urban Services Support Project is a non-governmental organisation which assists historically disadvantaged urban communities to achieve appropriate housing and services by providing support to community-based organisations. The conference was held for the project to report back to other stakeholders.

Leveson addressed the issue of whether community participation was a realistic component in the housing delivery process in the light of the urgent need for low-income housing.

He said it was unacceptable to force products on to people, as the National Party had done in the past, by building houses without community consultation. He warned developers to determine community needs before embarking on projects.

He said there was an delivery impasse as developers did not want to be involved in the social logistics of the process, but communities demanded to be consulted on projects.

State-owned company allots R94m to home loans

BD 18/4/97

(123)

THE National Housing Finance Corporation, a public sector company owned by government, yesterday said it had granted R94m to two lending institutions to make it possible for low-income earners to receive loans.

The corporation lends money

to banks and financial institutions which served the low-income housing market. They will repay the money at current interest rates.

The corporation granted R50m to FutureBank Holdings, a black-owned retail bank which had es-

tablished a mortgage niche in the Eastern Cape and North West Province, said the corporation's chief executive Johan de Ridder. It also supported a debenture issue by newly restructured Alternative Finance (Alfin), which provided small loans — Sapa

Housing finance body in low-income loan plan

CT(BR)18/4/97

(123)

MAGGIE ROWLEY

Cape Town — The National Housing Finance Corporation, set up a year ago to provide wholesale finance for low-income housing, has approved further new facilities totalling R94 million, paving the way for 200 000 loans over the next five years, Johan de Ridder, its chief executive, said yesterday.

The corporation was set up with R390 million in share capital from the government and raised a further R100 million on the capital market.

De Ridder said about half of the original share capital had now been committed. The facilities approved to date should result in about 200 000 loans to low-income households over the

next five years.

Further facilities were in the pipeline which would utilise the balance of the available share capital, providing a further 100 000 to 200 000 loans over a five-year period, he said.

But government had allocated a further R350 million in share capital for the next year, and it was likely the corporation would go to the capital markets again later this year to finance further facilities, De Ridder said.

The latest facilities to be approved, totalling R94 million, had been granted to two niche market lenders — the newly restructured Alternative Finance and Futurebank Holdings, formerly Citizenbank — servicing the low-income housing market.

Home buyers lose millions

By Joshua Raboroko

ABOUT 14 construction companies, who promised black consumers new homes, have been deregistered by the National Home Builders Registration Council (NHBRC) after being found to have defrauded their customers of millions of rands.

NHBRC chairman Mr Mike Mohohlo said at the weekend that complaints against the companies ranged from fraud, unfinished work, numerous large-scale judgments and bounced cheques to liquidation.

He said Howzit Property Developers (registration 562) was found to have gone into liquidation. There were allegations of receiving bonds drawn without completion of houses.

KK Homes Improvers had several cases of unfinished work, work that did not adhere to building regulations, no supervision of sites and fraudulent use of the NHBRC logo and warranty. About R200 000 was paid.

JJ Viljoen Developers (reg 1083) had bounced cheques and were not available when contacted. Manuel Construction T/A

Alby's Construction (281) had numerous judgments. About R1 million was involved. Another company, Tanas Building Construction (526), had numerous bounced cheques.

Ntsele Property Developers T/A Comfort Properties (1081) had bounced cheques, while ME Moraba Projects' (529) cheques bounced and they were uncooperative.

Pro Builders T/A Rand Construction (reg 122) fraudulently used NHBRC registration certificates, forged to obtain bonds from banks.

Gable Construction (reg 77)

had accepted more than 79 deposits and very little work was done. Consumers allegedly paid deposits ranging from R4 000 to R10 000 to the company after being promised homes near the Doornkop Cemetery, Soweto, and in Silumaview on the East Rand.

Montalink Project Management (reg 738) was closed down. H and A Housing T/A Town Housing (reg 181) was liquidated - 17 houses enrolled. Nel Fourie T/A NF Konstruksie (reg 535) are possibly in liquidation.

NHBRC can be contacted at telephone (011) 886-3636.

(123) Sowetan 21/4/97

Health, housing departments slated

APR 22/4/97

(123) (1)

Incompetence costing millions, report by Gauteng auditor-general reveals

BY PRISCILLA SINGH
Health Reporter

Gauteng's departments of health and housing have come under scathing attack following the release of an auditor-general's report yesterday which revealed gross incompetence and mismanagement.

The performance audit report by Gauteng Auditor-General Shauket Fakie was tabled in the

provincial legislature yesterday. It showed that millions were lost as a result of bad management.

DP leader in the legislature Peter Leon called the report "quite a condemnation" of how the departments were being run.

Fakie's report showed that half the health-care vehicles provided for Soweto were stolen, that gardeners were doing the work of pharmacists at one clinic, that

dentists were doing work usually performed by therapists, and that there was no maintenance policy for primary health-care clinics.

The report revealed that no financial provision was made for the replacement of ambulances, and a lack of staff management resulted in the ratio of nurses to patients varying from 1.55 to 1.8.

"What next, hospital cleaners doing heart bypasses?" asked Leon last night.

On the provincial Housing De-

partment, Leon said Fakie reported that R400 000 in subsidies had been paid to developers in Phola Park, but no houses were built.

The report said that despite a housing backlog of 500 000, the department received only 643 applications for subsidies by September last year because of poor marketing of the subsidy programme.

Health Department spokesman Jo-Anne Collinge said last night the department would comment today.

HOUSING *Equity stakes planned in start-up operations and partnerships with banks*

Housing finance body gears up lending plans

SHIRLEY JONES

Durban — The National Housing Finance Corporation (NHFC) planned to use its limited funds aggressively and had set itself the ambitious target of mobilising R300 in private-sector funds for every R100 it invested. Johan de Ridder, the NHFC's chief executive, said yesterday

Speaking on his return from a fact-finding mission to India and Thailand, De Ridder said the NHFC, created by the

government in April last year, would champion creative ways of funding niche market lenders which serviced the low-income housing market

Although the NHFC's primary role would be that of leverage, the organisation would also take equity stakes in start-up operations and engage in partnership deals with the larger commercial banks

This would primarily be on a risk-enhancement basis, with the NHFC offering credit guarantees or underwriting debts

De Ridder said the NHFC would pursue increasingly innovative transactions in the coming months and was involved in negotiations with large provident and pension funds, insurance companies, large-scale employers and various unions

"The NHFC is negotiating with 17 small bank and non-bank finance companies and approximately 25 organisations or initiatives aimed at the rental or rent-to-buy market

"It is in discussions with

two of the four major banks with regard to new initiatives which will pilot new approaches to the provision of credit for housing," De Ridder said

The NHFC had to date mobilised R7 billion in investment in low-income housing, a market from which commercial banks had as good as withdrawn when they would not recover bad debts in the late 1980s, he said

De Ridder said that he was increasingly impressed with the creative thinking

emerging as banks sought to re-enter this market. But because commercial banks' transaction and loan values remained high, banks were not reaching a large portion of the market desperate for finance

The NHFC was attempting to create an industry to finance this sector, one which was positioned between the controversial loan sharks charging up to a 1 000 percent interest a month and the formal institutions, he said

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Nomvula puts housing on fast track

Jacob Dlamini

CAPE TOWN — Housing Minister Sankie Mthembu-Mahanyele announced yesterday that the wait for housing subsidies had been slashed by 17 months

Mthembu-Mahanyele said the reduction followed the introduction of a computer-based information collection and monitoring system called "Nomvula", which had allowed the housing department to provide reliable and up-to-date figures on subsidised housing and construction in every region of the country

She said the system was updated every 24 hours by a team of dedicated staff using information taken from the provinces

It had also allowed the depart-

(123) ment to monitor the progress of the 805 subsidised housing projects under construction in the country and was used to identify areas where no housing delivery was taking place

Mthembu-Mahanyele said the system was designed to speed up delivery by reducing the period between the approval of subsidies and the construction of houses from 24 to seven months

She said 555 000 subsidies had been granted by the provincial housing boards for low-cost housing and that 192 815 houses were under construction

Some of these homes had already been completed

The department would in June launch a programme intended to empower provincial officials by

BD 24/4/97 giving them skills to improve efficiency and ensure that housing delivery was carried out in a well-structured manner.

"This is a major step forward for housing provision in SA," Mthembu-Mahanyele said.

"For the first time in the history of the department we can pinpoint every project and every house under construction in the country at the push of a button.

"Nomvula truly gives us management control over the entire low-cost housing programme, making delivery a reality for housing across SA"

Government intended to have 1-million new homes built or under construction by 1999 and every local authority would know its share of that total, she said

Govt on target to meet million houses by 1999

Star 24/4/97

(123)

Housing minister says Government has approved half-a-million low-cost housing subsidies in 1994

By JOVIAL RANTAO
Cape Town

Since 1994, more than half-a-million low-cost housing subsidies had been approved by the Government, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

About 200 000 houses had been built or were under construction.

Of the houses already built or under construction, the largest number - 70 599 - were in Gauteng. The province had approved 155 000 subsidies and a further 243 000 houses would have been built by 1999.

The ANC pledged to build a million houses by 1999. It has now been in power for three years and is left with exactly two years to meet its promise.

In a reply to a question from ANC MP Dan Montisi, Mthembu-Mahanyele said the department had installed a computer-based data-collection and monitoring system through which the Department of Housing could, for the first time, produce reliable and up-to-date figures on housing numbers and construction progress in every province.

"This is a major step forward for housing provision in South Africa. For the first time in the history of the department we can pinpoint every project and every house under construction in the

country, at the push of a button," she said.

The system showed that, in all, 555 000 housing subsidies had been approved by the provincial housing boards and, of these, 192 815 houses had already been built or were under construction.

Between March 1994 and April 1997, 6 210 houses had been built in the Eastern Cape, 15 513 in the Free State, 20 680 in KwaZulu Natal, 19 072 in Mpumalanga and 7 626 in the Northern Cape. The North West had built 20 340 and the Western Cape 24 720.

"This is delivery in action and shows we are keeping our promise to house the nation," Mthembu-Mahanyele said.

The new data system, called Nomvula, is updated every 24 hours and is based on information collected on computer by dedicated staff in each of the nine provinces. The system allows the department to plot the position and progress of the more than 800 public-housing projects across the country.

The system has enabled the Housing Department to reduce the waiting period between the time a subsidy has been approved and the time a house is built, from two years to seven months. It is designed to speed up and monitor the house-building programme. It is also able to identify areas where housing is most needed.

Rural housing scheme delivers

CT (SA) 25/4/97 (123)

MPHO MANTJUI

Johannesburg — Sankie Mthembu-Mahanyele, the housing minister, opened a rural housing project yesterday set up by a woman. This initiative aims to build about 10 500 housing units valued at R207,555 million in rural Mpumalanga within a year.

The person behind this project is Thandi Ndlovu, a medical practitioner from Soweto who also owns a construction company. The company, Motheo (which means Foundation), has been operating for more than a year. This is the first such project in the country's rural areas.

Communities will build the 30m² to 40m² houses themselves, so cutting labour costs and making it possible to deliver units within the R15 000 government subsidy. The same figure only delivers a 14m² structures in Gauteng.

The minister commended Ndlovu's ingenuity and the support received from developer Job Mthombeni.



A HOUSE WITH A VIEW Posile Manana, 83, looks out of a showhouse at Amsterdam in Mpumalanga. She will be one of the first applicants to receive a new house built in an innovative new project. Manana was a farm labourer and has never experienced the luxury of a real home.

PHOTO JOHN WOODROOF

Rural areas get home subsidies

By Joshua Raboroko (123)

THE housing ministry has granted more than 500 000 subsidies for low-cost housing, the Government announced yesterday

Speaking at the launch of the Mpumalanga rural housing programme near Marble Hall, Housing Minister Sankie Mahanyele said, of these subsidies, almost 200 000 had already been turned into houses which have already been completed or are under construction

"Mpumalanga is one of our lead-

ing provinces in terms of housing delivery and our computer management system shows that this province has 53 000 houses to build as part of its contribution to our one million houses programme. Of these, it has already built more than 19 000 houses," she said

Sowetan
Milestone

25/4/97

Mahanyele said the Government had extended the housing subsidy policy to rural areas which previously did not receive subsidies

More than 10 000 subsidies have

been granted to rural communities in Mpumalanga. Among dignitaries at the launch were provincial premier Mrs Mathews Phosa, MEC for housing Mr Craig Padayachee who said the rural programme was a milestone to the housing delivery in the province

Mahanyele said she was encouraged by the number of subsidies that had been approved, adding "It gives me confidence to say that we are on track to deliver homes to our people as we promised during the election in 1994"

Sanco crippled by debt

MTG 25/4-1/5/97 (123) (SEA)

Sanco is struggling to survive amid tensions between its socialist stalwarts and newborn capitalists, reports Mungo Sogot

ONE of the bulwarks of the anti-apartheid struggle, the South African National Civics Organisation (Sanco), has virtually ground to a halt, crippled by debts of R1.5-million.

A report read by former Sanco secretary general Penrose Ntombi at the organisation's conference earlier this month reveals Sanco's national office in Johannesburg is on the brink of collapse. Sanco insiders say the situation in many of its provincial offices is even worse.

The national office is frequently visited by the sheriff of the court to attach property for debts not honoured by some provinces and regions, the report says.

Despite the chaos at head office, many of the thousands of civic organisations across the country continue to function — but have barely any contact with the central organisation.

Sanco's problems follow the organisation's decision to abandon its socialist roots and venture into business. Two years ago Sanco, which spearheaded the opposition to the National Party's puppet local governments, set up an investment arm, Sanco Investment Holdings (SIH).

Headed by former Sanco president Moses Mayekiso, SIH embarked on a number of long-term investments which have yet to bear fruit.

The relationship between the two has become blurred, partly because SIH has taken over Sanco's membership drive. Sanco's business arm teamed up with a United States insurance company, American International Group (AIG), to charge members a R30-a-year fee in exchange for insurance, funeral benefits and discounts at various retailers.

The scheme, which has been hit by fraud and mismanagement, was masterminded by Michael Levinsohn, formerly a director at Venter Trailers, who left SIH under a cloud late last year.



Moses Mayekiso: Debt 'not that much'

PHOTOGRAPH RUTH MOTAU

The membership drive was supposed to finance Sanco, which was so confident of its success that it stopped seeking donor funding. Its donations and grants dropped to R394 000 in the year to March 1997 from R1.6-million the previous financial year.

The secretary's report reveals that so far the membership drive has failed. "The membership drive was initiated as far back as January 1995. However, due to the unscrupulousness of the person entrusted with the membership drive, the person's services were terminated. Since December 1996, we are pleased to announce that we have paid-up membership of approximately 5 000 members.

"The secretariat must report that AIG was on the verge of pulling out because of the slow

membership drive, and because we failed to honour our promise of two million members. However, we were able to convince them to continue their partnership, and they, therefore, continue to sponsor this conference."

The report says AIG was put off by a range of problems, including "dishonest agents" and "missing cash."

The report warns that "if the membership programme is based at AIG, then Sanco does not own its own membership drive."

Mayekiso insists that the membership drive will work and will rescue Sanco. He says SIH has never given cash to Sanco, but has lent it money, which appears to have kept the head office from collapsing. He says the R1.5-million debt was "not that much", considering how much money could be raised from its 1.2-million members.

Sanco president Mlungisi Hlongwane was unavailable for comment.

The report is frank about the problematic relationship between Sanco and its business arm. "There has been some tension between the national office and SIH, since the national office runs consistently on the brink of bankruptcy, whereas SIH is somewhat financially secure to ensure that it can afford the day-to-day running of its office. A mechanism must be sought to ensure that when the profits of SIH can be accessed, Sanco as we know it now, as a national organisation, still exists."

The tension between Sanco and SIH has led to rifts between several Sanco stalwarts. Mzwanele Mayekiso, Moses's brother, has been openly critical of the organisation's "opportunistic" commercialisation. The report slates him for "furthering his own interests" while setting up a research and development institute.

Apart from its financial troubles, the report admits Sanco is suffering from a "lack of focus." A survey of its departments is peppered with criticism. Its education department is described as having "never been functional, nor properly co-ordinated." It says its health department "has not been able to make the necessary inroads."

Crisis deepens with local govts owed R6,5bn

BD 29/4/97 (123)

Jacob Dlamini

CAPE TOWN — The crisis in local government has deepened, with figures released last week showing that money owed to municipalities had spiralled to R6,5bn and that more councils had defaulted on their debt repayments

According to constitutional affairs department national intervention programme co-ordinator Chris Kapp, local gov-

ernment debt climbed from the R6,02bn recorded last October

Forty-eight councils had defaulted on their repayments to the Local Authorities Loan Fund and a further 12 had failed to service their external debts

In a submission made to the parliamentary constitutional affairs committee, Kapp said 1,4-million accounts were not paid on a regular basis and that this had resulted in R2,3bn to R3,3bn tied up in debtors. This had, Kapp said, led to an increase of between 11,8% to 15,5% in general rates and service charges.

The figures formed part of the latest findings of Project Liquidity, a survey introduced by Constitutional Affairs Minister Valli Moosa last year to monitor the cash flow of local authorities

The survey disclosed that of the 843 councils which exist around the country, a third of them were basically sound, the other third "financially stressed" and the last third totally unviable

According to Kapp, bank balances and investments held by municipalities amounted to R5,47bn in October last year and the bulk of this was held by the Durban metropolitan council

Kapp said reasons for the cash

crisis varied from the massive costs entailed in amalgamating local authorities, to the lack of capacity among new councillors, lack of budgetary discipline and unaffordable service levels

Kapp said councillors lacked the political will to enforce credit control measures and political interference prevented many accounting officers from doing their jobs

Accounting officers needed strong political support from ministers and MECs, and local authorities had to introduce sound customer management, develop new revenue systems and strengthen their metering, billing and revenue collection systems.

Deborah Fine reports that the greater Johannesburg transitional metropolitan council's southern substructure was cautiously optimistic it had stabilised the growth of outstanding debt in Soweto and Johannesburg South.

Budget and finance committee chairman Shan Balton said last week "very encouraging" credit control figures showed only a slight increase in arrear debts last month compared with the previous five months, when arrears had increased at a rate of about R20m a month

The substructure was currently owed R699m, including current debt. All arrears for the area were R519m. The substructure had collected R10,3m in arrears as a result of aggressive steps to address nonpayment.

White paper on water is thrown out

(123)

BD29/4/97

Stephen Laufer

A WHITE paper on water due to be launched at a major public function this week by Water and Forestry Minister Kader Asmal has been rejected by the cabinet committee on economic and social affairs.

Sources familiar with the discussion in the committee said ministers had been unhappy that the document was presented in a manner suggesting they should simply rubber-stamp it, rather than discuss it in detail.

But other sources said there were significant problems of substance which went beyond a simple disregard for process. The rejection had been more than a simple "slap on the wrist" for Asmal. Land and Agriculture Minister Derek Hanekom had particularly wanted a substantive discussion on the document, one official said.

Members of the cabinet committee — which includes the ministers of finance, land and agriculture, trade and industry, housing and labour — were apparently irritated that Asmal presented them with a glossy final product, indicating that the white paper was not a draft for further discussion at the highest level of government. They had gained the impression that they could not propose alterations.

Invitations to the launch of the document following this week's full cabinet meeting in the Union Buildings had to be withdrawn by the advertising agency employed to organise the function. Among the 120 invitees who had accepted were farmers' associations and unions, members of Parliament, community organisations and paper

industry and media representatives.

The launch was to have included speeches by Asmal, Archbishop Desmond Tutu and a speaker from the Environmental Development Agency, as well as a specially commissioned video on water. A spokesman for the organising agency said it was not planned as a particularly "glitzy event", but he declined to divulge the costs.

A water department official said the white paper would still go to tomorrow's cabinet meeting. The launch would take place soon afterwards if the document was approved.

Sources said the white paper failed to take last year's extensive water law review process further. It did not elaborate on how the ministry proposed to deal with major issues arising out of the proposed alterations to the law.

It was unclear why a white paper was needed if it failed to capture the lengthy discussion process around the law review and was also not subject to public comment itself.

Issues related to the privatisation of water supply systems had not been dealt with in great detail during the water law review, and participants had been left with an awareness that there was a need for further debate. But rather than putting the issue up for discussion, the white paper had stipulated privatisation as an option for government.

The document's commitment to a national water utility had also not been a subject of discussion during the review process. While the creation of such a body might be an option in prin-

Continued on Page 2

Water (123)

BD 29/4/97

Continued from Page 1

ciple, it needed to be debated publicly before being set in stone.

The white paper also failed to spell out options on several potentially contentious issues raised during the law review process. These included the trading of water rights, the abolition of riparian rights and the need to re-organise the allocation of water rights.

The role of other government departments, such as constitutional and

provincial affairs — which has an interest in water provision via local authorities — remained murky in the white paper. It failed to create greater certainty on who had responsibility in which areas. And it lacked clarity on transitional arrangements related to water provision.

Sources said the water law review had been sufficient to allow Asmal to get on with draft legislation which would be subject to wide public discussion. The question was whether a procedurally correct white paper process, which would require extensive public participation, was still necessary.

Sanco's housing deal exclusion 'an oversight'

Lukanyo Manyanda

BD 29/4/97

THE exclusion of the SA National Housing Corporation (Sanco) from the 1994 record of understanding between government and banks had been an "oversight" on the part of her predecessor, housing Minister Sankie Mthembu-Mahanyele.

Mthembu-Mahanyele, who succeeded Joe Slovo after his death in 1995, told a Sanco fundraising dinner last week government had erred by not taking the organisation's efforts into account in normalising relations between banks and borrowers.

"Tonight I want to say that I take full responsibility on behalf of government for what I believe to have been a political oversight. However, I am convinced there was no malice meant by our late comrade Joe Slovo," she said.

The record of understanding had resulted in the formation of the Mortgage Indemnity Fund and Servcon, which had involved Sanco in their programmes to normalise the lending environment.

"I appeal to you to put aside differences with the record of understanding and positively engage the fund and Servcon," Mthembu-Mahanyele said.

She invited the organisation to discussions on the housing programme and pledged to address grievances, including its exclusion from the agreement with financial institutions.

The ministry's programme had been developed around the needs of the poorest in the population, with the majority of the subsidies since 1994 going to people earning R800 or less a month, she said.

Speaking at the launch of a housing project in Soshanguve outside Pretoria, Mthembu-Mahanyele said Nomvula, the ministry's newly introduced computer system, had shown Gauteng to be the leading province in the housing delivery process. It had completed more than 70 000 of its targeted 243 000 houses in terms of government's promise to build 1-million houses by 1999, and had approved approximately 155 000 subsidies.

KwaZulu-Natal had built approximately 20 000 new houses and approved 90 000 new subsidies towards its targeted 195 000 units by 1999.

She said last year that at least five provinces had spent their allocated budgets by November, boosting confidence that there would be no rollovers of funds.

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International telephone

Sanco to help Govt with housing

Minister to discuss housing delivery for the poor with civic organisations

By Joshua Raboroko

CIVIC ORGANISATIONS, which originally embarked on massive bond and service boycotts, have been called on to throw their weight behind the new Government in delivering homes to the poor

After meeting the leadership of the South African National Civic Organisation in Johannesburg at the weekend, Housing Minister Mrs Sankie Mahanyele said she was ready to meet the organisation to discuss details of how to expedite housing delivery

The Housing Ministry and Sanco have formed a "consultative committee" to investigate ways and means to end the bond boycott which has resulted in a loss of more than R6 billion for banks

However, after much consultation with banks and home loan institutions, Sanco has relaxed the boycott on condition that defaulters are evicted for non-payment of their bonds

Mahanyele said "Sanco played a role in bringing political freedom and democracy in the past. Now they have a role to play in breaking the economic bonds binding our people to poverty

"The battle for economic freedom, for the speedy reconstruction and development of our country has just begun

"I want to say that provinces and other significant stakeholders in the housing sector are committed to housing the poor of our country"

Mahanyele said she had a list of issues in her programme of engagement with Sanco and other civil society structures which would see relations start on a clean slate

The Government could not house the nation without Sanco's help, she said, adding "we need you to be the compass of conscience and the lightning rod of delivery for the millions of people"

Sanco president Mr Mlungisi Hlongwane said the organisation was prepared to support the minister

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Death of the white paper on water has been exaggerated

BD 30/4/97

(123)

Water Affairs and Forestry Minister Kader Asmal takes issue with an article on the water white paper

THE lead story in Business Day yesterday — White paper on water is thrown out — is categorically wrong. One might almost say that reports of this particular death are greatly exaggerated.

Even extensive reliance on unnamed sources does not rescue the story from misleading and incorrect statements regarding the white paper on a national water policy for SA, and discussion on it in a joint cabinet committee meeting held on April 23.

The article confuses the contents of the white paper and the national water services bill. The cabinet committee recommended that the latter go forward to the parliamentary process with only two minor amendments.

The white paper was not, as stated, "rejected by the cabinet committee on economic and social affairs." It was referred by a joint meeting of the committee on economic affairs and the committee on social and administrative affairs to the cabinet meeting today (April 30) for a final decision. That is not throwing it out.

The article refers to "significant problems of substance which went beyond a simple disregard for process." However, no substantive problems with the document's content were raised by any ministers (including Land Affairs and Agriculture Minister Derek Hanekom) during the committee meeting or in the preceding or following period. The major concern raised was one of procedure.

Ministers were requested urgently to submit written questions and queries regarding the white

paper to the water affairs minister. At the time of writing, nothing has been received.

The article quotes the unnamed sources as saying that the white paper "failed to take last year's extensive water law review process further." It raises specific problems, some of which are dealt with below.

□ "The white paper) did not elaborate on how the ministry proposed to deal with major issues arising out of the proposed alterations to the law." On the contrary, the white paper gives considerable time to transitional arrangements that will be required to deal with major changes proposed for the new law, such as the new approach to licences for water use and the administrative procedures to handle this approach.

The document spells out the transitional approach to be introduced on a catchment basis, and which will ultimately be delegated to catchment-based agencies,

□ "It was unclear why a white paper was needed if it failed to capture the lengthy discussion process around the law review and was also not subject to public comment itself." The white paper is needed to crystallise ideas contained in the Fundamental Principles and Objectives for a New Water Law in SA, adopted by Cabinet in November 1996.

The principles were the first step in capturing the "lengthy discussion process around the law review" and the white paper does, indeed, capture ongoing discus-

sions around this process.

The fact that the white paper arises from two years of intensive and continuing consultation is the reason for putting it forward as a white, and not a green, paper. Further consultation will begin as soon as it is adopted, to support the development of a new National Water Bill and regulations for the implementation of the policy.

□ "Issues related to the privatisation of water supply systems had not been dealt with in great detail during the water law review, and participants had been left with an awareness that there was a need for further debate. But rather than putting the issue up for discussion, the white paper had stipulated privatisation as an option for government."

The white paper definitely does not stipulate privatisation as an option for government. It does not even deal with the issue of water supply systems, which are dealt with under the Water Services Bill and which the Cabinet committee recommended should go forward to parliamentary process. The Water Services Bill itself does not recommend privatisation, but recognises that private sector involvement in provision of services at local government level is taking place, and sets a framework for such involvement.

□ "The document's commitment to a national water utility had also not been a subject of discussion during the review process." The document does not commit government to a national water utility, stating merely that this route will be followed only if "a more detailed study shows that it will give clear public benefits."

This is consistent with the fundamental principles adopted by the cabinet.

"The white paper also failed to spell out options on several potentially contentious issues raised during the law review process. These included the trading of water rights, the abolition of riparian rights and the need to re-organise the allocation of water rights."

The abolition of water rights is contained in the fundamental principles document. Working from this, the white paper spells out the process that will be used to move to a system of time-bound water licences (once again, a principle adopted by the cabinet in November).

On the trading of water-use allocations, the white paper states that such a system could be introduced in the future if appropriate, subject to varying degrees of control. However, it will not be possible to introduce tradeable

water-use allocations until the new licensing system is in place.

□ "The need to reorganise the allocation of water use is dealt with in detail in the policy."

The question of "allocation of water rights" is an inappropriate term to use in relation to the new water policy, since only the "envi-

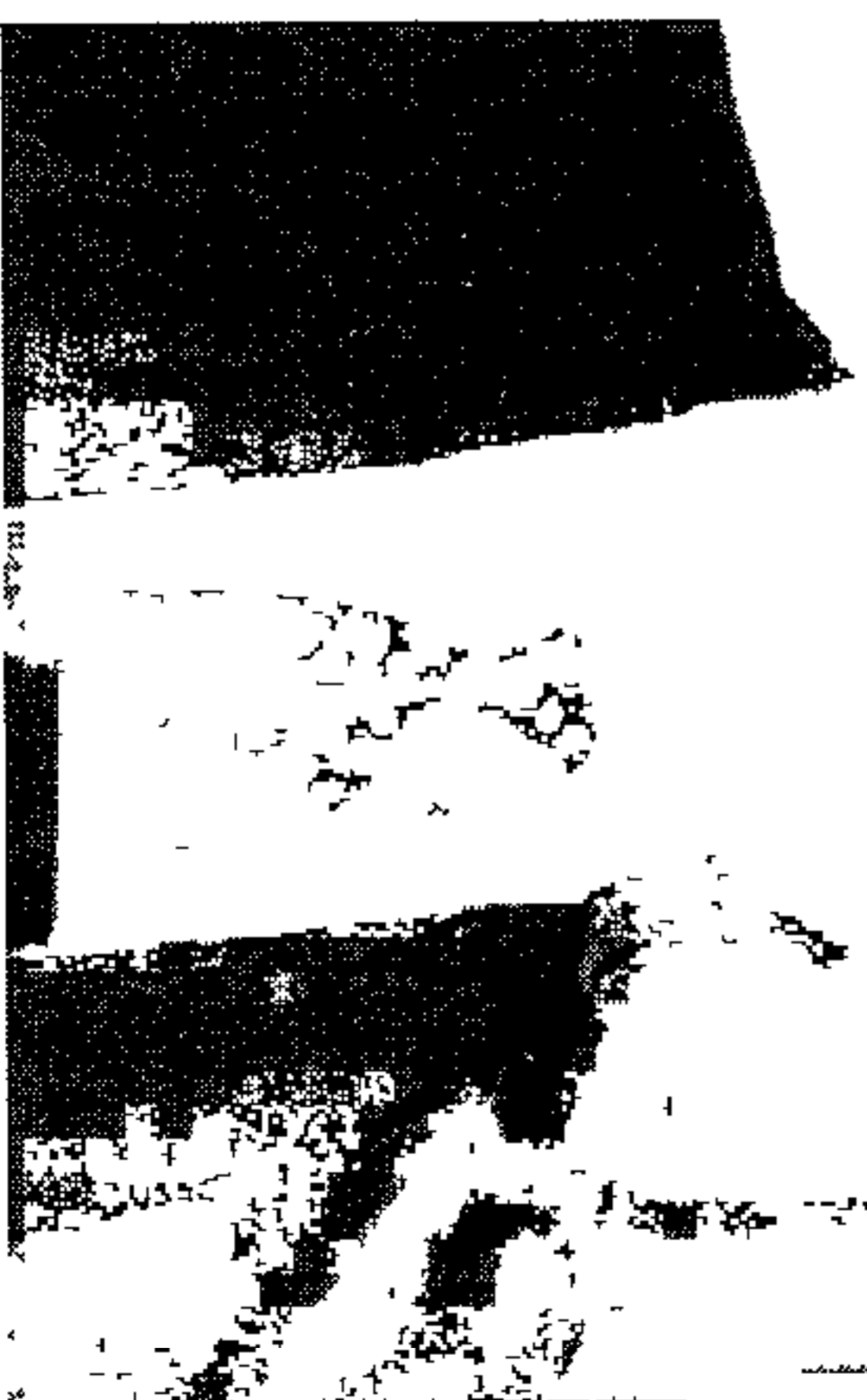
ronmental and basic human needs reserve" will be considered a right, while all other water use will be the subject of an allocation licensing procedure, and

□ "The role of other government departments, such as constitutional and provincial affairs remained murky in the white paper." The white paper deals specifically with management of water resources according to the constitution. In this regard, it is clearly stated that overall management of water resources remains a function of national government.

The development of catchment-based agencies to which particular functions would be delegated is dealt with in detail. The provision of water to the consumer is dealt with in the Water Services Bill. The constitutional and provincial affairs department, as well as local authority bodies, were widely consulted on this matter.

I think a generally authoritative newspaper has been drawn into an attempt to sabotage the process and content of the water white paper, with inaccurate information being offered by unnamed sources.

The new policy will greatly improve the management of water in SA and the development of an equitable and just society.



ASMAL



Seeking help: Phillip Olukeyode of Nigeria and his village father Augustinus Adetola came to Cape Town so Phillip could get specialised care

Africa's sick flock to city

Demand for specialised child care

ARG 11/5/97 (98)

JENNY VIALI
HEALTH REPORTER

Children from all parts of Africa are coming to Cape Town's hospitals because of the specialised services available here.

And although hospital authorities cannot say if there has been an increase in the number of children during the past few years, indications are that South Africa has become the preferred choice of destination for specialised hospital care for those in African countries.

Phillip Olukeyode is a 12-year-old Nigerian boy who recently had surgery for a bladder problem.

He was abandoned at a young age and spent his first years living at a hospital in Lagos.

Four years ago he became part of an SOS Children's Village, an organisation that provides homes for orphaned children.

Village guardian Augustine Adetola takes up the story "Phillip needed another operation but there was a lack of facilities and equipment in our country

"We considered sending him to Germany or Switzerland but then the SOS president suggested South Africa. It's closer and has good facilities."

In mid-March, Phillip came to Cape Town and specialist Larry Jee performed corrective surgery on him early this month at Vincent Palotti Hospital in Pinelands.

"Our international office wants to promote South Africa's medical facilities," says Mr Adetola.

Phillip is the third child from an SOS Village to come to South Africa - the other two came from Rwanda and Senegal to hospitals in Johannesburg.

Why South Africa? In many African countries specialised treatment or equipment is not available.

Louise le Riche, public relations officer for SOS in Cape Town, said "Medical treatment here is on a par with treatment available overseas. And SOS children from countries in Africa come from similar backgrounds and cultures as opposed to those who live in SOS villages overseas."

The medical expenses of the SOS children are paid by SOS Kinderdorf Interna-

tional, which is based in Austria.

Phillip can speak English and has already made friends at the Thornton SOS Children's Village where he is staying for a few months while he waits for his second operation.

He is just one of many children coming to Cape Town. Those that can afford to go to private hospitals, the others to state hospitals.

Last year, 50 children younger than 13 from outside South Africa came to Tygerberg hospital as in-patients and 64 as outpatients.

While the hospital offers a much-needed service, these children are also a source of income - they pay double the normal rate.

Chief medical superintendent Abulrahman said budget cuts to the hospital might mean it was no longer able to provide this service.

While Red Cross Children's Hospital did not have figures for children coming from outside South Africa, Amy Abrahams, public relations officer, said many children came to the hospital each year, usually for cardiac surgery or special procedures like the separation of Siamese twins.

Bitter pill for Cape health care

Sick face fewer services and hospital beds

ART 2/5/97

(98) (25)

JENNY WALL
HEALTH REPORTER

Western Cape Health Minister Ebrahim Rasool has spelt out how the province's severe spending cuts will result in fewer health services.

Managing a R234-million provincial budget deficit over the next year would be a formidable task, he said.

Mr Rasool said in his budget speech this week that projects to cut spending included cutting back psychiatric services, further bed closures at Groote Schuur, Red Cross and Tygerberg academic hospitals, reducing staff numbers and rationalising nursing colleges and latrines.

The 1997/98 health budget was R2,474-billion, which included almost R341-million

for improvements in conditions of service. This in effect meant that the health department's budget was R2,133-billion.

"The fact that we have been reduced beyond the point of R2,423-billion requested from the treasury represents a lack of understanding of the pace and scale of change that is possible in one financial year," said Mr Rasool.

"More importantly, it prevents my management team from being systematic in the achievement of realistic targets."

Primary health care, the cornerstone of the new national health plan, was to get a marginal increase on last year's allocation from 29 percent to 33 percent.

"While we have tried to protect primary health services in this budget, a larger increase was not possible in the current

financial environment," said Mr Rasool.

Outpatient visits to primary health care clinics in the Western Cape had increased by 29 percent and admissions to hospitals had fallen by 8,7 percent in the past year. Forty five new clinics had been built, 38 were to be upgraded and a further 16 extensions and upgrades were planned.

The academic, or tertiary, hospitals (Groote Schuur, Tygerberg and Red Cross Children's hospitals) were hardest hit by budget cuts and would get R78-million less than last year.

Almost R830-million had been allocated to the hospitals, with R189-million for salary increases, putting pressure on non-staff spending and replacing staff.

Funding for these hospitals was the "most complex and challenging task of this

year's budget" said Mr Rasool.

"Already 1 000 voluntary severance applications have been approved at these hospitals. As a result of this, 375 beds will be closed at Tygerberg and Groote Schuur."

These patients would be absorbed by G F Jooste, Karl Bremner and other regional hospitals. Negotiations were being held with Health Minister Nkosazana Zuma and Finance Minister Trevor Manuel for funding health services at the academic hospitals and training health professionals.

Savings from voluntary severance packages last year were estimated at R50-million. There would also be a saving of R80-million from staff losses in the previous financial year. Hospitals would also try to generate revenue, said Mr Rasool.

Gauteng hospitals owed millions

By **CECILIA RUSSELL**

The Democratic Party has called on the Financial and Fiscal Commission to override existing health financial allocations because the Gauteng Health Department was paying for the treatment and care of patients from other provinces without any compensation.

DP health spokesman Jack Bloom said although the "realistic expected deficit" of R52,6-million for 1997/8 for hospitals in Gauteng was down from last year's R53,6-million, this was misleading.

"The figures exclude the amounts owing for treating patients from other provinces," said Bloom. Include these in the budget and the deficits became "alarmingly" high. In 1995/6

the outstanding account from other provinces was in excess of R152-million, and in 1996/7 R360-million, of which only R34-million was recovered from Northern Province.

"We need to abandon the fiction still clung to by the Gauteng Health Department that there is

No payback from other provinces

any chance of obtaining past debts from other provinces, as this money has been spent or the political will for such transfers is simply not there," said Bloom.

The problem arose with the financial allocations to the provinces, he said. The policy of

allocating funds on an equity per capita formula did not take into account the patient flows to Gauteng for treatment unavailable in other provinces.

Gauteng had a sophisticated infrastructure and would continue to attract referrals and patients from other regions, and this should be taken into account in financial allocations.

"This money is being frittered away, while Gauteng is carrying the costs from other provinces"

Bloom believes the solution is for central government to allocate costs for cross-border patients upfront, rather than Gauteng becoming "debt collectors" and trying to recover the money

"We are again going to have a massive overspend - partly due to treating patients from other provinces," he said

Star 2/5/97

(98)



Sold: the Vincent Pallotti Hospital in Pinelands which has been bought by Afrox Healthcare

Health care company buys Vincent Pallotti hospital

Firm's first investment in Western Cape

BUSINESS REPORTER

Afrox Healthcare, a subsidiary of Johannesburg Stock Exchange-listed African Oxygen, has bought the Vincent Pallotti hospital in Pinelands.

The company said this was its first such investment in the Western Cape and could be used as a springboard for further investments in the region.

The acquisition brings the total number of hospitals and day clinics owned by Afrox Healthcare to 18. The other hospitals are in the Eastern Cape, Gauteng, KwaZulu Natal, Northwest Province and Botswana.

"Cape Town is a major market which is growing substantially," said Afrox Healthcare general manager Dick Williamson.

"Although the health care environment

here is very competitive, we are fully committed to providing the public with a quality, cost-effective service."

He said the purchase of the Vincent Pallotti hospital strengthened Afrox Healthcare's objective to have facilities in all major centres.

Built in 1938 and run under the auspices of the Pallotine Missionary Sisters, the 130-bed Vincent Pallotti was one of the first private hospitals to be established in South Africa.

The hospital has since been developed considerably, and was renovated substantially in 1991.

Mr Williamson said the hospital was well located and enjoyed support from local specialists and medical practitioners.

He said Vincent Pallotti was held in

high regard by its patients and the public in general.

Afrox Healthcare aimed to provide funders and patients with cost-effective health care that was tailored to best suit their needs.

"The group has therefore in recent years branched into occupational and primary healthcare through its subsidiary Afrox Occupational Healthcare, and into home nursing through Afrox Home Healthcare," he said.

"In addition to management, supervisory skills and total quality management training, which is provided with the assistance of Afrox's in-house training unit, we have three nursing training institutions that provide basic as well as post-basic nursing training."

ART 5/5/97

(98)

R80-m owed to W Cape hospitals

CLIVE SAWYER
POLITICAL CORRESPONDENT

(98)

ARG 7/15/97

Health Minister Nkosazana Zuma has unveiled shock figures in Parliament which show that public hospitals in the Western Cape are owed almost R80-million in unpaid bills.

Among the hospitals owed the most are the Red Cross hospital (R28-million), Karl Bremer (R30-million) and Tygerberg (R22-million). Groote Schuur is owed R2,7-million, Eben Donges R1-million, Conradie R392 379, Victoria R1,8-million, and Woodstock R32 581.

Hospitals in country towns owed over R1-million are those in George, Knysna and Paarl.

Dr Zuma was responding to questions in the National Assembly by Democratic Party health spokesman Mike Ellis, who requested figures for each province. Two provinces, Gauteng and Mpumalanga, did not supply figures.

Public hospitals in the Northern Cape are owed R5,8-million, in Kwazulu Natal R5,6-million, in North-West R8,5-million, in the Free State R60,6-million, in the Northern Province R40,4-million and in the Eastern Cape R60-million.

Dr Zuma said the amounts had been accruing, on average, for about three years. Action taken by hospitals to recover unpaid bills included sending out final notices to debtors, taking legal proceedings on the advice of the State Attorney and taking cognisance of the debtor's ability to pay.

"Bills are written off only when it is clear further action is uneconomical," she said.

She said provinces were developing and improving their hospital information systems based on the national framework in an attempt to improve the billing mechanism.

Some provinces, such as the Free State, were considering contracting out the collection of outstanding bills.

The Northern Province had employed a private company to collect debts on its behalf.

Hospitals to (98) act over unpaid bills

CT 7/5/97

POLITICAL STAFF

UNPAID state hospital bills add up to a whopping R270 million, with the Western Cape suffering a backlog of nearly R80m.

Releasing shock figures from seven of the country's nine provinces yesterday, Health Minister Dr Nkosazana Zuma said hospitals were taking action to recover unpaid bills, which included sending out final notices to the debtors and taking legal proceedings on the advice of the State Attorney.

The Karl Bremer Hospital in Paarl is owed R30 263 061 and the Red Cross Hospital in Cape Town R28 483 001.

Dr Zuma, replying to a question from Democratic Party health spokesman Mr Michael Ellis, said that the State Attorney took cognisance of the debtor's ability to pay "and finally bills are written off only when it is clear that further action is uneconomical".

She said provinces were upgrading their hospital information systems "in an effort to improve the billing mechanism".

The Free State and other provinces were investigating the possibility of contracting out the collection of bills to the private sector to help maximise the success of fee collection, said Dr Zuma. The Northern Province has appointed a company to collect fees.

The totals outstanding are Northern Cape R5 827 520, KwaZulu-Natal R15 606 795, North West Province R8 558 675, Free State R60 654 017, Western Cape R79 767 564, Northern Province R40 409 072 and the Eastern Cape R60 144 764.

Zuma outlines plan to recover R270-m in unpaid bills

Star 7/5/97

(98)

Cape Town - Unpaid state hospital bills add up to a whopping R270-million, according to Health Minister Nkosazana Zuma.

She said hospitals were taking action to recover unpaid bills, which included sending out final notices to the debtors and engaging in legal proceedings on the ad-

vice of the state attorney

Zuma, replying to a question from DP health spokesman Michael Ellis, said: "Bills are written off only when it is clear that further action is uneconomical."

She said provinces were developing and upgrading hospital information systems based on the

national framework "in an effort to improve the billing mechanism"

Provinces such as the Free State were also investigating the possibility of contracting out the collection of outstanding bills to the private sector to help maximise the success rate of fee collection, said Zuma - Own Correspondent.

South African currency change continuously. As a result of these frequent fluctuations and constant monthly pump prices of unleaded petrol, unit over or underrecoveries are experienced, that is, motorists either pay too much or too little for a litre of petrol. The average unit over/underrecovery is multiplied by the sales volume to determine the monthly cumulative over/underrecovery which is credited or debited to a cumulative over/underrecovery 'Slate' account. At the end of April 1997 the cumulative underrecovery in respect of unleaded petrol amounted to approximately R7 million as part of the total petrol cumulative underrecovery of approximately R206 million.

(b) The cumulative underrecovery of unleaded petrol is not recovered by the oil industry but is reduced or eliminated when unleaded petrol is in an overrecovery situation.

Warders: smuggling of drugs into prisons

*16 Rev K R MESHOE asked the Minister of Correctional Services

Whether an investigation has been undertaken to determine whether any warders may be involved in smuggling drugs into prisons if not why not, if so, what are the relevant details? N1120E

The MINISTER OF CORRECTIONAL SERVICES,

No. There was no specific investigation into this matter. Nationally, however, each case which is reported is investigated individually. Should the hon member need information for a specific incident, this will be provided to him.

Firearms on school premises

*17 Mr L M GREEN asked the Minister of Education

(1) Whether he or his Department has taken or intends taking any steps against schoolchildren bringing firearms onto school premises, if not, why not, if so, what steps,

Safety of teachers/pupils at schools

*18 Mr L M GREEN asked the Minister of Education

Whether he or his Department intends implementing any additional measures to (a) ensure the safety of teachers and pupils at schools and/or (b) prevent teachers being shot at whilst performing their duties if not what is the position in this regard if so what measures? N1122E

The MINISTER OF EDUCATION

The Department of Education recognises and acknowledges the problem relating to crime and violence at schools. I have indicated this in my response to a previous question by the hon member. My Department has launched a Culture of Learning Teaching and Service Campaign with a component focusing on efforts to ensure that our schools are free of crime by the year 1999. Putting in place measures to (a) ensure the safety of teachers and pupils at schools and (b) prevent teachers being shot at whilst performing their duties is however a provincial responsibility. Such matters fall within the responsibility of provincial Education and Safety and Security authorities.

Housing, RDP donation by American government

*19 Mrs T J MALAN asked the Minister of Housing

(1) What portion from the donation of R256.7 million by the American Government towards the Reconstruction and Development Programme was allocated to her Department?

(2) Whether she or her Department is to spend any amount from the portion allocated to her Department on the Shelter Access Facilitation Programme, if not, what is the position in this regard if so (a) what amount and (b) how is this amount to be spent.

(3) Whether she will make a statement on the matter? N1123E

The MINISTER OF HOUSING

(1) It is not clear where Mrs Malan obtained the figure of R256.7 million. No corresponding figure can be found in departmental records of the Department of Housing or the Department of Finance.

(2) Yes, an amount was allocated to the Department not necessarily part of the mentioned portion. (a) The amount is \$3 million to be spent in tranches over a period of three years and (b) this amount is to be spent by the People's Housing Partnership Trust (PHP) to build capacity at all levels of government as well as within Community Based Organisations and Non-governmental Organisations for purposes of a National Housing Support Programme to enhance and facilitate the People's Housing Processes.

Calculation of education budget

*20 Mr R S SCHOEMAN asked the Minister of Education

(1) (a) How the amount of approximately R40 billion allocated to education in the 1997-98 budget was calculated and (b) how was the breakdown per province calculated.

(2) Whether he will make a statement on the matter? N1124E

The MINISTER OF EDUCATION

(1)(a) The Department of Finance, in consultation with the Central Statistical Services, calculated the amount of R40 billion according to the International Manual for Government Statistics. It is understood that this sum represents the total of public funds spent on all educational and related services. Further enquiries should be addressed to the Minister of Finance.

(b) The Department of Finance, in consultation with the Financial and Fiscal

Handband

Hansard

(4) Yes The government has considered the appropriate steps to be taken based on the recommendations contained in the report The Department of Public Service and Administration is working closely with the Premier's office to resolve some of the problems facing the government especially around issues of human resource systems and financial control mechanisms Working together with the Premier, Ministry of Justice, Ministry of Public Service and Administration agreed to set up the Semenya Commission which is investigating irregularities emanating out of the report

what manpower is available, (c) when was it established and (d) how many requests for assistance had been received as at the latest specified date for which information is available?

C77E

THE MINISTER OF HOUSING

The departments of housing of the nine provincial administrations provide information regarding housing subsidies to the public Particulars ascertained from the various Members of the Executive Council (MEC's) responsible for housing, indicate that in most provinces the head and/or regional offices of the housing departments, provide the information Some provinces also make use of municipalities to perform this task A summary of the information that has been submitted by the offices of the MECs in this regard is attached

Government housing subsidies: information offices

(123)

73 Mr W F MNISI asked the Minister of Housing Whether her Department has established any information offices to inform the public about government housing subsidies, if so, in respect of each such office, (a) where is it located, (b) Neither the Department of Housing nor the provincial governments regard this as sufficient Hence one of the main priorities of the Department is to capacitate municipalities country-wide with a view to inform the public effectively in respect of National Housing Policy in general and Government's Housing Subsidy Scheme in particular

Province	(a)	(b)	(c)	(d)
Gauteng	(i) Johannesburg (ii) Officials also visit regions during or out of official hours.	12	August 1996	Approximately 550 per day
Western Cape	4 regional offices in the Cape Metropole and one regional office at George provides the relevant information to the public	One official has been appointed as a dedicated information officer However, all the officials of the head office as well as the regional offices, provide information on an ongoing basis	The regional offices were operationalised during the previous dispensation and provide information to the public since the inception of the new democratic dispensation	Accurate information not available
KwaZulu-Natal	Head Office in Durban as well as regional offices in Durban, Pietermaritzburg and Ulundi	- Head Office 3 - Regional Offices - Durban 5 - Pietermaritzburg 5 - Ulundi 2	January 1995	Approximately 191 035

Province	Number of offices	When established	Accurate information available
Northern Cape	8	Beginning 1996	Accurate information not available
Eastern Cape	0	0	Accurate information not available
Mpumalanga	0	Since inception of department Local authorities Since 28 October 1996	Accurate information not available

North-West	A Housing Education and Communication Unit (HECU) has been established at Mafikeng. The relevant HECU holds periodic workshops to empower local authority officials to eventually deal with information dissemination on policy issues with the same competence and authority. The main objective is to empower and equip each local authority office to be an "information office" by the end of 1997. In addition the Department also uses electronic media namely two Setswana radio programmes on a weekly basis (i) Motsweeding FM (2.7 million listeners) and (ii) Radio Mmabatho (1.5 million listeners)	The unit is overseen by a manager at a level equivalent to a director and staffed by 5 education officers (at administrative officer level) one each assigned to a district	June 1996	An average of 50 requests per month over the past seven months totalling 350 engagements where full information has been given
Northern Province	Head office staff address groups of people in the districts through the Transitional Local Councils. Furthermore the Department relies on the offices of the local authorities to disseminate information	0	Since establishment of the Housing Department in the Province	Accurate information not available
Free State	Provide information from Head Office as well as from Regional Offices	0	Since establishment of the Housing Department in the Province	Accurate information not available

SABC: income/subsidies/employees

84 Mr A E VAN NIEKERK asked the Minister for Posts, Telecommunications and Broadcasting:

- (1) In respect of (a) 1995, (b) 1996 and (c) the period 1 January 1997 up to the latest specified date for which information is available, (i) what the income of the SABC from (aa) licence fees and (bb) advertisements amounted to, (ii) what amount in respect of state subsidies was paid to the SABC and (iii) how many persons in the SABC's employ (aa) resigned and (bb) were dismissed.

Province	Total
Eastern Cape	179
Free State	120
Gauteng	3 383
KwaZulu/Natal	266
Mpumalanga	46
Northern Cape	19
Northern Province	181
North West Province	4
Western Cape	263
Total	4 461

(b) (aa)(i) SABC Staff = R277 198 359
(ii) SABC Management = R38 617 524

(bb) IBA

Salaries for the period January 1995 to December 1995 = R7 662 633 16
Salaries for the period January 1996 to December 1996 = R15 574 892 97

Salaries for the period January 1997 to March 1997 = R4 617 342 11

The above figures include salaries of the Co-Chairperson plus Councillors
(c) 3 April 1997

Housing support initiative

91 Mr W F MNISI asked the Minister of Housing

- (a) What housing support initiatives currently exist and (b) what is the (i) nature and (ii) extent of these initiatives? C96F

The MINISTER OF HOUSING

(a) A number of different housing support initiatives are currently in existence in the provinces

(b)(i) The nature of these initiatives is as follows

- 12 Building Information and Training (BIT) Centres and 7 BIT facilities of the South African Homeless Peoples Federation,

- 9 new housing support initiatives/centres which were established during 1996, and

A further 12 initiatives are currently in the planning stage

- (ii) The extent of these initiatives varies while some are administered and promoted by Non-governmental Organisations and

The Chairpersons of the SABC and IBA have informed me as follows

	1994/95 October '94 to September '95 RM	1995/96 October '95 to September '96 RM	1996/97 October '96 to February '97 RM
(i) (aa) Licence Fees	312.4	288.5	102.5*
(i) (bb) Advertisements	1 193.2	1 293.2	464.5
(ii) State Subsidies	N/A	N/A	177.4#

* R223.8 million has been received to date in lieu of licence payments for the licence year ending 30-09-97 of which R102.5 has been amortised to the income statement for the October 1996 to February 1997 period

Received on 25-03-97 in respect of specific projects for the period 01-10-96 to 31-03-97

(iii) (aa) Resigned	248	357	106
(iii) (bb) Dismissed	26	28	11

(2)(a)

Black staffers accuse clinic of racism

By Mokgadi Pela

A GROUP of Flora Clinic staffers have levelled accusations of racism against management

The staffers, who spoke to *Sowetan* on condition of anonymity yesterday, said management suppressed the development of blacks and also turned a blind eye to incidents of racism against them

Among their allegations are

- Management refused to grant a black staffer permission to go home and attend to her sick child, while allowing a white colleague to take two days' "compassionate leave to mourn the loss of her cat",

98
Sowetan 8/5/97
● White nurses in Ward G refused to wash a black patient and instead asked another nurse to do so,

- A black nurse is to face a hearing for allegedly pointing a finger at a white doctor who had earlier slapped her wrist,

- The father of a white patient in Ward B constantly calls black nurses names,

- There are no black sisters in charge despite the fact that some of them are qualified for the position, and

- Black staffers believe there are wage disparities between blacks and whites

Flora Clinic PRO Ms Ronelle Changfoot dismissed the allegations as "having no grain of truth in them"

More fraud uncovered in KZN hospital

Malpractices at Madadeni Hospital plunges this institution into great financial distress

(98) Sowetan 8/5/97

By Simon Zwane

RAMPANT FRAUD and flagrant disregard for tender procedures have been uncovered in yet another KwaZulu-Natal hospital

Madadeni Hospital, near Newcastle, has been plunged into financial distress as a result of malpractices in its stores department. The institution is believed to be "heading for substantial overspending by the end of the financial year"

In a report prepared for the Mthiyane Commission probing fraud in provincial hospitals, the inspectorate division found that expensive furniture and equipment worth about R200 000 was bought but could not be found at the hospital

Discrepancies were also found in the ordering of coal, with 4 000 tons worth an estimated R450 000 not being delivered although it was fully paid for

The inspectorate, which has investigated the hospital for the past two months, discovered that 13 dining room suites and 10 bedroom suites were bought in March last year for R134 378 but were never seen at the hospital

Tender requirements were not followed in buying the furniture

"According to documents the furniture was received by stores staff and an invoice was later received and payment processed through the system," the report says

The inspectorate could not establish with certainty whether the cheques were cashed by the furniture shop

The furniture store allegedly said the transactions had been cancelled but could not explain why the hospital had received "valid invoices"

In another incident eight Defy stoves costing R14 072 as well as eight bedroom suites worth R14 072 were ordered and paid for but could not be found. Payment cheques could also not be traced

These items were reordered but only two stoves could be found. The other six could not be accounted for and no base sets could be found

"No effort was made whatsoever to observe tender board directives or to apply for the delegation of authority in regard to expenditure control," the report said

"State tender board requirements governing the obtaining of quotes is being ignored completely"

The government plans to release psychiatric patients from state hospitals into the community, writes **Stuart Hess**

Thousands to leave mental homes

(98) M+G 9-15/5/97

THE government is planning to shunt thousands of mental patients out of state-run institutions and into the care of their families and friends

The Health Department said this week its fledgling, community-care programme involved closing hospitals and wards, and moving out many of the 10 000 to 15 000 mental patients currently under the state's care

A two-year pilot project in the Eastern Cape and Kwa Zulu Natal is already under way with patients treated at the new clinics that form the central plank of the government's primary health-care drive. The scheme will be rolled out across South Africa should the pilot prove successful

The initiative follows a similar drive in the United Kingdom and the United States where savage cut-backs in state-provided mental care left tens of thousands of former patients on the streets or in prison

The department's director for mental health and substance abuse Mervyn Freeman, said this week that the British and American programmes "weren't run properly". However the South African pilot programme would be overseen by experts from both countries

The pilot programme would also throw up potential cost savings — the current budget for state-funded mental institutions stands at more than R756-million — although Freeman said cost cutting was not the priority

"Until we are sure of exactly how many can be moved it is difficult to determine how many beds are needed," he said

"The department is in favour of moving people into community-care facilities wherever possible. Many people prefer the option of returning patients to the community"

The new clinic network would be called on to offer psychiatric care, and the government was also looking at establishing "halfway houses" and daycare centres for newly released patients

Chronic patients would remain in state care, in institutions controlled for the past 20 years by the Life Care Company — now part-owned by the listed black empowerment group Real Africa Investments

Freeman said the programme formed part of a national plan to improve conditions at mental institutions

Gauteng's Sterkfontein and Westkopple have both been restructured, he said, while Westfort — roundly condemned in an official investigation last year — is to be closed. Other institutions remain below standard

But serious concerns remain about the new clinics ability to provide normal healthcare to their communities — many don't even have staff — let alone specialised treatment for mental health

Overseas experience where care-in-the-community policies have been associated with the worst excesses of Reaganism and Thatcherism, have also left independent experts anxious

"We must learn from the US and UK experience and not rush into this programme," said Lage Vitus, national director of the South African Federation for Mental Health. It co-ordinates various mental health NGOs in South Africa.

The programme had several pitfalls he said not least the need for adequate training of clinic staff and education for families and communities. "The bulk of the work falls to members of the community, people who act as friends to support mentally disabled members of the community," said Vitus

Freeman said much of this education would involve teaching families how to "deal with patients and to make sure they take their medication"

He added that a major obstacle was actually tracking down the families. "In some cases they are simply dumped at the institution and their families totally disown them."

Rhona Chetty, a social worker at the Aryan Benevolent Home in Durban, said more emphasis was needed on care in the community, particularly as institutional care was so expensive

But the state should also look at patients functional ability before admitting them to mental homes

"We don't need high-tech electronic security at the homes" she said. "It could be a place where people care for themselves"



Self-help. Patients at Zola help to make ends meet PHOTO RUTH MOTAU

Tara: The five-star experience

(98) M+G 9-15/5/97

On a hilltop overlooking Johannesburg's northern suburbs, Tara — the H Moross psychiatric centre — looks like a five-star hotel with well groomed gardens and lawns, a nine-hole golf course, two tennis courts and a swimming pool

Behind the glitzy appearance is a hospital providing intensive treatment of mental illnesses such as schizophrenia, depression and anxiety disorders. It also deals with eating disorders like anorexia and bulimia

"The environment provides a haven for those in psychological distress", says the 141-bed hospital's brochure

Tara is presently at 80% capacity and also has 1 000 out-patients. A means test determines payments with a maximum of R258 per day for the first 30 days for long-term patients

Built as a family home in 1938 it was transformed into an army headquarters during World War II. In 1945 it became a plastic surgery unit, and later a psychiatric hospital.

The hospital caters for patients as young as 12, and also has a child clinic. A children's ward is planned. Ward 3 mainly treats teenage patients, such as Jenny (not her real name) who, when admitted three months ago for anorexia, weighed 34kg. "I don't want to be fat, I want to be thin. I want people to like me," she says

An economics student, she



Every comfort. Tara is a haven for the distressed PHOTO RUTH MOTAU

describes the anorexic programme "as very hard"

Sophie, a 27-year-old former office secretary, is in Ward 1. She has been there for six weeks and says she believes she will be a bulimic until she dies

But a few minutes later she says "I believe there's a light at the end of the tunnel"

She adds "I know I have a very low self-esteem and lack of confidence. The point of me being here is to get better so that I never come back"

Jane is a 23-year-old schizophrenic. "I felt my parents were against me and I reverted to taking acid which would send me on a six-hour trip," she says. "Sometimes I get a natural high where I feel very warm inside and I think I have special powers"

Jane continues "Nurses here are cool, they are very nice". Her treatment consists of group therapy where patients talk about their disorders and try to establish a "better understanding of ourselves"

Or Zola: Refuge for one day a week

(98) M+G 9-15/5/97

AFAR cry from the upper-class conditions and surroundings at Tara is the Zola Clinic in Soweto. Established ten years ago, the Zola clinic looks from the outside like a small shopping centre

A three-metre high brick wall with razor wire running around the top surrounds the building. A few faded graffiti, mainly old political slogans, are on the walls.

The functions of this primary health-care clinic include caring for up to 800 psychiatric patients a month, mainly schizophrenics and people suffering from depression. Struggling for finance, the clinic was recently able to carry out improvements — such as providing doors for the psychiatric ward's offices

As part of the rehabilitation programme, patients take turns every day to clean the ward. Outside, young men work at making a small wooden bench for the ward.

Ernest (45) makes frames for paintings and photographs. "It helps me forget about my problems," he says, while showing how to spell his name. He is a schizophrenic but due to the treatment he has received at the clinic he is able to help himself, thereby earning "a few extra rand"

His friend Cedric (28) — also a schizophrenic — is painting "Mother Mary"

"I like it here, it's quiet and I can paint," he says. "My life has been very difficult but I feel happier when I'm painting"

Debbi Gould, a psychologist at the

Zola clinic, believes the patients families should become more involved with care

"Some chronic patients should be treated by families and really sick ones should go to halfway houses during the day, where they can come closer to the community"

Gould says that institutions such as Tara can be bad because patients are alienated from the community"

She believes that the patients and staff at the clinic use "space better" than at Tara. "There's not a rigid format here like they have at other institutions with better resources," she says

Gould and the ward's head nurse, Dumi Masondo, stress the need for community involvement in the care of mental patients.

"We must make the community more aware that psychiatric patients must be treated with care and understanding," says Masondo

She says they are paid very little by the government and have to earn their own money to offer proper facilities. "We need halfway houses and remedial schools because we have kids who can't go to normal schools," says Masondo

What's the pattern for the future? Tara or Zola? Asked this, health department representative Mervyn Freeman said the government was focusing more on primary health-care clinics

At the same time, hospitals like Tara were needed and would remain, he said.

'I like it here, it's quiet and I can paint'

Health budget cuts threaten upgrade of George hospital

But MEC says R3,8m is on the way

(98)

ARG 10/5/97

ADELE BALETA
STAFF REPORTER

A dire shortage of personnel and facilities caused by stringent health budget cuts is threatening plans to upgrade George's hospital to a regional health-care centre.

Health Department regional director Michael Hendricks has warned that the second phase upgrading of the city's provincial hospital to a regional hospital would have to be suspended because of a lack of personnel, facilities and services.

Dr Hendricks said delays in adding 80 beds and a fully-equipped and staffed intensive care unit (ICU) would have serious implications for the hospital's ability to deliver services.

While the ICU facility has been built there is a serious shortage of nursing staff. The ICU requires a higher ratio of staff to patients than ordinary wards.

But Western Cape Health Minister Ebrahim Rasool has given assurances that an additional R3,8-million has been set aside to equip and staff the ICU and to complete unfinished buildings.

"The payment will come from the Department of Public Works. We are discussing the matter with them. It will also depend on how we manage our cash flow. We are going to prioritise capital expenditure," Mr Rasool said.

"We cannot afford George Hospital not to work out and are very keen to see it up and running. It will be proof of our commitment to the community, to our contractual obligations and our commitment to the district health system."

The development of George Hospital as a fully-fledged regional hospital is an essential part of the district health service plan, which identifies it as the regional health centre for the Southern Cape.

An efficient, comprehensive service at George would result in less referrals to the overburdened Groote Schuur Hospital, which is the tertiary support hospital for the region.

The first phase of the development programme includes a new administration building, training centre and a nursing home. The next phase, for which tenders still have to be put out, includes the building of a pharmacy and radiology facilities.

Mr Rasool said: "In the letter and logic of the widely-accepted provincial health plan we have tried to remain committed to the progressive building up of capacity at primary level, as well as strengthening the district and regional hospital services, together with rationalisation of service at tertiary level."

He said the district health system emphasised the closing of beds in tertiary hospitals and the rapid opening of beds in the regional hospitals.

In his recent health budget speech Mr Rasool said the money allocated to regional hospitals had increased by 4,5 percent.

A further two specialists and additional nursing staff were to be appointed to George Hospital during this financial year.

Mr Rasool said his department and that of Public Works and Education had fought hard to get the Cabinet to reverse its decision to suspend capital expenditure.

The health budget spelt out cutbacks on psychiatric services, further bed closures at Groote Schuur, Red Cross and Tygerberg academic hospitals, reducing staff numbers and the rationalising of nursing colleges and laundries.

Primary health care crisis in W Cape

ADELE BALETA
STAFF REPORTER

(98) (98)
ARC 10/5/97

Western Cape community health centres are in crisis as demoralised and overworked doctors and nurses battle to maintain a service, in the face of serious lack of personnel and resources.

The centres, formerly called day hospitals, are bursting at the seams with queues snaking around corridors as patients demand to be seen. People are being turned away as the load is proving too much for the staff and there are fears that without improvements patients' health will be further compromised.

Around-the-clock emergency services are available, but the workload on weekends is often so great that patients can wait for several hours before they are treated.

Doctors have said patients referred by them to secondary-level hospitals have been unofficially turned away and ambulance personnel have driven around carrying patients for hours waiting for them to be admitted. A further problem bedeviling the centres is widespread misuse of the free services. People arrive at odd hours with minor complaints and staff say it is not unusual for them to be verbally abused if they are reluctant to treat such cases.

Out of the 45 community health centres in the metropole, Guguletu, Khayelitsha, Hanover Park and Mitchell's Plain's have been hardest hit by a lack of facilities and staff.

Edmund Michaels, senior medical superintendent of the Community Health Services Organisation, said six of the centres operated on a 24-hour emergency basis, but since the scaling down of the Red Cross Children's out-patients department, children, who would never be turned away, could be seen at all hours.

He said the centres were in a "Catch-22" situation. "More doctors, nurses and pharmacists would greatly improve the services, but South Africans don't want to work in these centres because of low salaries and working conditions."

Foreign doctors have made enquiries about jobs, but a moratorium has been placed on the registration of doctors from countries other than Cuba, Britain, Ireland and Belgium.

Of the 125 full-time doctors, only 45 worked after hours, while 99 were needed to work overtime to run the service efficiently. There were 18 sessional doctors and ideally, a total of 179 doctors were required. "Many doctors are married women who have families and they are not keen to work overtime. Many doctors are worried about their personal safety," Dr Michaels said.

Pharmacists are hard to come by. "Generally there are at least 350 to 550 items to be dispensed a day, but in Guguletu there is only one pharmacist who works with seven doctors who see up to 60 patients each. This generates about 480 scripts. If there are two items on the list, the pharmacist has to handle 900 items a day," Dr Michaels said.

Voluntary severance packages have taken a serious toll on nursing staff and there are now 300 vacant posts for professional and enrolled nurses. "We advertised two posts last month, but so far we have had no applicants," Dr Michaels said. Parents

To page 3

Health centres bursting at seams

From page 1

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(98)

System (DHS) for the problems because it had not yet been implemented. "This will only happen when the urgent issue of who is to govern the DHS is sorted out."

He said Western Cape minister of health Ebrahim Rasool would make a decision in the next three months and indications were that the DHS would be run at local government level. The Cape Metropolitan Council would facilitate and co-ordinate policy issues.

At the moment health is governed by separate authorities with different budgets and who are accountable to different people. The scaling down of tertiary level hospitals without having primary health care centres up and running was a major contributing factor to problems, said Dr Toms. "Salaries at primary health care level had to be adjusted so that staff seeing up to 70 patients a day did not feel undervalued."

had to be educated to take responsibility for their health and not to overburden doctors with minor complaints, he added. "Coughs and colds, skin rashes and pregnancy tests should not be dealt with at these centres."

Doctors told Saturday Argus that people who wanted sick leave certificates to have a long weekend were creating bottlenecks. On a positive note, Dr Michaels said that last year the community health centres saw two million patients. In 1995 the figure was under two million.

Groote Schuur chief superintendent Peter Mitchell said the number of people treated as out patients had been reduced. This was due to a shift in funding from tertiary hospitals to other levels of care.

Ivan Toms, Director of Health Services of the Cape Metropolitan Council, said that one could not blame the District Health

Cuts threaten hospital upgrade, page 15



THE LONG WAIT: Chief Superintendent Trevor Frankish with some of Johannesburg Hospital's patients, who all need a large dose of patience

Here it's first come, first served – no matter how pregnant you are

By DAVID CAPEL

The birthing unit at Johannesburg Hospital has been forced to operate on a first come, first served basis due to the huge number of patients coming there from across Gauteng and other parts of the country

The crisis facing the unit has reached such serious proportions that heavily pregnant women have taken to sleeping in the corridors outside in order to be sure of getting a place in the queue the next morning. On several occasions recently, women have gone into labour while waiting their turn for medical attention

Star 10/5/97

Up to 50 patients are being turned away every day as the unit's staff buckle under the astronomical patient load

Senior professional nurse at the unit, Sister Natalie Light, who is in charge of the antenatal clinic at the hospital, told the *Saturday Star* this week the unit simply did not have the facilities to cope with the pressures being placed upon it

"People come here from other provinces, as well as from all over Gauteng. They line up outside every day and, because we are only able to handle 25 patients a day, we are forced to turn people away," she said

Startling figures obtained by the *Saturday Star* reveal that the number of obstetric deliveries at the unit has increased by 320% over the past six years. Staff numbers, however, have remained at 1983 levels

Caesarean sections alone have rocketed from a monthly average of around 30 in 1990, to 150 last year

Chief Superintendent Dr Trevor Frankish this week described the situation as "absolutely incredible" and attributed part of the reason for the crisis to the fact that nearby Hillbrow Hospital does not have paediatric or maternity units

(98)

Top health officials slam Olympic bid

HENRY LUDSKI

(98)

ST (CM) 11/5/97

CAPE TOWN'S controversial 2004 Olympic bid has come under fire from leading medical officials, who have criticised provincial authorities for pumping R104-million into the Games while cutting back drastically on health services.

A group of Cape Town's top health administrators and the angry medical superintendent of a small hospital lashed out at the national and provincial governments for placing the bid above the health care needs of the poor.

"It's immoral and almost criminal that the government can make money available for softball fields when basic health of the very poorest is being completely neglected," said Dr Norman Maharaj, superintendent of the G F Jooste hospital in Manenberg.

The Western Cape's health budget has been slashed by R230-million this year, and health officials have expressed fears that the health care crisis could worsen if Cape Town were to win the bid when the International Olympic Committee makes its final decision in five months' time.

"If this is what we have to deal with now, God help us if we get the Olympics," said one of Cape Town's highest ranking health administrators, who asked not to be named.

IOC officials, here to see how Cape Town's bid plans are progressing, were taken on a tour by Olympic Bid Company planning director Peter de Tolly yesterday.

He said everyone "was obviously concerned that the city had the best possible health care", but he did not believe the Games would take funds away from health.

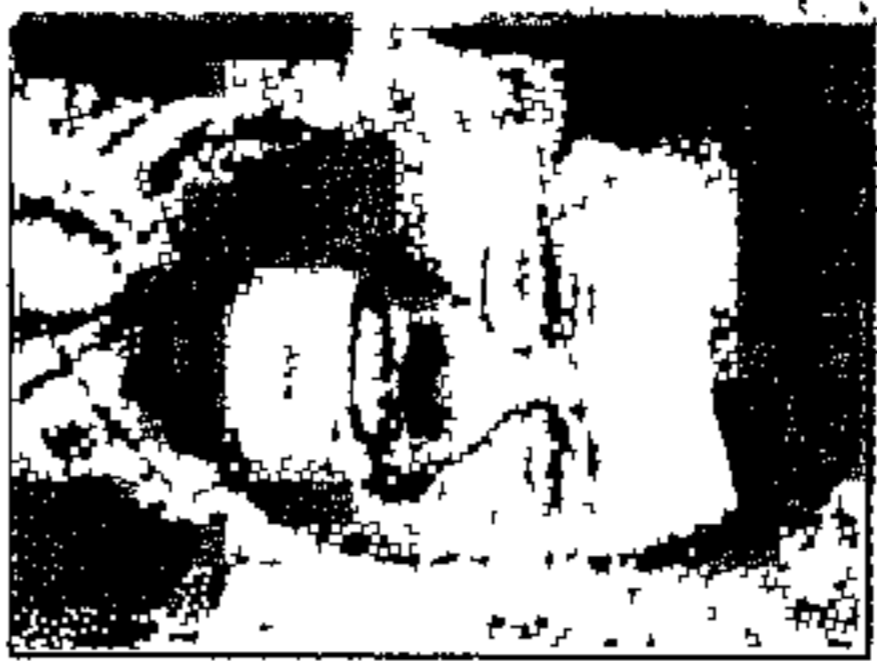
Maharaj expressed alarm that while provincial authorities had suspended all new health capital projects, they were prepared to spend at least R100-million to keep alive the city's chances of hosting the Games.

Wheelbarrow death

Rasool slates day hospital staff for

(98) ARG 13/5/97

JENNY WALL
HEALTH REPORTER



Rasool: shocked



Magazi: bereaved

Western Cape Health Minister Ebrahim Rasool today slammed the "unprofessional attitude" of staff at day hospitals after Thobeka Madayi died in a wheelbarrow in Khayelitsha. The Cape Argus exposed the shame of her death last week. Mr Rasool said "a good dose of discipline and commitment" was needed from staff at primary health care institutions. Action would be taken to prevent day

hospitals becoming virtual ghost facilities after 1pm. "By that time, in many instances, the last patients have been seen for the day. As early as 11am the gates have been closed and many patients sent home without care, simply because some staff members believe they've dealt with their 'quota' for the day. This must end." Mr Rasool has appointed a task group to investigate the circumstances surrounding Mrs Madayi's death in a wheelbarrow after her husband Vuyani Magazi was refused help at a Khayelitsha day hospital last week.

He said budget difficulties could not be an excuse for everything that went wrong at a health facility. Spending on primary health care centres had in fact increased over the past three years. "The budget is not the reason for an ambulance not being called. It is not a reason for turning away a terminally ill patient." Mr Rasool said it was with "regret and embarrassment" that he had learned the circumstances of Mrs Madayi's death. "It will forever be a blot on the record of health care in this province. Without fesse-

Tragedy

vation I wish to record my profound apology to the family and friends of Thobeka Madayi. If there is an opportunity to be identified, it must be that the outrage is turned into a resolve to make the health system a decent, caring one." The inquiry, headed by provincial Deputy Speaker Mampe Ramotsamai, would report within a week, "so that we can learn from this tragedy and ensure that a sense of discipline and commitment again becomes part of the health services."

Cape Points, page 17

Probe

□ HEALTH

ET(22) 13/5/97

Hospersa takes department to task

The restructuring of hospital services in Gauteng was criticised yesterday by the Hospital Personnel Union of South Africa (Hospersa). It said the province's health department was digging its heels. Leon Liebenberg, the chairman of Hospersa in Gauteng, said the department has delayed the implementation of the restructuring from April 1 to July 1.

"Hospersa, however, cannot foresee the restructuring will take place on this date. The department hasn't reached the halfway mark yet and no policies for the redeployment of staff, status of hospitals or the staffing of the institutions have yet been set up," he said.

Liebenberg said the department's claim of being held back by the unions was untrue as the unions had submitted their proposals more than a month ago. He said at present hospital personnel were granted severance packages and as a result vacant posts were left unfilled.

Jo Anne Collinge, the spokesman for the health department, said a substantial amount of work had been done on the restructuring. "I am a little surprised by the Hospersa statement because they are part of trade union groupings that have been holding talks with the department and they should know we are very close to finalising the decisions on the future status of hospitals." —

Frank Nxumalo, Johannesburg

(98)

AMBUANCE CREWS admit: It's a mess

Council seeks crisis talks with Rasool

AKG 15/5/97

(98)

ANDREA WESS
City Editor

Khayelitsha residents have a better chance of getting to hospital by wheelchair than by ambulance, say Cape Town ambulance crews

This is because the crisis in the service has stretched resources to the limit, with the result that the injured and sick often have to wait hours for an ambulance.

The ambulance staff were reacting to the death of Thobeka Madayi in a wheelchair in a Khayelitsha street last week - revealed in the Cape Argus - after day hospital staff told her husband, Vuyani Magazi, to arrange his own transport.

A disillusioned group of ambulance men said the advice given to Mr Magazi by the Ntlungile day hospital was based on harsh reality because, on average, only two or three ambulances served Khayelitsha.

The Cape Town municipality, which runs the service on behalf of the province, is seeking a meeting with Health Minister Ebrahim Rasool to discuss the state of the under resourced service, which has an ageing fleet and a dearth of equipment.

The meeting will also be about who will run the service in future

The service is run on an agency basis, but neither the municipality nor the Cape Metropolitan Council wants to run it, because it has been severely underfunded in the past. They want the province to take it over.

Ambulance chief Greg Pilly said staff were trying to make the best of a bad situation but were "amazingly" able to respond well to public emergencies, such as Saturday's N2 disaster in which 12 people died.

The ambulance staff said the service was under severe pressure, with fewer than 25 ambulances operating in greater Cape Town at any one time, a control room without computer equipment and more



JACK LESTRADE

Steam age control room: Trevor Petersen keeps track of ambulances on a magnetic board, while Victor West, rear, consults the only map book in the room than 30 staff under psychological care

The ambulancemen produced job cards showing the time seriously injured patients had had to wait for ambulance transfers from day hospitals in Khayelitsha. Some had spinal injuries, fractured femurs or gunshot wounds.

In one case, a call came in at 10.36am for a patient who had an abdominal injury and was unconscious, but the ambulance was not dispatched until 1.28pm. Ambulances serving Khayelitsha sometimes collected six or seven patients at a time.

Help for wheelchair widows, page 2

17/18/5/1997

'ER' revisited - but this is Khayelitsha

(98) 17/5/97 ALG

Following several reports of crisis in the primary health care system, Saturday Argus reporter Pieter Malan and photographer Andrew Ingram spent a night in the trauma unit of the Khayelitsha community health centre. This is what they experienced

It is 10.32pm on a Saturday

Syed Zafar falls back into a cheap plastic chair. He rests his arms on the small table in front of him. "I can't work like this," he says. "Look there, not even a decent light in that corner - how can I do decent work here?" He points to the poorly lit corner where he has just finished stitching up a patient with multiple stab wounds. Like many others, Dr Zafar does not need prompting to talk about his experiences and the conditions he works in.

"The whole health system is in a crisis," he says and then, pointing to his patient. "That man has lost at least two pints of blood. He needs to be kept under observation, but I don't have anybody to look after him. I can send him to Groote Schuur, but it will take two hours for the ambulance to arrive. In any event they have even more problems than we do."

10.56pm:

In the next-door resuscitation room Vlad Vlasu has just started working on a patient who had been stabbed in the chest. "You want to see action. There will be plenty of action here tonight," he says.

11.02pm

A huge commotion down the corridor. Moments later a young man comes rushing around the corner, pushing a wheelchair - in it a young boy slumped forward and blood dripping on his trousers.

"Gun shot, gun shot," the man shouts. Dr Vlasu unceremoniously pushes the patient with the chest wound off the operating table. "Off, off, go and lie somewhere else. I need this bed." The man shuffles painfully to another room, finds an empty bed and collapses.

Nursing sister Lulama Mangezi helps the boy on to the table. Lawrence, the young man who brought him in, tells me his friend is 17. His name is Lizo and he had allegedly been shot by an off-duty soldier.

Dr Vlasu starts his examination. "The bullet entered here," he says, pointing to the boy's right cheek, "and the exit was here." I find it difficult to distinguish entry from exit. Seventeen is no age to be shot and the wound is not a pretty sight.



Caring hand: sister Lulama Mangezi covers a gun-shot victim with his own jacket after he has been stitched up. She says the hospital only has five blankets a night to cover patients

While blood from his wounds trickles into Lizo's eyes, Dr Vlasiu starts stitching his face up

Finished with the job, Dr Vlasiu leaves the room, looking for something Sister Mangezi takes the boy's jacket and throws it over him "Why cover him with his jacket?" I ask Sister Mangezi "Haven't you got blankets?"

"No," she says "We've got five per night and they were soiled and bloody by 10 30 already If only we had a laundry, we could clean them But we haven't "

11.26pm:

In a next door room a nurse is singing softly to herself while she bandages a man's head When she is finished she gives him a packet of pain killers

Dr Vlasiu enters "What I really need here is some glasses to protect the eyes from all this blood " He points to the row of bloody bodies waiting for treatment. I realise with a shock that within a few minutes the whole corridor has filled up - the products of a violent society

11.29pm:

Lizo, his body shivering from deep shock, is lying on a bench in the corner, the nursing staff too busy with other patients to worry about the possibility of him choking from the bleeding wounds in his mouth

11.41pm:

A man rushes in, looking for a wheelchair, explaining that his friend is outside in a car and needs help A sister points to an empty chair, he takes it and rushes off.

Dr Vlasiu takes me by the arm and says "I would lie to you if I said we've got nothing At least here is a defibrillator "

He points to the various pieces of hi-tech medical equipment standing against the otherwise empty walls

There is also a small fridge with "blood bank" written in bold red letters on it.

11.31pm:

Lizo's friend comes in to see how his pal



Bloodied: and waiting for treatment



Taking the strain: Vlad Vlasiu, left, and two nursing assistants attend to a 17-year-old shooting victim

is doing. Dr Zafar is stitching up the wounds of another patient on an adjacent bunk

12.09am:

Two ambulance men enter with a stretcher with a young woman shot in the neck "Can you move your leg?" Dr Zafar asks the woman He pinches her arm, but there is no response He tells the ambulance crew to take her to Groote Schuur

12.22am:

A woman wheels in yet another wheelchair, the man slumped forward, his upper body resting on his knees The woman is an off-duty nurse who works for one of the psychiatric hospitals in the city

"But how can I sit at home doing nothing if I know how it is going here?" she asks as she wraps a white bandage around a man's head. His white sweater is spattered red She refuses to tell me her name, saying she did not want her superiors to know she helps out in Khayelitsha when she's off-duty

12.32am:

An ambulance crew arrives to take I to Groote Schuur hospital.

12.42am:

Dr Zafar shouts at a man who refuses to be treated He was brought in by his wife stabbed somewhere in the upper body, but now refuses to let anybody touch him

"You idiot If you leave here you will die," the doctor shouts The man is unmoved Barely able to write his name because of the pain, he signs a statement that he refuses treatment

It happens all the time, the volunteer nurse tells me "He will refuse treatment now and tomorrow he will tell the world that we don't care for him "

The night drags on and although the faces of the patients change, it's all more of the same We leave exhausted

We are quiet, knowing that we have spent just one night in these terrible conditions while the doctors and nurses who stay behind will face more of the same the next day, and the next



Crowded: patients await their turn as a woman wheels in yet another victim of a late-night brawl

Pay dispute to go to arbitration

PIETERSBURG — A dispute over salaries involving the Suid-Afrikaanse Vrouefederasie and the National Education, Health and Allied Workers' Union is to be taken to arbitration, SAVF president Unus van Graan said at the weekend ~~BD 19/5/97~~ (98) (1997)

Nehawu called a strike at 18 SAVF old-age homes in Gauteng, Mpumalanga and the Northern and Northwest provinces last month after salary negotiations collapsed.

After the latest round of talks last week, Nehawu rejected an increase of R120 a month on grounds that the offer bound the union to making no further salary demands for the next two years, which Nehawu found unacceptable, Van Graan said.

The SAVF had also been unable to increase the minimum wage of R739 a month it offered at the homes because of a shortage of funds.

According to Van Graan, many pensioners were already committing up to 90% of their income to pay for staying in the institutions. No further contributions could be expected from either source.

The vacuum caused by the Nehawu strike at the homes was being filled by volunteers, including students and schoolchildren, Van Graan said. — Sapa.

(98) (15#) Sowetan 19/5/97

Nehawu-SAVF row for arbitration

A DISPUTE over salaries involving the Suid Afrikaanse Vrouefederasie and the National Education, Health and Allied Workers Union is to be taken for arbitration, SAVF president Unus van Graan said at the weekend.

Nehawu called a strike by its members at 18 SAVF old age homes in Gauteng, Mpumalanga, Northern Province and North West in April after salary negotiations deadlocked.

After the latest round of talks

during the week, Nehawu rejected an increase of R120 a month on the grounds that the offer bound the union to making no further salary demands for the next two years, which Nehawu found unacceptable, Van Graan said.

The SAVF had also been unable to increase the minimum wage of R739 a month it offered at the homes because of a shortage of funds.

According to Van Graan, many

pensioners were already committing up to 90 percent of their income to pay for living in the institutions, which were also being funded by pensioners' relatives.

No further contributions could be expected from either source.

The vacuum caused by the continuing Nehawu strike at the homes is being filled by volunteers, including students and schoolchildren, who were doing a "tremendous job", said van Graan - Sapa.

We're battling against the odds - ambulance chief

Staff morale undermined by 'malcontents' ^{ARC 21/5/97}
(98)

ANDREA WEISS
CITY EDITOR

Senior managers at Cape Town's beleaguered ambulance service say they are doing their best to restore staff morale but their task is being bedevilled by a small group of disaffected employees.

Ambulance chief Greg Pillay said were it not for the dedication and commitment of most staff, the chronically underfunded service would not be able to continue.

Last year the service was given R30-million but ran over budget by R9-million. Estimates are that it should get R45-million to maintain the existing level of service. The total deficit including previous years

runs to R19-million.

The service has been criticised by its own staff for poor response times after the death of a woman in a wheelbarrow in Khayelitsha.

A further blow to morale is the indication that neither the Cape Town municipality nor the Cape Metropolitan Council wants to run the service because provincial government has not been paying what it costs to keep it going.

The two local authorities argue that the service is by rights a provincial responsibility.

Mr Pillay said 80 percent of the workload consisted of transfers between hospitals which were not life-threatening situations.

These were holding up ambulances at the expense of "real medical emergencies" and delaying response. This resulted in demoralised ambulance crews and control room staff.

Mr Pillay also blamed a minority group of about 14 disaffected staff for attempting to undermine management.

He said he had worked endlessly with recognised trade unions and other groups to establish a workers' forum.

However, members of the SA Health Public Service Workers' Union had refused to take part because they did not have recognition from the municipality.

Mr Pillay also accused the unions of "not taking kindly to the re-institution of disciplinary measures".

(98) ST (CM) 25/5/97

Clinics come under scrutiny after deaths

AYESHA ISHMAIL

A MINISTERIAL probe into deaths of patients unable to get help at Peninsula clinics is to be extended to find out if it is "a general occurrence", according to a spokesman for the provincial Ministry of Health.

This follows the death of a second patient, this time on being sent home after being seen by a doctor at the Elsie's River Day Hospital in March.

Logan Wort, a spokesman for

Health Minister Ebrahim Rasool, said yesterday that the task team had asked for a further extension of 10 days "to sample" other clinics "to see if this type of incident was a general occurrence".

Rasool said the controversial "quota system" which limited the number of patients seen at clinics would be reviewed and replaced with a "humane system". He also referred to the death of Khayelitsha resident Thobeka Madayi who died in a wheelchair after being denied help by staff at the township's day hospital.

A task team appointed by the minister after the incidents handed a preliminary report to Rasool on Friday.

A source said that staff at the Elsie's River Day Hospital where Madayi was turned away, had consulted lawyers and "are communicating with the task team via their lawyers".

NGOs providing health care programmes in informal settlements say Madayi's death is one of many similar cases experienced by people living in poorly serviced squatter areas.

NGO's like Health Care Trust

have 19 trained community health workers who live and work in the Brown's Farm and Samora Machel area.

These health workers, apart from offering 24-hour health services, have to cope with the overflow from state clinics of between 90 and 190 people a day, according to Health Care Trust Director Bridget Lloyd.

She said there were too few ambulances, and many residents in need of emergency treatment used taxis to take them to hospital — "a desperate and expensive alternative".

Nehawu still in a deadlock

Sowetan

27/5/97

98

By Abdul Milazi

THERE is still no end in sight to the one-month-old strike by members of the National Education, Health and Allied Workers Union (Nehawu) at 19 of the Suid Afrikaanse Vroue Federasie old age homes around the country as the two parties fail to reach a settlement over wages.

Nehawu social welfare sector secretary Nomaphelo Maqanda said wage negotiations between the union and the

SAVF deadlocked in August 1996 when employers failed to meet workers' minimum wage demand of R1 200

The union then dropped its demand to R1 000 and subsequently to R859. Employers offered a R120 increase with effect from April 1997, which would have brought the minimum wage to R739 a month.

Maqanda said "The problem was that employers wanted to offer the increase for 1997, when we were actually dealing with 1996 wage negotia-

tions. This means that workers did not and would not get their 1996 increases."

Nehawu has applied for mediation in the hope of settling the dispute amicably. "Last week employers came up with an offer of a R300 once-off for 1996, which effectively means a R25 a month increase and that workers will only be moved to a R819 minimum wage for the 1997 financial year."

Maqanda said employers have illegally locked out workers in many of the homes.

Better care for patients in Gauteng, MEC promises

(98)

Health budget presented with assurances of fair

workloads for hospital staff and financial efficiency

By JANINE SIMON
Medical Correspondent

The restructuring of Gauteng's hospitals would see fair workloads for staff, efficient use of money and improved care for patients, the province's Health MEC Amos Masondo said yesterday

Speaking in the legislature, he said the health department had made decisive strides in restructuring, and expected savings from closing or converting nine hospitals this financial year, but still faced severe budgetary constraints.

Presenting the department's R4,7-billion budget for 1997-98, Masondo said the allocation was a 13% real increase over that of 1996-97. But it had to be seen against last year's R4,874-billion expenditure, which had resulted in a R613-million deficit, he said, adding that the department would look at various measures to work within this year's limited budget.

Reasonable savings were expected in the R1,152-billion allocated for secondary and specialised hospitals and emergency medical services, with the closure of three hospitals and conversion of a further six to community health centres.

Improved security for linen

stocks and separating laundries from hospitals and placing them on a business basis would also control expenditure, he said

But Gauteng needed to address the R1,8-billion backlog in upgrading and repairs because the R371,3-million allocated could only address the most urgent needs. The department was committed to exploring all avenues for funding, including donor funding.

Masondo said decisive strides had been made with restructuring, and the department's structural transformation plan was one of the health sector's most significant policy developments.

Its implementation, details of which would be announced shortly, would see fair workloads, efficient use of the budget, and the quality of hospital care improving across the province.

Masondo said transformation aimed to improve equity and efficiency of the province's hospital system, strengthen primary care and the district health system, and align expenditure to the budget. Also, the R2,245-billion allocated to academic health services for 1997-98 indicated the department's commitment to their role.

The 1997-98 budget increased funds for emergency medical services by 28% to extend services, and allocated R152-million and R45-million respectively for equipment and a health information system.

The health administration budget was increased by 35,5% to fund urgently needed new posts, service development and training such as for HIV/Aids and mental health services.

An extra R75-million had been allocated for developing a district health system, 13 clinics would be built or upgraded, and 27 local authority clinics would start delivering comprehensive care during 1997-98.

Restructuring over the past three years had already seen 14 new clinics being built, 12 upgraded, seven new midwife obstetric units, 11 new clinics offering services to victims of crime and violence, and the appointment of 46 new district surgeons in underserved areas.

The department had also completed a new TB register, distributed 22 million condoms, immunised more than 600 000 children, opened new spinal units at Ga-Rankuwa and Johannesburg hospitals, and vastly improved ambulance services in underserved areas, Masondo said.

Jan 28/5/97

Rural clinics stand empty

(98)
Jim Day MAG 20/5-5/6/97

THE Eastern Cape provincial government may often take flak for slow delivery, but the zeal of its clinic-builders has now produced another headache in deep rural areas of the former Ciskei and Transkei, 20 brand-new and fully equipped clinics stand empty as the province frantically searches for nurses to operate them.

A shortage of doctors, nurses, pharmacists, social workers and vehicles has long plagued the Eastern Cape's rural health facilities and has been compounded by voluntary severance packages. Rural clinics, to be effective, need a minimum staff of eight nurses, say experts. But shortage of money and staff means the province's new clinics will have to settle for half that number.

Clinics spearhead the Health Ministry's drive to get health-care to the masses — shifting resources away from central hospitals to primary health, particularly in previously under-resourced regions. The programme, running since 1995, aims to erect 100 new clinics in KwaZulu-Natal, 135 in the Northern Province and about 60 in the Eastern Cape. Each new clinic is expected to serve 10 000 people. But that, of course, hinges on finding staff.

The Eastern Cape has been advertising posts over the past three months, without success and is now looking outside the province to attract nurses. A provincial health department official says that another 64 clinics have been upgraded, and in many cases need extra staff. And another 33 new clinics, in the rural Transkei and Ciskei, are near completion.

The remoteness of the clinics, poor roads, ongoing faction fighting and stock theft wars in the northern Transkei have long been off-putting to potential employees.

The Eastern Cape Health and Welfare MEC, Dr Trudy Thomas, has told the legislature that the province needs to offer "special incentives" to encourage nurses to go to rural areas. Her department is also planning to stop voluntary severance to some health workers, after admitting that the exodus means "services are collapsing".

Thomas said the rural clinics had been completed ahead of schedule, which had caught the department without staff to fill them.

Similar problems exist in the Northern Province, but the Eastern Cape's woes nevertheless surprise the national Health Department. The Deputy Director General for Policy and Planning, Dr Ayanda Ntsaluba, said that clinics are not supposed to be built without guarantees from provincial departments that operating costs can be met. The clinic-building has been accelerated since early last year, after it emerged that little of the R95-million funds allocated from the Reconstruction and Development Programme had been spent. If the money had remained unspent, the department would have lost it.

BD 3/6/97
Nedcor chief
told minister

(123) (123)
NELSPRUIT — Nedcor group chairman Chris Liebenberg says he warned Housing Minister Sankie Mthembu-Mahanyele and Mpumalanga premier Mathews Phosa that the banking group was firing "Mr Housing", Kevin Gibbs.

He told them also that Nedcor was investigating a series of "highly unethical" irregularities allegedly committed by Gibbs, African Eye News Service said yesterday.

Liebenberg said on Saturday that the "courtesy call" to Mthembu-Mahanyele had been made before she travelled to Mpumalanga to open Motheo Construction's R205m rural housing project.

The scheme is being investigated by the auditor-general.

This action comes after allegations that it was costing the government R33m more than it should have, that it was awarded to Motheo before the company officially existed, and that Motheo's founder and director, Thandi Ndlovu, is a close friend of Mthembu-Mahanyele.

The controversy has already cost housing director-general Billy Cobbett his job after he objected to the scheme.

The Mpumalanga premier was informed about Gibbs's impending dismissal after the scheme's launch.

He told Liebenberg that the suspension would not affect Mpumalanga's housing programme as the government dealt only with institutions and not with individuals. — Sapa.

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WATER AFFAIRS *An overburdened ministry awards R700m in private contracts*

Asmal's tap runneth over

(123)

ET(BR) 3/6/97

DUMA GQUBULE

Johannesburg — The government has awarded contracts worth R700 million to four companies to implement its community water supply and sanitation projects through the private sector, Kader Asmal, the minister of water affairs, said yesterday.

The winning consortiums — Wasscon in the Eastern Cape, Aquamanzi in KwaZulu Natal, Consultburo in Mpumalanga, and Bergman Ingeprop in the Northern Province — were selected from among 25 tenders.

Mike Muller, the deputy director general of water affairs, said yesterday the department had committed more than R2,8 billion to the programme over the past three years.

"The projects have become too big for the department to manage directly. We do not have the capacity and need assistance from the private sector," he said.

Muller said the department would spend R1 billion on 357 community water supply and sanitation projects this year.

"We have introduced a concept called Build Operate Transfer (BoTT) which will require the four consortiums to

operate the contracts and train relevant local government agencies to take over the projects after a certain period. The department will continue to implement projects not covered by the BoTT contracts."

Asmal said the State Tender

Board had approved the awarding of the contracts to companies in the Eastern Cape, KwaZulu Natal, Northern Province and Mpumalanga, which had 80 percent of the country's water supply and sanitation backlog.

"Between 15 and 40 percent of the work will be done by firms belonging to members of previously disadvantaged communities. Should this not happen, the consortiums will have to pay penalties of up to R30 million," Asmal said.



PLUGGING THE LEAK *Kader Asmal, the minister of water affairs, has turned to private consortiums to handle water supply and sanitation projects in the four neediest provinces*

PHOTO JOHN WOODPOOFK

Nedcor's role is questioned

Jacob Dlamini ~~BD 4/6/97~~ (123)

CAPE TOWN — More questions were raised yesterday about the role played by Nedcor in the Mpumalanga housing scandal after it emerged that the bank's executives had asked for the auditor-general to be called to investigate the Motheo Construction company.

This follows disclosures that Nedcor group chairman Chris Liebenberg had warned former cabinet colleague and Housing Minister Sankie Mthembu-Mahanyele not to attend the launch of the Motheo housing project in April.

Nedcor executives are said to have requested the intervention of the auditor-general during a meeting with former Mpumalanga housing board chairman Saths Moodley on April 21, three days before the project's launch.

The meeting had been called by Moodley to discuss the bouncing of a R1,2m cheque which Motheo had issued to a supplier. Motheo reportedly had R9,24m in its account at the time.

During the meeting, Nedcor executive director Mike Lemming said Nedcor had suspended credit division director Kevin Gibb as a result of irregularities connected to the project.

Moodley said he had reacted to this by inviting Nedcor to investigate all activities connected to Gibb, using the

framework of the Bank Act.

Reneé Grawitzky reports that the dispute between Nedcor Bank and Gibb would either be referred to arbitration or the Labour Court after the matter was not resolved in the Commission for Conciliation Mediation and Arbitration yesterday.

Gibb claimed he was dismissed without proper cause on May 20. Nedcor allegedly held a disciplinary hearing in his absence in which he was found guilty of misconduct involving nonadherence to internal credit policies and procedures.

It also emerged yesterday that Job Mthombeni, the former Mpumalanga housing board official who later joined Motheo Construction, had been awarded nearly R19m in housing subsidies since 1994. However, Mthombeni and other officials with construction interests had not participated in decisions on matters in which they had a stake.

Mpumalanga Housing MEC Craig Padayachee told the committee that housing director-general Billy Cobbett had ordered the return of funds which had been paid out to Motheo by the government. Padayachee said Cobbett had initially approved the funds and the province had not heeded his request as it had committed itself to a contract with Motheo.

R700-m plans for sanitation, water okayed

(123) (123)
Four contracts valued at close to R700-million, to ensure the delivery of water and sanitation services in four provinces, were approved by Minister of Water Affairs Kader Asmal on Monday.

rawn 7/6/97
The provinces to benefit are the Eastern Cape, KwaZulu Natal, Northern Province and Mpumalanga, which represent 80% of the country's backlog in water supply and sanitation services.

Asmal said it was the Government's intention to provide water to at least 1,5 million people each year, provided funds were available.

"Neither my department nor I will rest on our laurels until all of our people have access to these basic services."

He said more than 160 projects had already been identified. The approved projects would be administered by the Build, Operate, Train and Transfer Consortium. — Staff Reporter.

Star 4/6/97

Mpumalanga housing probe: shock details revealed

(123)

BY JOVIAL RANTAO

Cape Town - Startling revelations about the R185-million rural housing contract awarded to Motheo Construction were made at a sitting of Parliament's housing committee yesterday.

Saths Moodley, former chairman of the Mpumalanga Housing Board, told the committee that as early as April 21, three days before the launch of the project by Housing Minister Sankie Mthembu-Mahanyele, Nedcor had suggested that the auditor-general be brought in to audit Motheo.

Moodley said at a meeting in April that Nedcor executive Richard Laubscher had suggested that the "best way to resolve all problems with respect to Motheo was to call in the auditor-general".

A meeting was called to discuss why Nedcor bounced a R1,2-million cheque issued by Motheo when the company had more than R9-million in its account. The company has since moved its account to Absa.

Moodley told the committee that Nedcor executive director Mike Lemming, who was also at the meeting, suggested that one of the reasons that Nedcor's "Mr Housing", Kevin Gibbs, was suspended was because of his involvement with Motheo.

"It was put to Laubscher and Lemming that if this was the case, the whole of Gibbs' portfolio, the bank's credit division, should be audited, perhaps within the framework of the Banks Act," Moodley said.

The result of the auditor-general's investigation into Motheo is expected to be released in two weeks.

Moodley also revealed that Job Mthombeni, who was fired from the housing board as he was also a board member of Motheo, had been awarded nearly R19-million of housing subsidies from the Mpumalanga emerging-building budget since 1994.

"Mthombeni, winner of the 1996 Entrepreneur of the Year award, has been representing the emerging black contractors on the housing board since its inception.

"To the best of my knowledge, neither he nor other members of the housing board and Mpumalanga Townships Board participate in making decisions on matters in which they had a direct or indirect interest," he said.

Moodley said he had resigned from the housing board after his position as chairman was changed from an executive position to a part-time position.

"I sought a new career, and once it was confirmed I requested to be released from my obligations," he said.

On the contract awarded to Motheo, Moodley said the fact that it was a new company "was not an issue," because all payments were made on the basis of certified work completed. Motheo Construction had originally been called Topihada.

Mpumalanga housing MEC Craig Padayachee told the committee that housing director-general Billy Cobbett had requested the province to return more than R9-million allocated to it from the national housing fund because it had over-committed, and not overspent, on housing projects.

The controversy over the rural housing project led to the departure of Cobbett from the department.

CT 5/6/97

Cobbett officially quits top housing job

(123) (SFB)

MR BILLY COBBETT officially left his post as director-general of the Department of Housing on Friday, a department spokeswoman said yesterday.

The housing department's deputy director-general, Mr Neville Karsen, is filling the post until a permanent appointment is made.

No details of the package Cobbett received were immediately available.

Cobbett confirmed he had left the depart-

ment but said he was still not talking to the media. He would make a statement "when it was appropriate"

Housing Minister Ms Sankie Mtembi-Mahanyele announced on May 22 that Cobbett had asked to resign because their personalities clashed. The relationship apparently finally disintegrated when Cobbett asked the Auditor-General to investigate alleged irregularities in the awarding of contracts for a Mpumalanga rural housing project. — Sapa

BS 6/6/97

New water bill reflects world trends

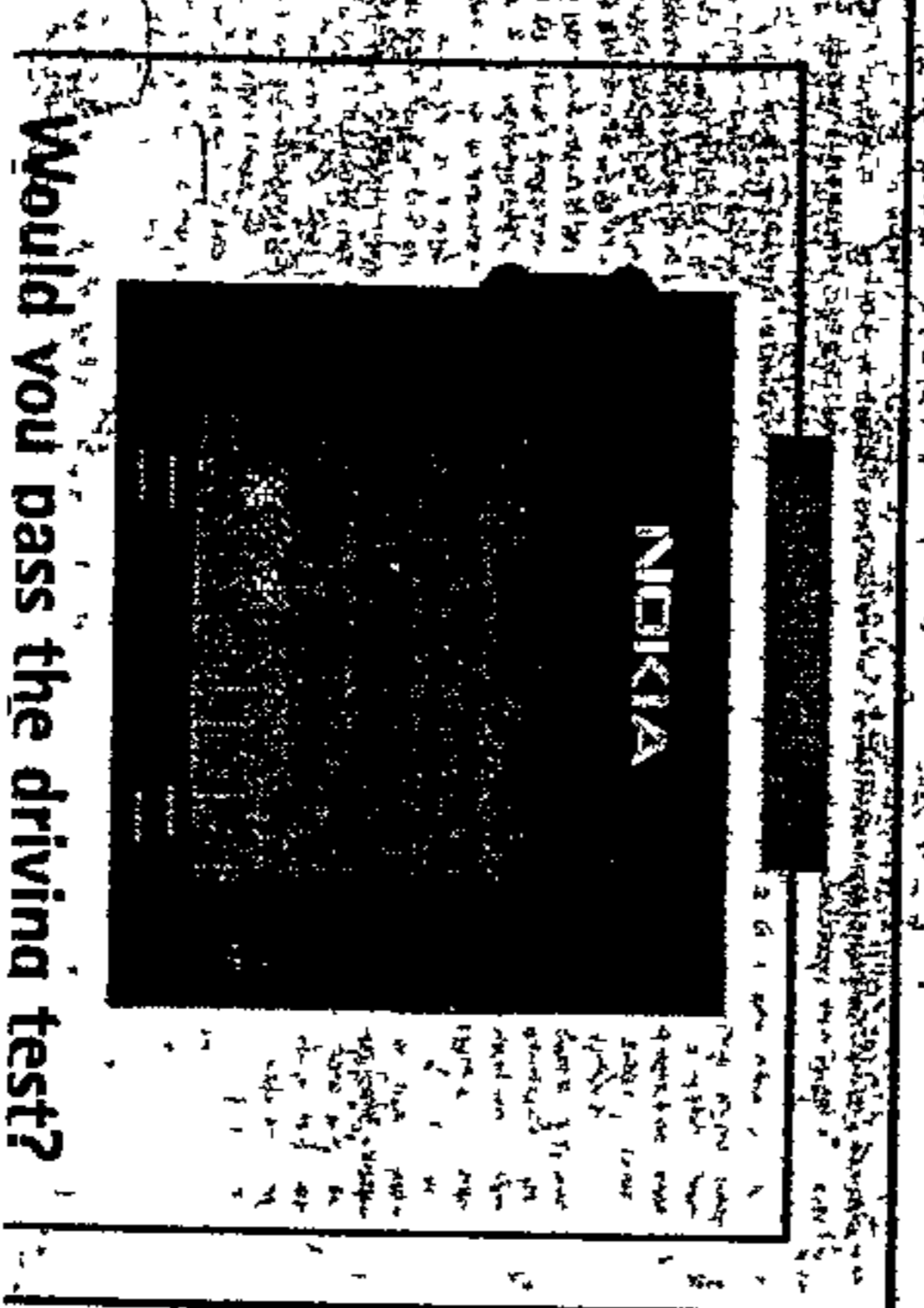
Louise Cook

SA's current changes in water legislation were in tandem with international trends, the Food and Agricultural Organisation (FAO) said yesterday.

Speaking at a workshop on water policy in Pretoria, FAO legal adviser Stefano Burchi said changes to water management in SA were needed, but the "appropriate legal instruments" would have to be devised to implement new policies effectively.

World are water rights permanent, especially when it comes to surface streams. A new National Water Bill was expected by the end of the month and government was hoping to have it made law next year.

Asked if water rights in the US formed part of a property right, an issue SA farmers were particularly insistent about, Sax said they were a "qualified property right." He conceded that US farmers in dry areas received lucrative subsidies to afford irrigation. He said several changes, some of which affected water rights and would affect mainly agriculture and forestry, were being planned.



Windhoek businessman hit for breaking arms embargo

Simon Barber

THE US government is continuing to settle accounts with violators of the SA arms embargo. Yesterday, it announced that it was denying a Windhoek-based businessman US export privileges for 20 years for having smuggled unlicensed shot-guns into SA in the early 1990s.

According to an announcement by the US commerce department, Karl Cording had conspired with the proprietor of a California shop which sold sports-

waters successfully each reimburse the mu- vene.—Sapa.

Gencor

Continued from Page 1

in the Burnstone development project — an exploration southwest of the Evander gold field, Maude said.

Fairview-ETC was now poised to become the largest greenstone gold mine in SA and one of the largest worldwide.

Eldorado's intended participation in an SA greenstone gold operation will be one of the first major Canadian investments in the SA mining industry and a significant one by an overseas mining company," he said.

Eldorado Gold will offer \$76m in

cash and issue nonvoting shares, valued at \$8 a share, to pay for the assets Gencor already owns about 40% of Eldorado through a previous deal.

Eldorado Gold CEO Bob Elton said the \$29/oz the company paid for these assets was "a fair deal".

Eldorado Gold would focus, with Av-gold, in reducing cash costs at Fairview-ETC to \$225/oz from its current \$270/oz. The Canadians would have 50-50 management control of the Fairview-ETC operation.

The deal with Gencor will boost Eldorado's 1997 production by 18% to 230 000oz. It will be finalised in August and is subject to a number of conditions, including a due diligence test.

KWV

Continued from Page 1

the fake champagne sold at the auction in Cape Town.

Under point five of the memorandum, van Staden tells Toua to "remember SA must not appear on any packaging material, also not the name of the suppliers (of the materials)". There is no printer's identification on the Charles Lemon labels.

The agriculture department's directorate of plant and quality control, responsible for regulating wine imports, told a potential buyer in a fax in Au-

gust 1993 it "cannot confirm that this wine was made according to the Methode Champenoise". The product could not be offered for resale in SA, and any one doing so would be prosecuted.

The directorate's head, Andries Tromp, said yesterday he remembered the sale "vividly". His directorate had been asked by customs and excise to verify the beverage as champagne, but as no import permit was available, it had been unable to do so.

Customs and excise had been told to inform buyers that the champagne was fake. He had no idea of the product's origin, "it came out of the blue".

See Page 5

He thinks there should be less office bulk, say 12 000 m², and an equivalent residential component

Bird says the Heritage Trust needs time to study the proposal — and no doubt to ready its weapons. She is already threatening court action to evict their practice, Manfred Hermer, Grosskopff & Lombart, from the house it recently occupied Ian Fife

HOME LOANS

(123)
AM 6/6/97
The squeeze is really hurting

Repossessions don't fully reflect the stress many borrowers are suffering

Banks' home loan books are starting to look queasy. Hit by retrenchment and high interest rates, fewer people are applying for new loans and more of those who have them are failing to keep up repayments.

First National Bank spokesman Ann Bramhill admits "the number of properties which have had to be repossessed has increased during the past 18 months out of proportion to the bonds we hold."

But Absa says the number of repossessions doesn't really reflect the severity of strain on home-owners. "The volume of new applications is not reaching expected levels," says GM Piet van der Westhuizen. "And many applications are being turned down on grounds of affordability."

Bramhill points out that the bond interest rate rose from 16,25% in November 1994 to 20% in November 1996. That affects the relatively affluent as well as others.

Colin Sacks of Vered Estates confirms the number of auctions of bank repossessed houses in Johannesburg's northern suburbs has increased.

Though repossessions occur across the board, people in lower income brackets probably feel the rise in rates most acutely. Standard Bank assistant GM Harry Greene reports government and financial institutions agreed two years ago that legal action would be stayed in respect of non-performing low-income housing loans.

Then they agreed in mid-1996 to take action against owners who, despite the moratorium, had failed to reach a suitable agreement on arrears. This boosted repossession numbers but they have recently returned to normal.

That may be because banks usually try to help defaulting borrowers by extending repayment periods. "The Servcon operation is

an example," says Van der Westhuizen, "where thousands in the lower income group are being helped to retain their homes or 'rightsized' to smaller, more affordable properties."

It doesn't always work. Nedbank assistant GM Pieter Marais points out bond repayments may be no more than 30% of an applicant's gross annual income. With the interest rate rise, someone who took out a bond 30 months ago may have to earn 54% more to keep up with bond instalments.

For all that, First National Bank says it is not changing its lending criteria. "Nor are we in the business of buying or selling houses," says Bramhill. "We do all in our power to assist struggling bondholders to keep their homes, provided they come to us to discuss their difficulties."

"If we have to repossess and resell, the costs are considerable. These can include legal fees, transfer costs, arrear rates and



Absa's Van der Westhuizen running a mortgage bond book is no longer much fun

taxes, guards while the property is empty, restoration and estate agents' fees and commissions — all of which have to be recouped from the final selling price." Margot Cohen

INDUSTRIAL PARKS

Escaping crime and grime

New industrial nodes are developing rapidly as the old ones fail to deliver

Though the manufacturing sector seems to be losing vitality, the industrial property market is abuzz. Established industrial areas such as Wadeville, Alrode and Industria in Gauteng are being abandoned by companies flocking to new parks.

The parks' appeal lies in being close to freeways and interchanges. So manufacturing, warehousing and distribution firms are favouring Jan Smuts Park (near Johannesburg International airport), Sunny-



RPP's Crawford everywhere he looks there's new business

rock, Midrand, Strijdom Park and Kya Sand in Randburg, the Bedfordview-Benoni corridor and the new Linbro Business Park.

The latest developments offer other advantages, such as good security and landscaped gardens, says Mike Crawford, who chairs LTA subsidiary RPP Developments. Factories used to be put up near railway lines to cut travel times for black workers, he says, but these days employees travel in taxis.

Warehousing and distribution businesses now also need buildings designed to enable efficient operation of their computer networks.

Because of these considerations and the good investment returns which industrial parks offer, institutional interest abounds, says Crawford. His company is involved in R1,5bn of projects.

Sanlam and Transnet Pension Fund are among those which have bought into the sector. Transnet has committed R90m to the 35 ha Jan Smuts Park, where rentals for offices will be R20/m² and warehouses R14/m². Blue-chip tenants include Sun Air.

Linbro Business Park, which covers 110 ha, is a joint venture between Transnet Pension Fund and RPP. The first two phases of its development will cost about R200m, the completed project almost R1bn. "Demand for turnkey developments exceeds all expectations," says Crawford. Companies already in the park include Fedglass and Amalgamated Beverage Industries.

The Western Cape is also enjoying the boom, especially the Tygerberg Business Park in Parow/Bellville. A joint venture between RPP and Propnet on 80 ha, this project could be worth more than R500m. Panasonic, Anglo Alpha and Gypsum Industries have already bought sites there.

Margot Cohen

Housing board members 'never briefed on Motheo'

(123) MTG 6/12/16/97

Justin Arenstein

MPUMALANGA Housing Board members insist this week that they were never briefed about Motheo Construction's controversial R185-million housing project

A National Party board member, Jakkie van Heerden, conceded that he had missed one board meeting in January where Saths Moodley — the former head of the province's housing board — claims the scheme was discussed and approved

But he added that, according to minutes of the meeting, there had not been a quorum.

"The only thing contained in the minutes is that the executive committee wanted approval to allocate various stands to a rural developer," Van Heerden said "There was a description of the stands but no detail on Motheo or the scheme itself"

He said even when board members heard of the scheme, they had been unable to ask for details about it because their last three meetings had not had quorums

Motheo Construction is at the centre of the Mpumalanga rural housing scheme row linked to the sudden departure of Billy Cobbett as director general of the national Housing Department.

The chairman of Mpumalanga's standing select committee on housing, Hein Mentz, accused the housing MEC, Craig Padayachee, of misinforming the committee about Motheo last week.

"We don't know whether he consciously lied to us, whether he was misinformed or whether he simply did not know what was going on in his department, but he definitely didn't give us the true facts on Motheo," Mentz said

Among the "errors" Padayachee made while testifying before the committee was his insistence that the Motheo scheme had been formally approved by the housing board on February 20

"There was never a meeting on February 20 so it couldn't have been approved as he insisted, but this was just one of a string of such errors. There were just too many questions put to the department's heads that could not be answered," Mentz said

These included an annual report which did not balance by R4,5-million. Mentz said officials had to "scramble" for days before discovering that the funds were in a developer's trust account.

A second select committee session will be held later this month —
African Eye News Service

Huge boost for cheaper houses

By Business Reporter

THE lower end of the housing market received a major boost this week after the signing of a R130 million loan programme by the First National Bank (FNB) and the United States Agency for International Development (USAID)

The loan programme is aimed at providing housing-related finance to South Africa's lower income earners. USAID loans are destined either for house purchases through mortgage loans or the upgrading of existing homes using micro loans.

In association with the United States-based Housing Guarantee Scheme, FNB has already concluded over R100 million in mortgage and micro loans to households earning

under R2 650 a month.

Both organisations are optimistic that the loan will increase to about R350 million by September 1999 when 35 000 households will have benefited from the joint initiative.

The US Housing Guarantee Programme operates in over 40 countries as the US Government's principal programme directed at assisting people in emerging nations to gain access to affordable housing and basic infrastructure.

USAID South Africa director Aaron Williams said "FNB's support in providing loans to the historically disadvantaged people of South Africa is one of the finest examples of the private sector stepping in to raise the overall standard of living in South Africa."

(123) Sewetan 13/6/97

Govt, Cobbett 'agree on terms of departure'

Lukanyo Mnyanda

(123) (1278) 20 13/6/97
FORMER housing director-general Billy Cobbett and government had agreed on the terms of his departure and an announcement was expected next week, sources said yesterday.

Government spokesmen were tight-lipped about the details of the deal, but it is reliably understood to secure Cobbett his salary for the remaining 30 months of his five-year contract, implying he did not resign.

Housing Minister Sankie Mthembu-Mahanyele said a few weeks ago that

Cobbett had asked her to terminate his contract prematurely. Cobbett's camp has denied this.

The sources said the final straw in Cobbett and Mthembu-Mahanyele's rocky relationship was Cobbett's decision to go to the auditor-general with concerns over a Mpumalanga housing project, only days after Mthembu-Mahanyele had launched it.

Cobbett and the housing ministry declined to comment yesterday. A ministry spokesman said the matter was being handled by the public service and administration ministry.

Natal firm unveils prepaid water meter scheme

Nicola Jenvey

(123) (123)

DURBAN — KwaZulu-Natal-based Bambamanzi Trading SA has launched two pilot prepayment water schemes based on smart card technology, offering bulk water suppliers and local authorities an efficient tariff collection system for the rural areas.

MD Niel Rodseth said yesterday that the system, developed in co-operation with the department of water affairs and forestry and funded by the Industrial Develop-

ment Corporation through government's programme for industrial innovation, enabled consumers to credit the smart card with advance payments. Credits were deducted from the card as water, either from communal stand-alone pipes or household taps. Bulk water suppliers and local authorities could recover capital costs within six years, and prepayment would slash administrative costs.

The Pinetown-based company had invested more than R4m in re-

search and development since 1993 and Rodseth expected R18m in turnover for the current year. This was projected to R60m by 1999 as Bambamanzi negotiated export contracts with Africa, the Middle East, Europe, South America and the Far East.

Pilot schemes involving 35 000 people were operating at Modderfontein for Rand Water and at Ndwedwe for Umgeni Water, and Rodseth expected the consumer base to grow to more than 1-million people within two years.

BD 18/6/97

Phambili! to water for all South A

Kader Asmal's plan brings a wave of employment spir

123
AAG 18/6/97

CRITICS OF THE ANC GOVERNMENT HAVE SNIPED VIGOROUSLY AT ITS ALLEGED FAILURE TO DELIVER ON ITS PROMISES OF JOBS, HOUSES, HEALTH CARE AND OTHER SOCIAL BENEFITS DURING THE PAST THREE YEARS BUT ONE MAJOR SUCCESS STORY THAT HAS TOTALLY SILENCED THESE CRITICS IS THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY'S INNOVATIVE 'WORKING FOR WATER' PROGRAMME, WHICH IS CREATING THOUSANDS OF JOBS AND ACHIEVING A VITAL ENVIRONMENTAL OBJECTIVE ENVIRONMENTAL REPORTER JOHN YELD LOOKS AT SOME OF THE PROGRAMME'S RESULTS

By creating more than 8 300 jobs in little more than 18 months and with thousands more in the pipeline, the "Working for Water" Programme of the Department of Water Affairs and Forestry is being rightly hailed as one of the Government's major success stories

The programme, which is just one of more than 50 projects in the Department's National Water Conservation Campaign, involves clearing invasive alien plants from South Africa's mountain catchment areas, water courses and wetlands in the low lying areas

This is being done because scientists have proved conclusively that these invader plants, such as Australian Acacia species, use significantly more water than indigenous plants, while at the same time destroying this country's priceless natural heritage of thousands of plants and animals that are found nowhere else on earth

The scientists have calculated that, in the Western Cape, clearing invading alien plants can yield water at a mere 11 percent of the financial cost of even the most favourable dam option

But apart from this essential ecological achievement, what is being hailed as the real success and significance of this programme is its multiplicity of social benefits, to the extent that is now being punted as the one of the model programmes to illustrate the Government's macro economic strategy for Growth, Employment and Redistribution (Gear), as well as its Reconstruction and Development Programme (RDP)

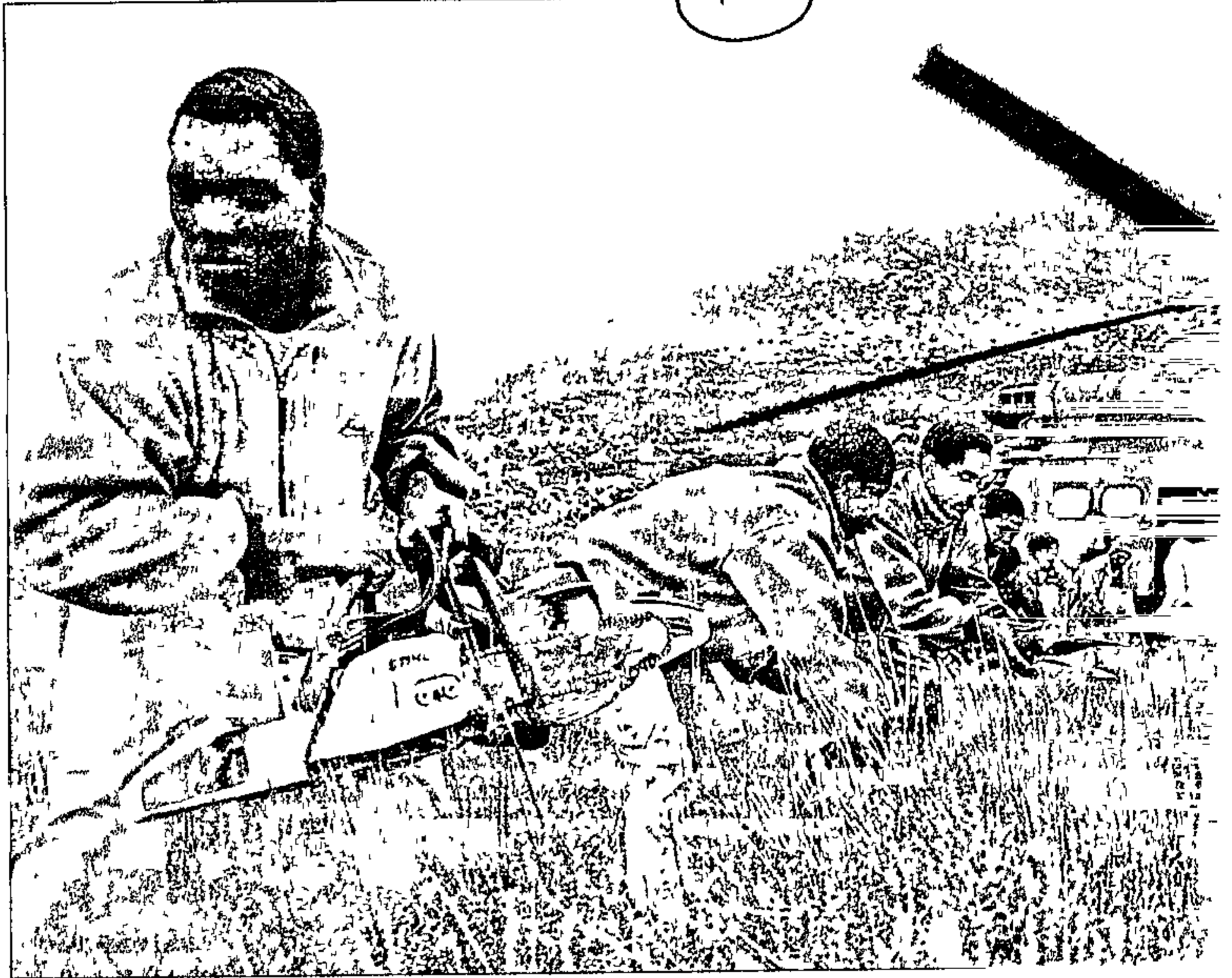
That such claims are not exaggerated is apparent from the programme's 1996/97 annual report, which has just been published by the department

Of the more than 8 300 jobs which have created thus far, more than 53 percent are held by women, and they are competing on an equal footing with the men

For example, one of the specialised "high altitude" teams, which uses advanced mountaineering skills to clear invading alien plants in the upper reaches of catchment areas, consists entirely of women

Twenty four jobs have been created for disabled people - a statistic the department says is too low

There has also been an emphasis on employment opportunities for the youth, in line with the Government's policy of providing hope and opportunities especially for young people. Consequently, 20



High living, these hackers are dropped off at work by helicopter and they remove alien vegetation which uses more of our precious water than indigenous plantlife

percent of all jobs on the programme have gone to people aged between 16 and 25

According to the programme's social report by Caroline Gelderblom and Mpho Litha, one of the most important objectives has been to go beyond merely creating jobs, and to empower people with the skills needed for them to become independent contractors

"This is being achieved by a progression through a number of clearly defined stages from daily wages, through piece work, to open contracts," they said

"The implementation of piece-work has led to dramatic increases in productivity and has enabled workers to earn higher wages through its incentives"

Ms Gelderblom and Ms Litha point out that training is an integral part of every phase of the programme, and argue that this is one of the reasons for its success

"The move towards contract work demands a comprehensive training course in which workers learn general management and entrepreneurial skills, together with the skills needed to set tasks for others"

The programme has made important contributions to the upliftment of people by providing training courses on life skills, they add

"These include financial management, first aid, the Masakhane Campaign (including payment of services), and - criti-

cally - the reinforcement of a human rights culture. And these life skills are being successfully integrated into family and community structures"

Among the other social benefits is the support of creches at virtually all the programme's 39 sites throughout the country

The programme provides equipment for the creches and subsidises the cost of

food provided there, thereby enhancing the nutrition of the workers' children

One training centre has been established and several others are planned. In 14 of the affected communities, existing training halls are being used

In two areas, sporting facilities have been established, while in six areas, existing facilities are being supported

"The creation of viable secondary industries has always been an important objective of the 'Working for Water' project," say Ms Gelderblom and Ms Litha

"After a slow start, small scale secondary industries are getting off the ground"

These include the production of charcoal and building materials, and the use of wood for environmental rehabilita-

tion, such as the stabilising of river banks

Programme co ordinator Guy Preston said the 1995 budget of R25-million (for six months) had been increased to R77 million for 1996/97, and that the 1997/98 budget was R115-million

"We have demonstrated our ability to put money to work," he said

Foreign funding was starting to become a reality, with funding applications totalling almost R180 million having been sent to the European Union, other European countries and the United States

Dr Preston believed the social benefits of the programme were exceptional

"That we would have an impact on biological diversity and ecological functioning was never in doubt. So, in a sense, the environmental benefits to date have not been a surprise - the programme merely works as it should

"But the big prize is the social impact. We know that we are making a difference," he said

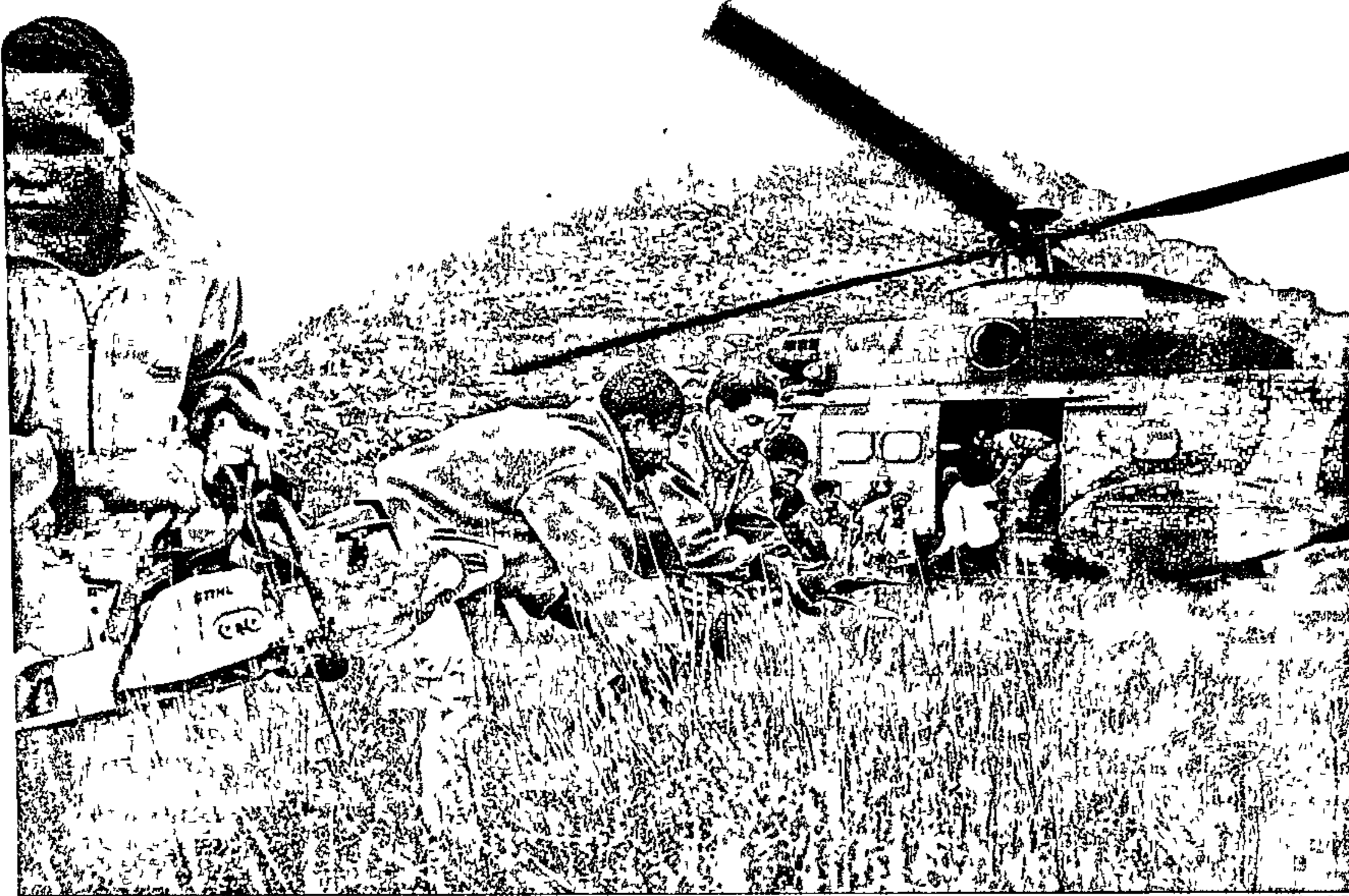
A "major step forward" was partnerships with the Rand Water Board,

'Clearing alien plants can yield water at a mere 11 percent of the cost of even the most favourable dam option'

Water for all South Africans

brings a wave of employment spinoffs, too

AA 18/6/97 (125) (125)



ROY WAGLEY

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"But the big prize is the social impact. We know that we are making a difference," he said

A "major step forward" was partnerships with the Rand Water Board,

Umgeni Water and the Cape Town municipality

"Perhaps the most exciting prospect of all is taking the programme where it really belongs - into a genuine partnership with the departments of Agriculture and Land Affairs, Environmental Affairs and Tourism, Public Works, Labour, Health, and Welfare and Population Development," Dr Preston said

"Should this succeed - and the signs from the respective ministers are good - there will surely be no stopping us"

Minister of Water Affairs and Forestry Kader Asmal, clearly elated by the success of the programme, pointed out that it had won the coveted award for the Best Conservation Project of 1996 in the Green Trust Environment Awards, and had been a major factor in the department being awarded the prestigious 1996 Corporation Conservation Award from the Wildlife and Environment Society of SA - the first government department to be so honoured

"And, if I may say so, it was also a major factor in my being granted the WWF-South Africa Gold Medal for Conservation. This is a victory for us all," Professor Asmal said

"We must guard against complacency in this initial victory, however, for we are still at the very beginning of our march Phambili (forward)!"

'Clearing alien plants can yield water at a mere 11 percent of the cost of even the most favourable dam option'

State housing figures inflated by unfinished homes

NCABA HLOPE & JAMES LAMONT

Johannesburg — Only 60 percent of the 248 000 houses the government claimed were built or were under construction since it took power in 1994 are actually completed houses, sources close to a housing delivery support project said last week.

This suggests that 148 800 finished houses have been built. The source said the other 40 per-

cent represented low-cost "housing opportunities", which included extensions to existing structures, the purchase of plots of land or the foundations of a house rather than completed houses built from scratch.

Government figures released last week estimated houses built and under construction at 248 000. The total number of capital subsidies awarded were estimated at 594 000. The government's capital

subsidy for the construction of a house is R15 000.

Mandy-Jean Woods, the ministry of housing spokesman, broadly corroborated the source's ratios yesterday. "I would not be unhappy with that kind of figure. That sounds fair to me."

"I think we will find lots of critics for that, but you must remember the low base we are coming from," she said. The government preferred to

measure the progress in terms of houses completed and under construction. It judged a house under construction when contractors began work on a site, and estimated completion time from between three and seven months.

Brian Whitaker, an executive director of the National Business Initiative (NBI), warned against making the clear distinction of a finished house. He said what the subsidy afforded in different

areas of the country varied considerably from a three-room, 50m² house to the basics of a large and four poles. "Saying who's getting what and where is pretty well impossible," he said.

Theunis Hloffe, the chief executive of the NBI, said the figures indicated that the government was well on the way to meeting targets of 1 million subsidies and 600 000 houses built or under construction by the end of 1999.

(23) ET 24/6/97 (BR)

reduction of the issued capital of Umgeni

Beneficiaries 'to help pay for water projects'

BD 26/6/97 (123) (183)

Nicola Jenvey

HOWICK — Future water requirements and the infrastructure essential for sustained social development and industrial growth could not be solely state-funded and there was an increasing argument for involving the beneficiaries in the payment process, Water Affairs and Forestry Minister Kader Asmal said yesterday.

Opening the R250m Midmar waterworks project, Asmal stressed infrastructural financing had to be achieved via private-public sector partnerships with the investors playing a vital role in securing future water supplies.

Referring to Umgeni's market-making activities which had been investigated last year, Asmal said he was "pleased" with the manner in which the utility had implemented the recommendations proposed by Fisher Hoffman & Sithole.

"Several steps have been taken to eliminate similar occurrences, but from April 1 this year Umgeni Water and Rand Water will report to Parlia-

ment through myself as public entity in terms of the Public Entities Act."

Asmal also confirmed that the authorised debt issues disclosed by Umgeni had been approved and that "there should be no further doubts in this regard".

Yesterday international rating agency Duff & Phelps accorded Umgeni's long-term rand-denominated stock a rating of AA+. Umgeni also received the highest possible short-term credit rating of D1+.

The rating was accorded ahead of Umgeni's imminent new bond issue and was expected to favourably affect the price.

Umgeni boosted turnover 14% to R393m in the year to February, as volume sales grew 6% and the rural consumer base trebled to 12 000 customers, Umgeni finance and administration director Avison Carlisle said.

Operating income improved 33% to R205m to offset the higher finance costs to R158m (R102m) associated with the significant capital expenditure programme.

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Infighting all but scuppers community development project

Masakhane fiasco

(123)
ET(BR)26/6/97

NCABA HLOPHE

Johannesburg — Infighting among community organisations would probably result in the cancellation of a delayed R1 million Masakhane community project, the Transitional National Development Trust (TNDT), the proposed funder of the project, said yesterday

The money was originally earmarked for a national project aimed at providing training for community leaders

But disagreements between the South African National Civic Organisation (Sanco) and its splinter faction, the Development Research Institute (DRI), have all but scuppered the project

"The money has not been

transferred and we are currently reassessing the entire project because we must be convinced that the beneficiary has the capacity and the objectives are as good as the ones we originally supported," said Paul Jackson, the general manager of the development trust

He said the TNDT had received an application from Sanco in November last year, but learned shortly after approving it that the DRI had been expelled from Sanco. That apparently sparked the protracted battle

Mzwanele Mayekiso, a director of the DRI, said the institute had been conceived as an independent body registered as a section 21 company. Mayekiso denied claims that the institute had

been expelled from Sanco

"It had been understood right from the outset that once DRI had enough money it would get its own space

"We have since moved from Sanco," Mayekiso said

He acknowledged that the institute had applied for the grant from the development trust for one of its research projects on civic, community and government issues

He would not comment on the wrangle over the R1 million, arguing that the matter had been handed over to the lawyers

Mbongeni Ngubeni, the secretary general of Sanco, said his organisation would resubmit another proposal to the TDNT to resume the project

Umgeni Water taps into growth

(123)
RAVIN MAHARAJ

CT (B2) 27/6/93
Durban — Umgeni Water reported increased water sales yesterday by 6 percent, which translated into a 14 percent growth in turnover to R393 million for the year to February 28

Operating expenditure fell by 2,1 percent to R188 million (R192,1 million) and interest and finance charges were R157,7 million (R101,6 million), leaving a surplus of R9,6 million (R1,6 million)

Net capital expenditure was R496,1 million. This was used to finance the bulk water supply infrastructure, the largest of which was the R250 million Midmar waterworks, and some 52 projects in rural areas

Brian Walford, the chief executive at Umgeni Water, said good rainfall and infrastructure improvements after the 1987 floods had helped Umgeni, the largest catchment-based water operation in southern Africa, to increase water sales to 315 182 megalitres from 296 106 megalitres.

But a negative spinoff of the increased customer base, which in the rural communities had increased from 4 000 to 12 000, was that Umgeni — for the first time — had to embark on a debt recovery programme in the "climate of non-payment".

But apart from these problems, Avison Carlisle, the director of finance and administration at Umgeni Water, said dams had been maintained at a "good level". This, he said, had significantly reduced the energy cost associated with pumping and the need to purchase water from external parties. It had also resulted in an 18 percent reduction in cost of sales.

Loans aim to improve access to housing

Robyn Chalmers

THE US agency for international development (USAid) would have dispersed about \$170m in loans and a further \$70m in grants for housing and urban development in SA by the end of this year, housing and urban development division head Joel Kolker said at the weekend

18
91

BD 30/6/97
The aim of USAid-SA's housing and urban development programme was to improve access to housing and environmentally sustainable urban services for the historically disadvantaged

The programme was being focused on five main areas: urban development policy, shelter finance, infrastructure finance, support for nongovernmental organisations and urban environment support. The funding had been dispersed since 1992.

On shelter finance, Kolker said USAid was supporting innovative ways of overcoming the barriers that prevented low-income households from obtaining credit-linked assistance.

"This has primarily been achieved through two housing guaranty loans with Nedbank and First National Bank.

"The loans have been designed to support

(123)
lending which encourages investments in housing for employed historically disadvantaged people."

USAid was also expanding its efforts to help identify and implement new mechanisms to finance infrastructure to low-income communities.

This included support to increase the flow of private capital to finance municipal infrastructure and to assist in building local government capacity to develop, manage and implement infrastructure projects.

Kolker said USAid worked closely with nongovernmental organisations and community-based organisations, with the emphasis being on community development, housing facilitation and empowerment.

USAid associate assistant administrator Peter Kimm said that SA's low-cost housing programme was well structured and comprehensive.

Internationally, housing programmes tended to succeed when families were empowered to produce their own housing and when they had de facto, and preferably legal, tenure

Helping the government to put its housing in order

A new computer system is fast giving the poor a roof over their heads

LAURICE TAITZ

A COMPUTER database called Nomvula is slashing through red tape and shortening the time it takes the government to grant housing subsidies to poor families

Before the new computer system was installed in April it could take up to 17 months for a subsidy to be approved

One person who waited that long was Jeanette Moles, a single mother who had applied to the provincial housing board for an individual subsidy so she could buy a flat in Hillbrow

Moles, 55, was eligible for a one-off payment of R12 500 because she earned less than R1 500 a month. The flat cost R20 000, and although she had saved the balance from her domestic worker's salary, she had to battle through mountains of red tape before her subsidy was approved

In that time she rented the flat for R1 000 a month, including water and lights

Moles said that once she had submitted her application she was told she would be notified of the board's decision

Four months went by, and after numerous phone calls to the board she was told there were more forms to fill in

So Moles, who works in Green-side, Johannesburg, took time off work to fetch the forms and sought her employer's help in completing them

She returned them to the

board and went through a similar procedure every few months until June, when she was told her subsidy had been approved

"I could never have done it by myself," she said, referring to the help of her employers in allowing her time off, helping her to fill out the forms and providing her with a lawyer "If you're not patient, you'll leave thinking you won't get the money"

The Housing Department says some of the problems Moles experienced have been sorted out and applicants for subsidies now face a much shorter wait

Mandy Jean Woods, the Hous-

ing Ministry's public relations officer, said the housing delivery chain had four stages making the subsidy application, getting it approved, building or buying a home and, finally, moving in

The introduction of Nomvula means problems in these stages can be pinpointed and tackled as housing data is inputted daily by each province, giving the department access to up-to-date information every 24 hours

The system has also helped in the following areas

● The department can now identify which local authorities are not delivering housing.

● It has allowed the department to standardise application forms for all provinces,

● It has cut the time it takes for subsidies to go through the provincial housing boards to between four and six weeks, and

● The 203 steps once taken from the time a subsidy was approved until a contractor was on the site have been reduced to 183. The 20 steps saved have cut the wait from between 18 and 24 months to seven months

Penelope Beck of the Housing Consumer Protection Trust, a non-governmental organisation that helps people with the subsidy process, said Moles's experience was not uncommon

The trust's hotline logs about 4 000 calls a month, answering questions such as "How do I get a subsidy" and offering legal advice on problems like contractors stealing deposits

Beck said "You can't expect someone who has never owned a home to know how to go about owning one"

The subsidies were introduced in 1994 to tackle the housing backlog, estimated at nearly three million homes, by helping low- and no-income earners to buy their own homes

Using the scheme, the government aims to provide one million houses by 1999. Between March 1994 and May this year, 212 423 houses have been built or are under construction and 555 000 subsidies have been allocated

According to the department, almost half of all households in South Africa have an income below R1 000 a month

SUBSIDY FACT SHEET

A SUBSIDY is a grant of money you do not have to pay back. It is paid by the government to the builder, the developer or the seller of the house you have chosen. Application forms for housing subsidies are available from the provincial housing board. To apply, you must

- Be married or be living as a family in one house, or be a single man or woman with children or parents who live with you;
- Be a South African citizen or a permanent resident over 18 years old,
- Have never received government assistance to get a house before;
- Have a combined household income of less than R3 500 a month, and
- Never have owned a home

THE HELPLINE

THE Housing Consumer Protection Trust's toll-free hotline on 0800-111-663 logs 220 calls a day. The most common questions asked are how to get a subsidy, what kinds of subsidies are available, what you need to qualify for one and where you have to apply. The trust also gives information on the following

- Financial issues, such as where and how to apply for a loan and how to secure a bond,
- Issues about the rights and responsibilities spelt out in a legal contract,
- Building contractors, developers, and estate agents, and
- What to do to avoid repossession in the event of being re-trenched or losing family income through death or disability

(123) ST 6/7/97

'Affirmative jobs are there but the people are not'

The Housing Department was experiencing problems with the implementation of affirmative action because suitably qualified people could not be found in the affirmative-action categories to fill vacancies, the department's chief director of corporate affairs, Johan Jooste, said at the weekend.

He said 59 vacancies existed within the department because suitably qualified people could not be found. As a result, service delivery suffered, Jooste said in a submission to the Presidential Review Commission established by President Nelson Mandela to investigate transformation within the public service.

The Housing Department was challenged by the Public Service

Commission when the department pleaded that government departments should not be forced to implement affirmative-action policies within a specific time frame, but be given time to find suitably qualified people.

Meanwhile, the department's acting director-general, Neville Carstens, blamed slow delivery on a lack of capacity at provincial level, and the fact that housing was perceived as a high-risk area. He also mentioned the negative effects of crime and violence.

Carstens estimated the total housing backlog as between 2 and 3 million units.

Public Service Commission chairman Professor Stan Sangweni, asked by PRC chairman Dr Vincent Maphai about the future

of the PSC, said this depended on its moral authority.

The PSC was concerned about gender imbalances in departments, Sangweni said, adding that commissioners queried mechanisms to monitor targets for affirmative action, management commitment, target setting, monitoring of corruption, improving service delivery and cost.

The PSC had identified 12 government departments for investigation. These included Land Affairs, Water Affairs and Housing. Other departments involved in service delivery included Safety and Security, State Expenditure and Public Service and Administration.

The next hearings will be held on August 1 and 2. - Sapa.

~~(123)~~ (123)

Star 7/7/97

No skilled personnel to fill vacant posts

Journalist 7/7/123

THE Housing Ministry is finding it hard to implement affirmative action because of a lack of suitably qualified people to fill vacancies, the department's chief director of corporate affairs Mr Johan Jooste said at the weekend.

He said 59 vacancies existed in the department because they could not find suitably qualified people.

As a result service delivery suffered, Jooste said in a submission to the Presidential Review Commission (PRC) established by President Nelson Mandela to investigate transformation in the public service.

The Housing Ministry was challenged by the Public Service Commission (PSC) when the ministry pleaded that government departments should not be forced to implement affirmative action poli-

cies within a specific time frame but be given time to find suitably qualified people.

Meanwhile, acting director-general of housing Mr Neville Carstens blamed slow housing delivery on a lack of capacity at provincial level and the fact that housing was perceived as a high-risk area.

Slack delivery

He also blamed the slack delivery on the negative effect of crime and violence.

Carstens said builders were often attacked on site by criminals. "These factors not only had a negative impact on investment but also contributed to higher building costs," he said.

Carstens estimated the housing backlog to be between two and three

million houses countrywide.

PSC chairman Professor Stan Sangweni, asked by Dr Vincent Maphai, chairman of the PRC, about the future of the PSC, said the PSC's effectiveness would stem from its moral authority.

The PSC was concerned about gender imbalances in government departments, Sangweni said.

He added that commissioners queried mechanisms to monitor targets for affirmative action and performance, management commitment, target setting, monitoring of corruption, improving service delivery and costing of transformation programmes.

Twelve government departments, directly involved in asset delivery, had been identified by the PSC for investigation - *Sapa*

Housing minister must show leadership

(123)

In the wake of allegations of irregularities and the acrimonious departure of a top official, where is SA's housing drive headed, asks property editor Robyn Chalmers

BD 9/7/97

housing boards.

Many of the boards' activities will be taken over by local government once municipalities are accredited to administer national housing programmes and disperse subsidy monies.

There are further problems looming for government once this occurs. Complaints about the capacity at provincial government level to deal with subsidy schemes and project allocation get even worse when it comes to local government.

USAid associate assistant administrator Peter Kimm, who recently visited SA, believes the most effective way to administer housing programmes is via local authorities.

"You need to get the programmes as close to the people as possible. Even if local authorities do not have the staff and expertise to drive programmes immediately, I would rather see those decisions made at local government level than at provincial or national level."

Government, and the housing ministry in particular, must learn lessons from the Mpumalanga housing crisis rather than acting defensively.

The loss of Cobbett to the national housing ministry is a blow mainly because he was in the midst of driving a number of major initiatives and had an in-depth knowledge of the problems being encountered at all levels.

The manner in which Cobbett departed was perhaps the most unsettling of all — there is a perception that he was ousted for doing his job of ensuring the checks and balances were adhered to.

The reasons went deeper. Cobbett and Mthembu-Mahanyele's dysfunctional relationship finally breaking down among others. But the fact remains that the industry now believes there is no controlling and implementing hand at the helm.

A number of steps must be taken with the utmost speed to stem any loss of confidence by the private sector in low-cost housing, with the first step being assessing the extent of the problems facing provincial authorities in to find ways of dealing with them.

Comments and concerns submitted on the overdue draft housing bill must be collated and incorporated into a bill which should be introduced to Parliament at the first opportunity.

A major training programme for municipal officials to oversee the subsidy scheme should kick off as soon as possible.

Cobbett has been appointed to a new position and it is clear that a deal on his departure from the department has finally been concluded, although no-one is formally saying what that is, causing further uncertainty in the market.

Also, clarity on Cobbett's departure must be forthcoming so Mthembu-Mahanyele can find a new director-general.

HERE is enormous pressure on government to deliver low-cost housing and associated services to its supporters. It must be asked whether this pressure, and the African National Congress' eagerness to meet its promise of 1-million houses by 1999, has led to a dangerous nonadherence to the limited checks and balances in its procedures. Thus, in turn, appears to have eroded the confidence of many in the private sector — notably banks and developers — whose support is vital to the success of the housing programme.

The private sector is also concerned about a severe lack of capacity at provincial level, the slow rate at which subsidies are being processed, the temporary closure of the Mpumalanga and Eastern Cape housing boards and the loss of director-general Billy Cobbett.

The auditor-general is investigating alleged irregularities surrounding the award to untested Motheo Construction of a R200m rural housing contract in Mpumalanga. Finger pointing and denials have begun, and, by all accounts, there appear to have been highly questionable practices involved in the awarding of the contract.

Underpinning government's housing policy is its subsidy scheme which works on a sliding scale according to income.

People earning up to R800 will be eligible for a R15 000 subsidy, moving down to a R5 000 subsidy for those earning up to R3 500.

The different forms of subsidies — from individual through to project-linked subsidies, credit-linked and noncredit-linked subsidies, as well as consolidation subsidies — mostly follow the same broad, complex path.

Provincial government officials initially assess subsidy applications. This is the first port of call for developers and often the most frustrating, as many complain of crippling capacity constraints and constantly changing rules. In some cases, bank finance must be obtained.

Applications are then placed before the housing board, which

meets monthly and decisions are made on a case-by-case basis according to a range of agreed criteria.

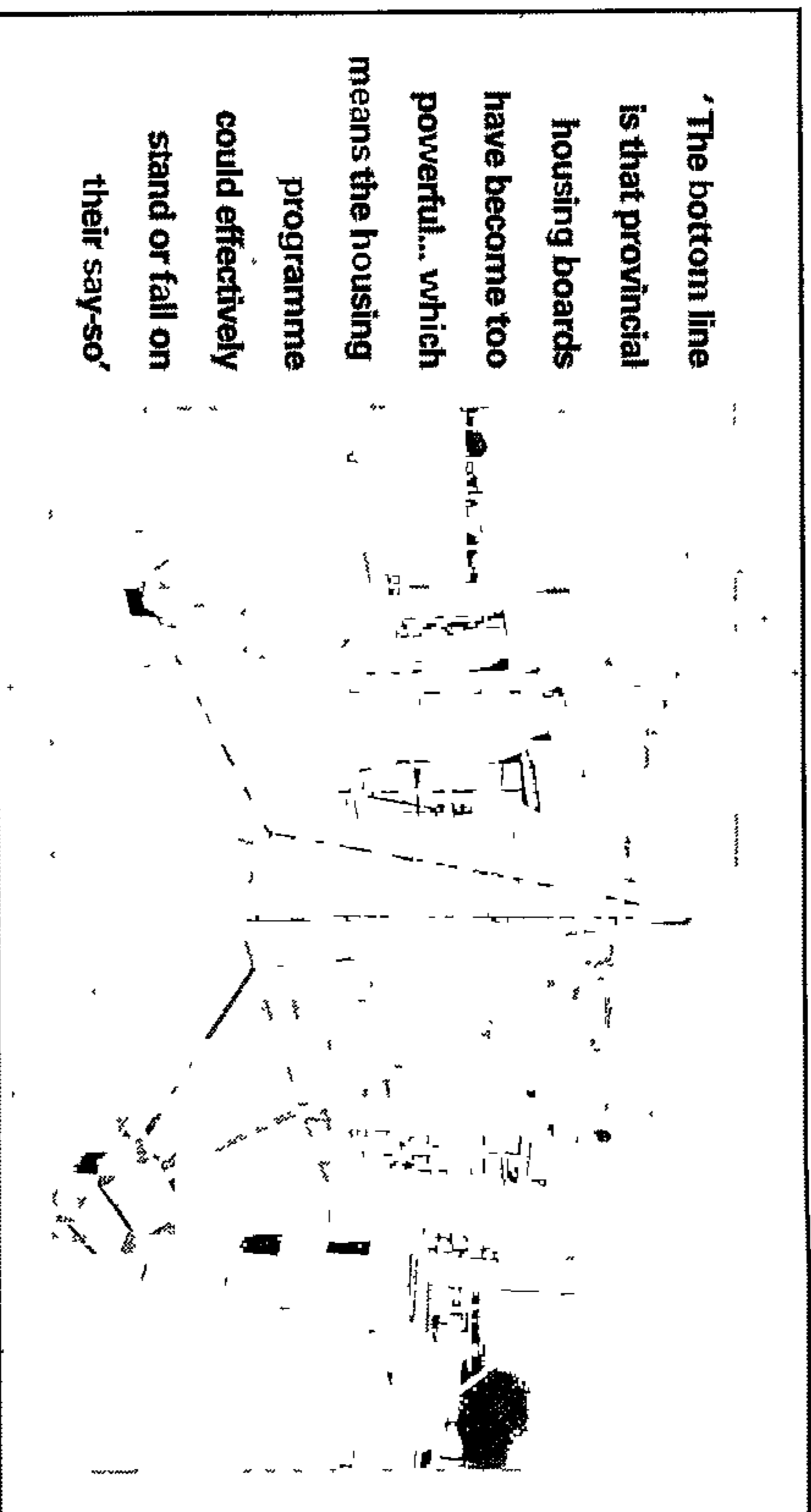
Once approved, subsidies at provincial level are reserved for individuals, developers or other applicants and are drawn down in five tranches in labelled progress payments.

Each payment is made only after certain stages of the project have been completed and have been independently inspected.

The overall subsidy allocation for each province is decided at national level by Housing Minister Sankie Mthembu-Mahanyele and also by her director-general.

Analysts are now questioning whether there are sufficient checks and balances within the subsidy system to prevent the repetition of exactly the type of debacle in Mpumalanga from happening and why regulations have often been ignored when contracts are under consideration.

The allegations of "gross procedural irregularities" being investigated by the auditor-general in that province relate to the lack of a project plan being put forward by Motheo. The board is essentially being accused of accepting the plan on the say-so of former Nedcor credit GM Kevin Gibb, of overspending its annual budget with-



'The bottom line is that provincial housing boards have become too powerful... which means the housing programme could effectively stand or fall on their say-so'

out specific authorisation and of having Motheo director job Mthembu sitting on the board.

Of greater concern is speculation that if the activities of some of the other provincial housing boards were put under a microscope, investigators would find both procedural irregularities and mismanagement.

In the Eastern Cape, the board was recently dissolved after an investigation discovered "a lack of policy, inability to plan or organise and bad management".

The end result is that two housing boards out of nine are nonfunctional, so no funds are being dispersed in these areas causing great consternation among developers and banks.

To say that there is a crisis in a number of provincial governments and their housing boards

would be understating the fact.

There are understood to be hundreds of thousands — if not millions — of government's subsidy rands sitting in attorneys' trust accounts due mainly to poor decision-making and bureaucracy while there are allegations of projects being pushed through without proper assessment.

The bottom line is that provincial housing boards have become too powerful.

There is a pervading sense in the industry that if developers or banking officials have "an in" or a relationship with a housing board chairman or certain board members, they are far more likely to have their projects approved.

Concerns over housing boards led to the drafting last year of a housing bill which will, over time, strip away much of the power of

initiatives and had an in-depth knowledge of the problems being encountered at all levels.

The manner in which Cobbett departed was perhaps the most unsettling of all — there is a perception that he was ousted for doing his job of ensuring the checks and balances were adhered to.

The reasons went deeper. Cobbett and Mthembu-Mahanyele's dysfunctional relationship finally breaking down among others. But the fact remains that the industry now believes there is no controlling and implementing hand at the helm.

A number of steps must be taken with the utmost speed to stem any loss of confidence by the private sector in low-cost housing, with the first step being assessing the extent of the problems facing provincial authorities in to find ways of dealing with them.

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Also, clarity on Cobbett's departure must be forthcoming so Mthembu-Mahanyele can find a new director-general.

Government may have been unwise to set itself a target of delivering 1-million houses by 1999 — particularly as government does not "deliver" houses but merely creates the environment for this to happen.

But now that the target date is looming large, Mthembu-Mahanyele must take this chance to show she is an effective leader, as well as find a strategic sidetrack who can drive the housing process with effect.

No clean water for 12 million

By Abdul Milazi

TWELVE million people have no access to clean water and 21 million are without sewerage services, the Department of Water Affairs and Forestry said yesterday

Government spokesman Thuso Ramaema said the state did not have enough resources to deliver sustainable water services to all communities and had to rely on the private sector to "get the job done quickly"

Ramaema, however, denied accusations by the South African

(123)
Municipal Workers Union that the Government was privatising water and sewerage services

"Government money is being used to pay for the water infrastructure and on completion of construction and training of local people to maintain and operate the pumps, the infrastructure will be passed on to local government," said Ramaema

A month ago the Government awarded tenders to four consortiums for the development and management of water and sewerage systems in Northern

Province Eastern Cape, KwaZulu-Natal and Mpumalanga

The tender for Northern Province was won by Consultburo led by Coopers and Lybrand and Inca International Financing Company Aquamanzi won in KwaZulu-Natal, Bergman Ingeprop in Mpumalanga and Wasscon in the Eastern Cape

Ramaema said "The Government has pledged to make 1997 the year of delivery so that more people can enjoy basic services and through that enjoy an

10/7/97
improved lifestyle and health"

"By moving faster we will create jobs in the communities. The provision of jobs in creating water infrastructure will give people skills and a way of earning a living in the future"

Samwu president Petros Mashishi said the privatisation of water will place basic service delivery in the hands of the private sector and out of reach for the poor "We don't want to end up like Britain where people buy water from shops because the water from taps is undrinkable"

Steps being taken to solve housing programme problems,

Robyn Chalmers

HOUSING Minister Sanke Mthembu-Mahanyele said yesterday she was well aware of the operational problems plaguing the low-cost housing programme, and a range of steps were being taken to rectify them.

A capacity-building programme was in the pipeline at local government level and a new structure for the state subsidy scheme was nearly complete.

"We have been working quietly behind the scenes for months on ways to ease the flow of subsidies, bolster ca-

capacity at municipal level by training officials in housing policy and administration and improve the functioning of provincial housing boards," she said.

"We are confident that we will be able to rectify these bureaucratic problems over the coming months and ensure that we meet government's target of delivering 1-million houses by 1999."

Mthembu-Mahanyele said the department's Nomvula computer program was significantly reducing the time between an application being submitted and a contractor moving on site. She said the draft Housing Bill,

which would go a long way towards solving bottlenecks, was with the state law advisers and should go before Parliament in early September.

The bill aims to empower provincial and local governments to administer national housing programmes, abolish the National Housing Board, regulate the provincial housing boards and define the roles of national, provincial and local government.

On the recent suspension of activities of the Mpumalanga housing board, Mthembu-Mahanyele said she had instructed housing MEC Craig Pa-

dayachee to ensure that pending contracts were processed.

The appointment of new Eastern Cape housing and local government MEC Lulama Nkonyama had delayed setting up a new housing board after the former board was suspended for mismanagement, but the new board should now get under way.

SA Residential Developers' Association executive director Hendrick Kékana said private sector involvement was extending to the administration of subsidies.

Mthembu-Mahanyele would soon

hold discussions on the future of the Mortgage Indemnity Fund, which indemnifies banks against undue risk and is set to close in May next year.

On the departure of director-general Billy Cobbett, Mthembu-Mahanyele said she was waiting for administrative problems to be dealt with, but adverts for a new director-general would be placed soon.

She declined to comment on details of the deal on Cobbett's departure, saying the public service commission had finalised it and she had already made her position clear.

Minister says

The thirst kingdom remains unbowowed



Kader Asmal, Minister of Water Affairs and Forestry, shares his views after a tour of the flood-ravaged areas of Namaqualand

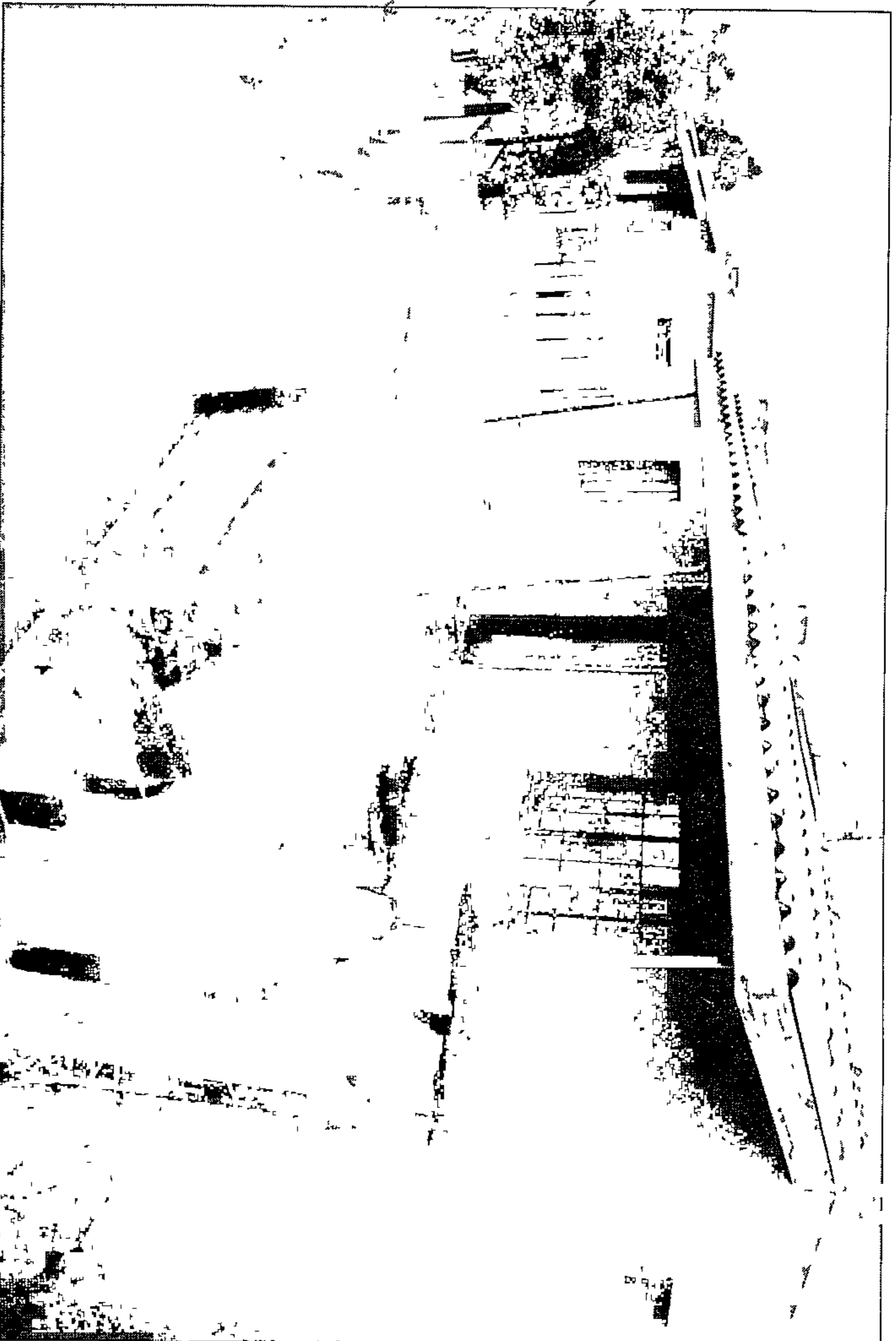
The huge jar - or *vaaityapie* (wine jug), as it seemed - stood in lone and eloquent splendour on the stage as we walked into the tidy, packed community hall of Buffelsrivier, near Springbok, on a tour of the flooded areas of Namaqualand.

But this was no *vaaityapie*. It was the community's drinking water. It had been brought, as exhibit number one, for me to see as minister responsible for water. The point was conclusively made, and required no argument. I was instantly convinced. No one should have to drink that. It seemed to have enough sediment to disable my department's best water quality measuring equipment.

The week before, President Nelson Mandela, instinctively responding to the cries of his people, had flown to this usually parched region to share the grief and alienation suffered by hundreds of families cut off and deprived of food and medical supplies by the worst flooding since 1926. That no one died is a miracle, and can be ascribed to the wondrous efforts of the emergency services, including the national defence force and police.

The president had visited an area where the rivers might flow once a decade. Yet, in the last week of June, there was up to 300mm of rain - double as much as can reasonably be expected in a whole year in many parts.

Rivers in chocolate-coloured torrents had raged over bridges and cut off communities. Pipelines bringing water from the Orange River to urban areas had been broken or were under threat. One underground water pipe, situated in a turbulent



Underwater: a flooded house in Namaqualand. The normally dry area was hit recently by a devastating flood that destroyed homes and farm land

river, had been destroyed, immediately denying water to the community dependent on it.

President Mandela clearly could not visit all areas, and he promised that two ministers, Minister of Transport Mac Maharaj and myself, would return as soon as possible to include those places he could not reach and, with Northern Cape Premier, Manne Dipico, to assess immediate needs and to consider medium-term infrastructural development.

Within days of the president's announcement on television, we were dropping from the sky in a military helicopter as communities - children, their elders, even domestic animals - scurried around in wonder at the unfamiliar whirling blades. We called in at four settlements. Buffelsrivier, where the jar of "drinking water" said it all, the well-grassed diamond town of Kleinsee, reminiscent of England and complete with Nor-

AGG 12/7/97 (1A3)
The normally dry area was hit recently by a devastating flood that destroyed homes and farm land. ARG 12/7/97 (1A3) folk fines, the more wild and diversified coastal hamlet of Hondekliipbaai and the small, distressed inland settlement of Kleins, near Garres.

Even though the whistle stops had, of necessity, to be brief, we experienced a closeness to people ennobled by circumstances - quiet, patient, committed to rebuilding what had been destroyed. Any disappointment at not having seen the president in the flesh melted into collaborative warmth as communities shared their problems and discussed with us ways of dealing with them. Premier Dipico, in his sunny, robust Afrikaans, was there reassuring that the provincial government and South Africa cared - and would actually do something about their plight.

The damage to roads, water facilities and other infrastructure, and what we are able to do about it in terms of financial, material and expert assistance, has been

reported in the media. But what the trip really brought home to me was the interdependence of the South African experience. Even in the remotest stretches of South Africa - even in the mysterious outback of the West Coast where people are few and folklore is plentiful, where archaeologists ponder over the routes of pre-Western migration by humans driving before them vast herds of sheep - the distressed people, ravaged by nature, seek help as integral parts of one great, reviving nation.

The people had made their pleas to the president. He had visited. And he had sent his ministers and the premier. It was the unfolding, in practical terms, of everything we had sought at the World Trade Centre in seeking to mesh together all South Africans under one, democratic constitution.

The strains of the national anthem resounding in a modest hall in Hondekliipbaai, filled with good people in need, will

not be easily forgotten. Everywhere, we found people unbowed by their ordeal. Some were almost in carnival mood, despite their recent memories of flooding. Women were clearly in the majority, bearing children on their hips, and it was often the women who articulated the distress and who reasoned constructively and politely with us about how best to deal with problems. That was ennobling for us.

And, yes, there is a silver lining, the flipside of watery disaster. For, in the swollen aquifers - those large underground sponges which store our water - there are fresh, powerful resources at play now that massive rains have filled them to overflowing. They are replenished as they have not been for many decades.

My experts tell me that the recharge of aquifers is sporadic and insufficient when rainfall is low, which results in boreholes weakening and wells drying up. It leads also to groundwater becoming too saline and therefore unfit for human consumption. Since the rural areas of the region rely solely on underground water, this factor is of critical importance. The effect of flood waters is to infiltrate and recharge the reservoirs and numerous abandoned wells can then be used again.

Hence, amidst the destruction, we see a recharging of the reservoirs that lie at the base of existence of most Namaqualanders. The vegetation of the valleys and flatter areas will now flourish and improve grazing. The floods will have washed away the accumulation of salts from the surface and will allow the expansion of vegetation. Possibly, the desert will bloom as never before.

Just listen to the conclusion of an expert, Mr Z M Dziembowski, of our Directorate of Geohydrology in Pretoria. "The excellent flower season one can expect towards the winter's end will attract thousands of tourists and boost the area economically."

This means, dare one think, that the Namaqualand flowers could be a screaming sensation this year. So get out your guidebooks and maps that show the way to places like Garres, Springbok, Hondekliipbaai, Kleinsee and so on.

Might we also dare to think that even El Nino, that brooding weather system some believe now threatens another Southern African drought (while Californians rub their eyes as they fish and over-abundance), might be counteracted by the rich store of water that not only Namaqualand, but vast areas of South Africa now have in the "kitty", after good rains this year and the last?

We cannot be sure. But there is ground for hope.

Without proper management, water supplies could dry up in just 30 years

Industrial use threatens lower Olifants catchment area with ramifications for Kruger Park

By Shirley Woodgate

Water supplies for future development in South Africa will be exhausted in 30 years unless scarce resources are properly managed in an integrated manner, said Water Affairs Department project planning director Johan van Rooyen.

Addressing a recent workshop on the water situation in the lower Olifants River catchment area, Mpumalanga, he urged co-ordinated and collective consideration for the existing and proposed industrial developments in Northern Province, and the ecological requirements of the Kruger National Park.

Speaking ahead of the launch of the ambitious Palmag project, representatives of major water consumers in the area provided estimates of

their massive projected water demands into the next century.

Palmag is a joint venture by the IDC and its Phalaborwa-based subsidiary, Foskor, to recover a combination of alumina, magnesia and potassium from phlogopite, a min-

Palmag project estimates demands

eral in the mica family.

The residue was currently being discarded as waste from the phosphate and copper mining activities in the region.

Palabora Mining Company (PMC) spokesman Mike Sienkewitz said

there would be a significant drop in his company's water demands when mining activities moved underground by 2003.

At that stage PMC would require 7 million cu m of water a year compared with the current 20 million cu m, he said.

Foskor spokesman Pieter Bester said his company needed about 16 million cu m a year at present, decreasing to 14,5 million cu m in 2002. But this would rise to 20 million cu m over the next four years.

IDC's two planned projects at Phalaborwa, Palmag and the Iron Direct Reduction (IDR) project to be commissioned in 2002 and 2001 respectively, would not result in substantial additional water demands from the Olifants River, said Etienne Roux.

Palmag would need up to 11 mil-

lion cu m, he said

Iscor's Hendrik Graham said the company's mining operations at Gravelotte would initially require about 2 million cu m a year, increasing to some 7 million cu m by 2001.

Fedmus at Phalaborwa currently needed about 3 million cu m a year, increasing to 4,4 million cu m a year by the turn of the century, said Jan Lagendijk.

Kruger National Park spokesman Andrew Deacon said the average instream flow requirement in the Olifants River to sustain the ecosystem along the river, was about 17 million cu m a year.

Lepelle Northern Water Board's existing allocation of 64 million cu m was sufficient for present needs, said water board spokesman Wessel Vermeulen.

Star 14/2/97

(123) (S)

State awards contracts worth R700m for water

(123) Bd 14/7/97
PRETORIA — The water affairs and forestry department announced it had awarded contracts worth about R700m to four consortiums for water programmes in four provinces.

Water Affairs and Forestry Minister Kader Asmal said in Pretoria the government aimed to increase its level of expenditure on water projects to about R1bn a year.

"Provided the funds are available, we hope to provide water to at least 1,5 million more people a year as well as providing improved sanitation for hundreds of thousands more."

The contracts, signed in Pretoria last week, were awarded to Amanza'abantu Services in the Eastern Cape, AquaAmanzi in KwaZulu-Natal, the Consultburo Consortium in Mpumalanga, and Bergman Ingerop in Northern Province.

The consortia committed themselves to allocating substantial amounts of the design and construction work on water projects to upcoming companies from previously disadvantaged communities, said Asmal.

Kalinga Pelpola, departmental director of reconstruction and development programme implementation, said 80% of SA's water provisioning backlogs existed in the four provinces which were awarded the contracts.

It was expected that contracts worth another R300m would be awarded for water provision in the other five provinces later in the year.

If R1bn was spent on water provision every year from now, the department hoped to eradicate the backlog by 2007, said Pelpola.

Asmal said the four contracts would help ensure that the government's targets of providing water and sanitation to all, were met through a partnership with the private sector.

"It shows that the technical capacity of the private sector can be tapped in a variety of ways without jeopardising public ownership of developments or social infrastructure," he said. — Sapa.

SA to sign UN water convention

Louise Cook ¹²³
BD 15/7/97

SA would become party to a new international convention adopted by the General Assembly of the United Nations (UN) on international natural resource utilisation, Water Affairs and Forestry Minister Kadar Asmal said yesterday.

Addressing North African delegates, he said SA's signing of the international convention on non-navigable international waters had already been approved by the cabinet.

It was adopted by the UN in May following years of work by the international law commission. SA would become party to it next month, he said.

One of the critical issues the convention seeks to address is the balance between equitable sharing of international natural resources without causing harm to downstream neighbours — a complex and controversial issue facing all countries sharing international waters.

Water conservation was pertinent in North Africa. In this regard, SA was ready to co-operate with countries of the Nile Basin on policy development, he said.

Africa could be on the brink of a massive revival, and water was perhaps one of the central factors. Regarding international rivers, a balance between sovereignty, legal concepts such as prior appropriation and different development needs had to be found, he said.

The development of local water policy had been taken a step further last week with a meeting between Asmal and the executive of the SA Agriculture Union in Pretoria.

New electricity distributors 'can curb protest'

Deborah Fine

THE proposed establishment of new regional electricity distributors to supply electricity instead of Eskom and local authorities, could help to stem the violent protests by residents against local councils that cut off electricity in response to nonpayment.

This was the view of National Electricity Regulator customer services GM Johan du Plessis, who said yesterday that the planned restructuring of the electricity sector would merge the distribution functions of Eskom and local authorities into financially viable and semi-independent regional distributors.

"The Reds, as we call them, would be neither Eskom nor the local councils. With the councils no longer directly supplying or cutting off electricity, we believe it could solve the problem of animosity towards the councils, as well as other major problems such as widespread tariff differences," he said.

His comments come after violent protests at the weekend in which the home of Secunda councillor Rasco Fakude was petrol-bombed after a council decision two weeks ago to cut electricity supplies to Embalenhle residents who had not paid for municipal services. Secunda mayor Siphosiso Nkomo's house was petrol-bombed earlier in the week.

The Tsakane homes of Brakpan mayor Ace Phiri and councillor Tshidi Tsaone were also burnt to the ground on Sunday. Police said the attacks appeared to be related to the nonpayment of rates and services in the area. Confrontations with police and damage to property occurred earlier this year when local authorities cut off electricity supplies in Popcorn Valley, near Boksburg, and Emmerdale, south of Johannesburg.

Condemning the protest action as unlawful, the Gauteng development planning and local government department yesterday reiterated its commitment to ensuring widespread electricity cut-offs were effected by local councils throughout the province next month if municipal payment levels had not risen by 10%.

The Gauteng branch of the SA National Civics Organisation (Sanco), has called on Shuceka and local authorities not to go ahead with the planned cut-offs, claiming this would spark more protests against councillors.

Prince Hamnca, spokesman for Gauteng local government MEC Sicele Shuceka, said yesterday that residents who attacked councillors who were "simply carrying out their duties" would have to bear the legal consequences.

Sanco Gauteng provincial secretary Ali Mlane strongly condemned the attacks on councillors. But said that "arm-twisting tactics" by local authorities would only add to the frustration of residents who felt that their "genuine grievances" had not been properly addressed, and would not help to boost payment levels.

The National Party and the African National Congress both condemned the weekend attacks "in the strongest possible terms", calling on police and the justice department to swiftly bring the perpetrators to book.

PPD 15/17/197

(123)

NTINA

Red tape slows housing delivery

Robyn Chalmers

A NUMBER of provinces had appointed task teams along with other mechanisms to deal with bottlenecks in the low-cost housing programme and address problems facing developers and banks, provincial spokesmen said yesterday

However, some provinces — notably Eastern Cape, KwaZulu-Natal and Northern Province — were still struggling to overcome capacity restraints and high levels of bureaucracy

The private sector, and developers in particular, have complained of severe capacity constraints in some provincial governments, a nonadherence to checks and balances in the subsidy system and constantly changing rules at provincial level

Housing Minister Sankie Mthembu-Mahanyele said last week a range of steps were being taken to address these problems, both at national and provincial level. She remained confident the target of 1-million houses by 1999 would be met.

(123) BD 15/7/97
National Urban Reconstruction and Housing Agency deputy CEO Nonhlanhla Mjoli-Mncube said problems experienced by developers, and especially those relating to payments in terms of project-linked subsidies, were now being addressed. "While there may have been slower support from local institutions in housing, we are now starting to see international companies investing in the programme," she said.

Gauteng housing policy and administration director Monty Narsoo said yesterday the province had engaged directly with stakeholders to determine their problems, and set deadlines to address these issues.

The project-linked subsidy system was now moving ahead well, with a turnaround time of about seven days, but there were problems with individual subsidies which were being addressed

Problems included funds lying idle in conveyancer accounts, which had been largely solved when the province placed a moratorium on this practice. "We are prepared to bite the bullet and take unpopular

action when necessary," he said

A KwaZulu-Natal government spokesman said a task team had been working at overcoming bottlenecks in the system for months, with progress being made on boosting capacity and cutting through red tape.

"KwaZulu-Natal has been hampered with problems relating to the Ngonyama Trust, which has had an effect on delivery, but we are now seeing strong support for the housing programme and are confident we can move ahead," the spokesman said

Mpumalanga housing spokesman Leon Mbangwa said the suspension of the housing board's activities remained in force, but as the province had spent all its funds the board could not approve subsidies even if it was operational

Mbangwa said the province fortunately had sufficient skilled people in its government to move ahead with its housing programme rapidly. It had found ways to reduce bureaucratic impediments. A commission had been set up to deal with problems on approval of individual subsidies, he said

Bishops condemn the Nigerian government

Nomavenda Mathiane

(123) BD 15/7/97
AFRICAN bishops attending the All Africa Primates Conference in Johannesburg have condemned the Nigerian government for confiscating Archbishop Ephraim Ademowo's passport on the eve of his SA trip

As host of the conference, Southern Africa Archbishop Njongonkulu Ndungane said actions violating the right of assembly and association, such as witnessed last week in Kenya, would not be tolerated. This was particularly true given the changing face of Africa, where Africans were taking their destinies into their own hands. African bishops needed to inculcate Christian values of love and truth in the minds of ordinary people and their leaders, he said

The bishops were attending the "Kairos" meeting, which lasts until Thursday, to discuss issues including Africa's debts and economic crisis. With international conferences, such as the Lambert and World Council of Churches gatherings, coming up, it was important that African bishops prepare to speak with a single strong voice

About 18 bishops are expected. Also attending are Human Rights Commission chairman Barney Pitso and Bishop James Ottley, Anglican observer to the United Nations



Archbishop of Central Africa Khotso Makhulu presiding at the All Africa Primates Conference in Rosebank, Johannesburg, yesterday

Picture TYRONEARTHUR

SA govt builds on housing promise

37 (M) 6/7/97
DEVELOPMENT

By MARCIA KLEIN

JUST less than a quarter of the million houses that government promised to build by the turn of the century have been built or are currently under construction

The Department of Housing says delivery of housing has steadily increased. From March 1994 to mid-June this year, houses built or under construction grew by 28% to 248 1000 (192 815). Over the same period, provincial housing boards have reserved 594 805 subsidies, with the average subsidy totalling R14 200.

Statistics indicate that about 83 000 houses are being built a year. At this rate, the 1-million houses would be up by about 2006. However, the pace is increasing.

The department says the number of housing projects approved has increased. There are 345 projects — each project averages 700 houses — with houses either built or under construction. Work had begun or some payments had been made on 485 projects in mid-June compared with 199 in September last year. Reserved projects totalled 891 in mid-June from 589 in September.

Government's biggest test - housing

By Joshua Raboroko

THREE years after the new Government launched its low-cost housing programme, an estimated six million South Africans are still homeless. Providing shelter therefore remains one of its biggest challenges.

The Department of Housing's latest figures on delivery show that between March 1994 and June this year, just under 250 000 houses were either completed or in various planning stages.

However, government critics say there is nothing visible to show that the housing shortage is being reduced, and slam the Department for not distinguishing between completed houses and those still being built.

Nor is there any reliable indication of when these houses will actually be completed and transferred to the owners.

National Party housing spokesman Jac Rabie says South Africans are tired of hearing that 248 000 houses have been built or are under construction. He says "We want to know how many have been completed and where, and how many are being completed and where?"

Eliminate backlog

Rabie also believes that efforts to eliminate the backlog of roughly three million houses are being undermined by affirmative action.

According to reports, 59 key positions cannot be filled in the Department of Housing because of a lack of qualifications among affirmative action candidates.

He describes this as shocking. "What signals are we sending to the rest of the world if non-filling of vacancies further hampers the delivery of houses?"



(123)

(187)

Source Jan 16/17/99

Rabie says the Department will do the country and its people an enormous favour by first allowing affirmative action candidates to become familiar with the work under experienced officials.

Other causes of the delay in housing delivery include bureaucratic red tape, the slow processing of subsidies (which delays the registration of new bonds), the availability of credit, a lack of expertise at provincial government level and housing board irregularities.

Housing board irregularities have been a major obstacle, particularly in Eastern Cape and Mpumalanga, where the Department was forced to close down the boards temporarily during the past two months.

The person at the centre of it all is Housing Minister Sankie Mthembu-Mahanyele who works closely with the land, provincial and finance depart-

ments

In an interview at her Pretoria office, she admits that some of the accusations about the lack of delivery by her Department are correct. However, she adds, solutions are being worked out.

She says the slow pace of housing delivery is constantly being addressed, and the steady increase in delivery reflected by statistics is evidence that "we are improving as we go along".

"The number of houses built or under construction to date is an indication of progress achieved since we came to office.

"The backlog created by apartheid will not be eliminated within a short space of time. But families are being given opportunities to obtain shelter by this government," says Mthembu-Mahanyele.

As examples she pointed to

Housing Minister, Sankie Mthembu-Mahanyele ... she is confident the Government will reach its target of one million houses by 1999.
PIC MOFFAT ZUNGU

Oukasie and Phola Park in Gauteng, Victoria and Plettenberg Bay in Western Cape, Barclay West in Northern Cape, Hendrina in Mpumalanga, and Pongola in Kwazulu-Natal.

The low-cost homes built in these areas consist of at least four rooms. Developers were also beginning to build bigger homes with the government-provided capital subsidy of R15 000.

In the past two years, banks have approved about 53 000 bonds valued at R2.6 billion in the low-cost market.

According to Mthembu-Mahanyele, the Government is doing its best to unblock obstacles by getting all stakeholders on board so that "we can reach our objective before the elections" - its target of one million houses.

The importance of the subsidised homes, which could be improved at a

later stage is that the beneficiaries own them as well as the land on which they are built. Her Department is also looking at other schemes.

In order to speed up delivery and cut through red tape, a computer data base called Nomvula was introduced in April to shorten the time it takes the Government to grant housing subsidies to poor families.

Before the new computer system was installed it took up to 18 months for a subsidy to be approved. This has now been reduced to seven months.

Applications for subsidies are available from provincial housing boards and provincial housing MEC offices. A toll-free hotline on 0800-111-663 is available for further advice.

Still confident

Mthembu-Mahanyele is still confident that the Government will reach its target of one million houses by 1999. Already 555 000 subsidies have been allocated.

A major training programme for municipal officials to oversee the subsidy scheme will soon be in place. "National Party rule has left the majority of the population without skills," says Mthembu-Mahanyele.

Her department will embark on a vigorous training programme at Johannesburg's Wits University and other institutions to equip people with the necessary skills.

"We need engineers, town planners, skilled financial personnel and experienced project managers," she says. "Training to develop these types of specialised skills is a high priority."

Mthembu-Mahanyele adds "We must be commended for the work done so far. This government has taken a decision to transform this country from a completely racially-based society to a non-racial dispensation."

Housing figures are well down on last year

(123)

MAGGIE ROWLEY

CT(BR) 17/7/97

PROPERTY EDITOR

Cape Town — Plans for only 20 119 houses were passed in the first five months of this year, 1 607 fewer than during the same period last year, according to figures released by the Central Statistical Service (CSS) yesterday

The value of residential plans passed during the five months was more than R200 million lower than during the same period last year. The value of residential buildings passed in May this year totalled R752,4 million — down on both the previous month's R753,3 million and the figure of R756,3 million for May last year.

The bulk of the residential plans passed were the 8 035 in Gauteng, followed by 3 806 in the Western Cape and 1 771 in KwaZulu Natal. Plans passed in the other provinces varied from 230 in the Northern Cape to 1 441 in the Northern Province.

Owing to the drop in value of residential plans, the total value of building plans passed during the five-month period was R7,2 billion, 0,5 percent lower than last year. This was in spite of an 11,1 percent increase in the value of non-residential building plans to R2,2 billion. The largest increase in this sector was for shopping malls, followed by office and banking space.

Gauteng was again the largest provincial contributor, followed by the Northern Province and KwaZulu Natal, but local authorities in the Western Cape reported a decline of R21 million in non-residential plans passed.

According to the CSS, the total value of buildings completed for the first five months of this year was R4,4 billion — up 11,9 percent on the same period last year. Again this was no thanks to the residential sector which saw the value of buildings completed shrink 5,4 percent, while the total value of non-residential buildings and additions and alterations increased by 46 and 24,4 percent respectively.

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Housing achievements unsung in press

AS a minister, I have been grappling with inefficiencies inherited from the previous administration in tandem with this government has been introducing a paradigm shift in the priorities and focus of the work done by the housing department. The complexities and scale of this task should not be underestimated.

Following criticism of government's housing programme, Housing Minister Sankie Mthembu-Mahanyele outlines how her department is overcoming delivery problems

DD 17/7/97 (127)

There were 17 different administrations in the country responsible for administering racially-based state-housing programmes

There was a range of inequitable subsidy regimes, differentiated along racial lines. Banks and developers withdrew from lending in 570 areas, mainly previously designated black local authorities

This is not an excuse for poor service or inefficiency. I am well aware of the problems experienced by our partners, such as developers and financiers, in their interaction with the three spheres of government and it is something I am deeply concerned about

But recent reports in Business Day (July 8 and 9) have exaggerated the situation. It is regrettable that the reports chose to include criticism of the housing ministry but not information on what is being done to address problems

There is a continuing process of engagement with our key partners in housing delivery. Over the past two months, I have met various representatives and groups from the building industry and nongovernment organisation sector (including the National Economic, Development and Labour Council (Nedlac), development chamber, not only to listen to their problems and concerns but also to update them on what we are doing to address the issues

I do not underestimate the effect a lack of confidence by the private sector will have on housing delivery and I am determined everything possible must be done to encourage the private sector to increase its involvement

But it has taken time to identify problems and to implement solutions. In part, the delay has been due to provincial and local administrations — who are the prime implementers of the policy set by my office — getting their administrative structures in order

Simply, there are four phases in the housing delivery chain. Phase one is the lodging of applications for subsidies by developers with provincial housing boards. Phase two is the processing of ap-

plications, the granting of approval and getting legal contracts. Phase three is preparatory work for the implementation of contracts. Phase four is the completion of structures

Our Nomvula computer data management system (set up in April) has made great inroads in addressing the problems facing our partners in phases one and two, where our experience showed the biggest and most costly delays were occurring

Last week, provincial heads of departments approved the introduction of shorter, more user-friendly application forms linked to a computer-aided adjudication system

They also approved implementation of a specific training programme for provincial housing departments

Part of this will include training clerks. We found that in places, only 10 application forms were processed per person per day, compared with the 150 to 200 that could be achieved by competent clerks

Through Nomvula, we are now also able to reduce the time it takes for provincial housing boards to process applications from between three to nine months to between four and six weeks. We have been able to reduce the time it takes for developers to get contractors on site after the subsidy has been approved from 18 months to seven months. We have increased the number of active projects approved by provincial housing boards from around 11% in September last year to more than 60% at present. We

are able to identify projects which are not moving at all and reallocate those subsidies into projects which are delivering

We are still experiencing serious problems with the process of signing contracts and the approval of individual subsidy applications by provinces. My department has examined the process in four provinces and proposals to streamline handling of applications were accepted by all provinces at a meeting last week

Another key problem area is payment to developers, which in too many cases is made unacceptably late or inaccurately. My department has developed a simple payment system linked to Nomvula which will be operational by the

end of this month. Obviously the degree of efficiency differs from province to province and region. Depending on the capacity and skill of staff employed at various levels of interface with private-sector partners. But capacity and skills shortages are problems which afflict the private sector as well

My department is about to issue a tender for creation and implementation of a skills training and capacity-building programme for provincial administrators and municipal officials

We need engineers, town planners, skilled financial administrators and experienced project managers and these professionals are difficult to find and keep. We have

between June 1995 and April 30 this year banks granted 52 817 loans totalling R2,6bn in the low-cost housing market, against a target of 50 000 loans a year or 100 000 loans by last month. While delivery figures had risen, with the figures showing 248 100 units had either been built or were under construction between March 1994 and last month, analysts warned that this was the result of work started a year to two years previously

The overall target of 1.1 million homes by 1995 also meant 750 000 had to be delivered in 20 months against the 250 000 target in the first 12 months

Analysts said the problem was not with the policy itself, but its implementation. Delivery was slow and the disbursement of bank loans slow

Mortgage Indemnity Fund MD Nkhuliso Sowazi said there was concern about the May 1998 closure of the fund, which indemnifies banks against losses as a result of undervalued properties

"There have already been a number of projects approved by provincial housing boards from around 11% in September last year to more than 60% at present. We

Private sector 'losing faith' in housing plan

Robyn Chalmers

CONCERN was growing that the private sector was losing confidence in government's low-cost housing programme, industry sources said yesterday. Developers and banks faced costly bureaucratic delays and a lack of capacity at provincial government level.

Problems were largely operational, including the temporary closure of the Eastern Cape and Mpumalanga housing boards, nonadherence to checks and balances in the state's subsidy scheme and the loss of housing director-general Billy Cobbett.

Analysts said the problem was not with the policy itself, but its implementation. Delivery was slow and the disbursement of bank loans slow

Mortgage Indemnity Fund MD Nkhuliso Sowazi said there was concern about the May 1998 closure of the fund, which indemnifies banks against losses as a result of undervalued properties

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Business Day, July 8 1997

'I am determined everything possible must be done to encourage the private sector to involve itself more. Sankie Mthembu-Mahanyele

contact with the National Housing Finance Corporation with a view to various types of social housing projects

When these projects come to fruition, it will mean between 15 000 and 30 000 new affordable rental units will be made available to low-income earners over the next two years. The National Housing Finance Corporation has also seen very strong interest in institutional subsidies coming from local authorities who have seen the value of increasing the amount of affordable rental stock available to their constituents

Last year, we were not able to allocate any new subsidies to provinces due to the fact that all provinces were experiencing rollovers as a result of their capacity and systems not being able to cope with the flow of subsidies. The situation has significantly improved and at present, at least five provinces have already spent their allocations

I am considering introducing a new formula for these allocations, moving from one which takes into account the provincial population and the assessed provincial shortage of houses to one which, in the short term, rewards provinces which have shown their mettle in actually delivering houses

The closure of the housing boards in the Eastern Cape and Mpumalanga is cause for concern. But one must also see this in the light in which it occurred. Irregularities were alleged in these cases and the provincial MECs took decisive action to stamp them out by suspending the boards. I believe that in the very near future, a restructured board will be appointed in the Eastern Cape and the Mpumalanga board, either in its present form or restructured, will go back to work after the new allocations have been made

At present, there are more than 240 000 houses already completed or under construction and more than 594 000 subsidies have been allocated. We have come a long way in three years and we have learned a great deal

No one really imagined that such an ambitious programme — delivering one million houses in five years — would be without its constraints

I want to reiterate, developers and bankers who have expressed concern about the progress of housing should come and speak to me. I am in a position to do more than publish reports on problems,

contact with the National Housing Finance Corporation with a view to various types of social housing projects

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Move to collect ⁽¹²³⁾ R3-bn debt

Sowetan 17/7/97

Thabo Mbeki to lead MPs in pledge as part of the Masakhane campaign

By Joshua Raboroko

DEPUTY PRESIDENT Thabo Mbeki is to lead hundreds of Gauteng public servants, including cabinet ministers, MPs and mayors, to sign a public pledge committing themselves to paying for essential services or face dismissal.

The pledge is part of the province's Masakhane campaign aimed at recovering the R3 billion owed to 52 municipalities, particularly in black townships, since the launch of the Government of National Unity.

Gauteng MEC for development planning and local government Mr Sicele Shiceka told *Sowetan* yesterday that the commitment – the first since the dawn of democracy – indicated Government support for the Masakhane campaign.

He said political parties, cabinet ministers, MPs, central and local government needed to lead the way in the payment of essential services such as electricity, water and refuse removal.

President Nelson Mandela is also expected to sign the pledge which will

also be adopted by other provinces later. Municipalities are owed R6 billion countrywide, according to Government sources.

The signing takes place at the Greater Johannesburg Metropolitan Council, Braamfontein, on Saturday from 9am. Gauteng Premier Tokyo Sexwale and Johannesburg mayor Isaac Mogase will be the first leaders to sign.

Names of defaulters will be published in a "special government list" for scrutiny every month. Refusal to pay will lead to public servants being dismissed in accordance with the prescribed procedures.

Formulate strategies

Arrangements will be made to deduct payments from individuals' salaries. These arrangements will be explained to trade unions and employer associations before being introduced to the public.

Shiceka said his department would hold meetings with Eskom, the Water Board and private sector involved in services delivery to formulate strategies to encourage "smooth payment" of "their commodities".

Shortage of skills blocks new homes

(123)
By Gerry Reilly

AN ineffective bureaucracy and an acute shortage of managerial, technical and financial skills at provincial and local government level is impeding progress in the delivery of low-cost housing, ministerial housing spokeswoman Mandy Woods told *Sowetan Business*.

But, she said, the ministry was confident that if current trends continued, a million houses would be built or be under construction by 1999.

Although Woods said some five years ago that the country had a backlog of about 1,5 million houses, she said "the reality is that we have a backlog of between two and three million houses, which is increasing at a rate of 200 000 annually".

Steady increase

The Government's commitment to the housing programme was a million subsidies - a maximum of R15 000 each over a period of five years.

For the current financial year R2,3 billion had been allocated for low-cost housing and in April-May this year, R361,4 million was spent.

In the 1996-97 financial year R1,9 billion was spent on low-cost housing.

Woods said so far a total of 600 000 subsidies had been "handed down" and the number of projects approved by provincial housing boards was showing a steady increase.

Future progress

Between March 1994 and mid-June this year 248 100 houses were built or were being built. The number of projects with houses built or under construction increased from 70 in September last year to 354 by mid-June this year. Each project averaged 700 houses.

Woods said, however, that future progress had to be underpinned by consistent support for policy fundamentals by Government at national and provincial level.

These included support from labour and business, long term budgetary certainty at national level and a timely provision of land and services.

Stumbling blocks, however, still included an inadequate technical and managerial capacity in provinces and municipalities.

Sowetan 17/7/97

New body to supply power

(12B)
Sowetan
18/7/97

By Joshua Raboroko

THE newly formed National Electricity Regulator (NER), a body meant to supply electricity directly to consumers, could ease the burden of Eskom and the local councils in combating township residents' resistance to paying

The NER, which has not yet been launched officially, will replace local councils and Eskom in supplying electricity to consumers. Eskom is the biggest supplier of electricity in the country.

NER customer services general manager Mr Johan du Plessis told *Sowetan* yesterday that the organisation aimed to supply electricity to consumers.

The organisation, which consists of provincial and local government, the private sector, trade unions, community and political organisations, is to hold an urgent meeting on July 29 to complete a final vision and strategy.

After the meeting it will send recommendations to Minister of Mineral and Energy Affairs Penuel Maduna with the view to introducing legislation when Parliament resumes next month.

The formation of the enterprise comes in the wake of confrontation in which the homes of Secunda councillors were petrol-bombed after a council decision to cut electricity supply to defaulters.

In another incident on the East Rand the homes of Brakpan councillors were burnt down in what police said appeared to be incidents related to non-payment of rates and services in the area.

Du Plessis said they planned restructuring the electricity sector by merging the distribution functions of Eskom and local councils into financially viable regional distributors.

It was hoped that with the councils no longer being responsible for supplying or cutting off electricity the whole issue would be depoliticised.

Gauteng MEC for development planning and local government Mx Siselo Shiceka, who also serves on the NER, said service defaulters should arrange to pay their tariffs before August 1.

He said the NER meeting would propose that workers, including public servants, arrange payment for rates and services via stop orders from their bosses.

Agreement over R4,2-bn allocated for housing subsidies in all the provinces

Star ~~South African~~ 19/7/97 (123)

The Housing Minister, Sankie Mthembu-Mahanyele, and provincial housing MECs yesterday reached an agreement on the allocation of 250 000 housing subsidies across nine provinces. The cash value adds up to R4,2-billion this financial year.

In terms of the agreement, provinces will be able to commit a further amount of subsidies by March next year, the Housing Ministry said in a statement.

This would be done according to an agreed formula which took into consideration issues of

provincial populations, housing backlog and, for the first time, provincial performance in houses built or under construction.

Allocations (in millions of rands) were Gauteng, R1331,7; KwaZulu-Natal, R494,6; Western Cape and Eastern Cape, R473,5 million each; North West, R405,9; Mpumalanga, R363,6; Free State, R291,7; Northern Province, R257,9 and Northern Cape, R135,3.

Mthembu-Mahanyele said she was pleased with the agreement reached. "This means we will

have allocated more than 800 000 subsidies by the end of the 1997-1998 financial year and all these subsidies will be translated into houses built or under construction by 1999.

"We plan to release the balance of the one million subsidies within the first six months of the next financial year."

Mthembu-Mahanyele added this was a clear indication that the Government's target of building, or having under construction, one million houses within five years was on track. - Sapa

Subsidies worth R4,2 billion for housing okayed

HOUSING minister Sankie Mthembu-Mahanyele and the provincial housing MECs reached agreement on Friday about the allocation of 280 000 housing subsidies with a cash value of R4,2 billion for the current financial year.

The subsidies will be administered by the provincial administrations

In terms of an agreement reached at a meeting on Thursday, the provinces will be able to make more subsidies available by March next year, said a housing ministry statement.

This will be carried out according to an agreed formula which considers provincial populations, housing backlogs and, for the first time, provincial performance in terms of houses built or under construction

The allocations are as follows: Gauteng – R1 331,7 million; KwaZulu-Natal – R494,6 million; the Western and Eastern Cape – R473,5 million each; the North West – R405,9 million; Mpumalanga – R363,6 million; the Free State – R291,7 million; the Northern Province – R257,9 million and the Northern Cape – R135,3 million.

Mthembu-Mahanyele said she was pleased with the agreement: "This means we will have allocated more than 800 000 subsidies by the end of the 1997/1998 financial year and all these subsidies will be translated into houses built or under construction by no later than 1999.

"We are planning to release the balance of the one million subsidies within the first six months of the next financial year."

She said this was a clear indication that the government's target – having one million houses completed or under construction within five years – was on track.

"We still have a lot of work to do and the next year will be critical. Now is the time to keep the pressure up and to work on solving the problems which are inhibiting delivery." – Sapa

Pact paves way for more homes

MARC HASENFUSS

CAPE EDITOR

Cape Town — Sankie Mthembu-Mahanyele, the national housing minister, said at the weekend that she and provincial housing MECs have agreed to allocate 280 000 subsidies worth R4,2 billion this financial year.

This was a significant move to boost housing delivery, she said.

She said the agreement meant that more than 800 000 housing subsidies would be allocated by the end of March next year.

"All these subsidies will be translated into houses built or

under construction by no later than 1999," she said.

The agreement was a clear indication that the government's target of building or having under construction 1 million houses within the next five years was still on track, Mthembu-Mahanyele said.

The housing ministry planned to release the balance of the 1 million subsidies within the first months of the next financial year.

"We have a lot of work to do and the next year will be critical. Now is the time to keep the pressure up and work on solving the problems which are inhibiting delivery."

21/7/97 (123)
The provincial allocations of subsidies have R1,33 billion earmarked for Gauteng, R494,6 million for KwaZulu Natal, R473,5 million each for the Western and Eastern Cape, R405,9 million for the North West, R363,6 million for Mpumalanga, R291,7 million for the Free State, R257,9 million for the Northern Province and R135,3 million for the Northern Cape.

The agreement also stipulated that provinces would be able to commit a further subsidy amount by March next year in terms of a formula that takes provincial populations and housing backlogs into consideration.

New housing guide launched

(123)

Lucia Mutikani

BD 25/7/97

THE housing ministry and the National Business Initiative yesterday launched a comprehensive guide for the development of housing projects in a bid to speed up sluggish low-cost housing delivery.

The guide, to be distributed to national, provincial and local government, as well as housing boards, developers and other interested parties, tracks the process from the award of a subsidy to the construction of a house through 183 steps. These cover township establishment, sales administration, land servicing and building operations.

Almost 600 000 subsidies have been awarded for housing for low-income families, with fewer than 300 000 "built or under construction". SA's housing backlog is conservatively estimated at about 2-million and is rising annually at the rate of 200 000.

"The lack of know-how and experience among developers and emerging contractors regarding the various statutory and other processes surrounding subsidised housing projects have been a major constraint in housing delivery," Housing Minister Sankie Mthembu-Mahanyele said.

Service nonpayers face tougher action

00 28 | 7 | 97 (123)

Lukanyo Mnyanda

GOVERNMENT needed to "get tough", cut off services and take legal action against people who were still refusing to pay for rates and services even though they could afford to do so, Provincial Affairs Minister Valli Moosa said at the weekend.

"The main thing to ensure is that such action is applied consistently to all municipal residents, and that it is enforced. We need to give our full support to councillors who are now being attacked for taking these sort of actions," Moosa told a Masakhane campaign

workshop at the World Trade Centre on Friday that government needed to provide support to people who were genuinely too poor to pay for services through subsidies and rebates from local councils.

But it needed to get tough on those who could afford to pay but were refusing. "This includes actions such as cutting off services and taking legal action," Moosa said councils needed to make payment easier and more accessible via proper metering and billing systems.

The workshop, hosted by the provincial affairs department and the National Economic, Development and Labour Council (Nedlac), aimed to give new im-

petus to the campaign and focused on community mobilisation. It also aimed to remove the perception of the Masakhane campaign as merely being about payment of services and to rather focus on the need to improve capacity and delivery at a local government level.

Nedlac executive director Jayendra Naidoo said: "This (payment for services) is an integral part of the campaign as there are costs associated with the delivery of services... However, a strong focus is also the development and delivery of basic services and infrastructure." Naidoo said the campaign should be co-ordinated by an independent struc-

ture closely linked to both government and Nedlac's development chamber

Moosa said the provincial affairs department had provided training to more than 4 500 councillors on various duties in an attempt to boost capacity.

Through Project Viability the department hoped to complete management audits in the 60 "most critical municipalities" by the end of the month and have audited 100 municipalities by December. Masakhane's success depended on councils ensuring there was a visible improvement in service delivery. "Residents must see local government making an effort and trying to get development going"

DEVELOPMENT *Nedlac suggests independent help needed*

Boost for faltering Masakhane

FRANK NXUMALO

Johannesburg — The Masakhane campaign should be coordinated by an independent, standalone structure closely linked to both government and the National Economic Development and Labour Council (Nedlac)'s Development Chamber, Jayendra Naidoo, Nedlac executive director, said at the closure of a national workshop on the campaign at the weekend.

Kimion Phitidis, the Nedlac spokesman, said one of the most important recommendations to come out of the workshop was the support for a Masakhane focus week to be held in the first week of September. During that week different stakeholders will highlight successes of the campaign so far and rally support around it.

Phitidis said the focus week would result in a one-year programme of action that would simultaneously address issues around the discrepancies of the past and communicate the magnitude of the tasks of reconstruction and development.

He said the programme of action would further seek to promote the payment of services and educate communities with regard to where the money went and how various needs were prioritised.



FOCUSED Jayendra Naidoo, Nedlac's executive director

"A need was identified to further promote and popularise community-based development initiatives through the Masakhane awards now running and promote the establishment of a database to monitor and accelerate the process of delivery," Phitidis said.

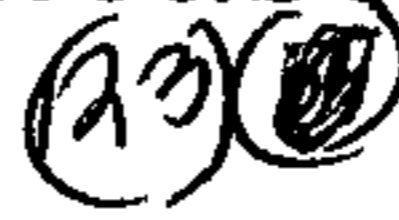
Naidoo said there had been a misconception that Masakhane

was solely about encouraging payment of services. "This is an integral part of the campaign, as there are costs associated with the delivery of services and the government will pursue payment. However, a strong focus of Masakhane is also the delivery of basic services and infrastructure at local, provincial and a national level," said Naidoo.

(123) CT(BR) 28/7/97

Consumption of electricity increases

BD 31/9/97
Lukanyo Mnyanda



ELECTRICITY consumption in the first half of the year showed a 2,9% increase compared to the figures for the previous six months, reflecting progress in Eskom's electrification drive and indicating that fears of a collapse in economic activity might be exaggerated.

Central Statistical Service (CSS) figures released yesterday also showed that electricity consumption had increased 3,3% on a seasonally adjusted basis in the second quarter compared to the three months to March.

Economists canvassed yesterday said the absence of a complete breakdown of the different users made it difficult to determine how much of the growth was driven by Eskom's electrification drive or robust manufacturing activity.

Eskom spends about R1bn annually on its electrification programme, aimed at ensuring that more than 75% of SA households have access to electricity by 2002, when more than 2-million homes should have been electrified.

An Eskom spokesman said yesterday that domestic households had accounted for most of its increased distribution over the past six months, reflecting progress in the electrification drive. The CSS figures showed that Eskom's electricity distribution increased by 2,6% in the period under review.

Econometrix chief economist Azar Jammine said the growth in consumption might have been driven by the electrification drive. But even if that was the case, it would have a spin-off for other sectors of the economy through increased demands for electrical appliances.

"These figures do not support the view that the economy is about to collapse. The economy is slowing, but the fears (of a collapse) seem a bit exaggerated."

SA Chamber of Business (Sacob) economist Penny Hawkins said the figure was "more or less" in keeping with earlier predictions for economic growth this year. But it was hard to say how much of the growth had been driven by increased manufacturing activity.

Sacob's monthly survey of the manufacturing sector had shown that although manufacturers were more confident about their long-term prospects, they were less optimistic on a short-term basis.

HOUSING + HOSTELS

1997

AUGUST - DEC.



Riaan le Roux... Old Mutual's economist

R1,5m boost for low-cost housing

Lowetan 7/8/97 (123)

By Shadrack Mashalaba

THE Libuyile Community Development Trust and Rural Housing Finance signed a R1,5-million debenture agreement in Johannesburg yesterday

In terms of the agreement, Libuyile will invest the R1,5 million with RHF to speed up its delivery of low income housing loans

The debenture (which is a bond to be repaid over an agreed period with a fixed interest) will also help RHF leverage loans totalling R45 million from the National Housing Finance Corporation and the Rural Housing Loan Fund

RHF managing director Chris Hock said the money was needed to expand operations

He said RHF has also disbursed 12 000 loans of between R500 and R6 000 in the last four years

Rural Housing Finance is a subsidiary of the Rural Finance Facility (RFF) The RHF division was established by RFF amid the growing hous-

ing need Currently RHF has 3 600 clients borrowing R35 million

RHF expects to have 15 000 clients borrowing over R100 million in the next three years

"Our loans are granted to formally employed people irrespective of their salary scale," Hock said

Wage deductions

The only requirement is an agreement that employers deduct repayments from wages on a PAYE basis The employee should also be a member of a provident fund

RFF is focused exclusively on financing low income housing and rural micro enterprise

Founded in 1991, the organisation made its first microloan in 1993 To date it has disbursed over 18 000 loans Since inception the audited repayment on housing loans has exceeded 99,9 percent

Libuyile chief executive Lansana Marah said the trust was formed to support disadvantaged communities in their efforts to build infrastructure

Civics want Govt to halt cuts

(123)

Sowetan
7/8/97

By Joshua Raboroko

CIVIC organisations countrywide which are concerned about the spread of violence in townships are to embark on mass action aimed at persuading the Government to halt cuts of electricity and essential services to poor communities.

The protest actions which will include marches and pickets outside offices of provincial and national governments are scheduled to start on August 17

The SA National Civic Organisation (Sanco) announced the campaign after meeting Provincial Affairs Minister Mr Valli Moosa and executives of the SA Local Government Association (Salga), representing 80 municipalities countrywide

Sanco president Mr Mlungisi Hlongwane said credit control measures by cash-strapped local authorities were designed to collect debts amounting to more than R6 billion for the non-payment of tariffs in the townships

However, local governments had halted services without checking whether all the communities were in default - thousands of KwaThema, Springs, residents had their electricity supplies cut on Tuesday

Salga chief executive Mr Colin Matjila yesterday described the meeting with Moosa and Sanco as cordial

He said they had agreed to meet Sanco again to discuss matters of interest

The office of Gauteng MEC for development planning and local government, Mr Sicelo Shiceka yesterday warned defaulters to pay to avoid further cuts.

Sanco feared that angry residents would resort to violence to have their electricity restored. Hlongwane said there were many irregularities concerning bills because of the inefficiency of personnel at municipal offices

ESKOM

Costly operation to feed hungry power station

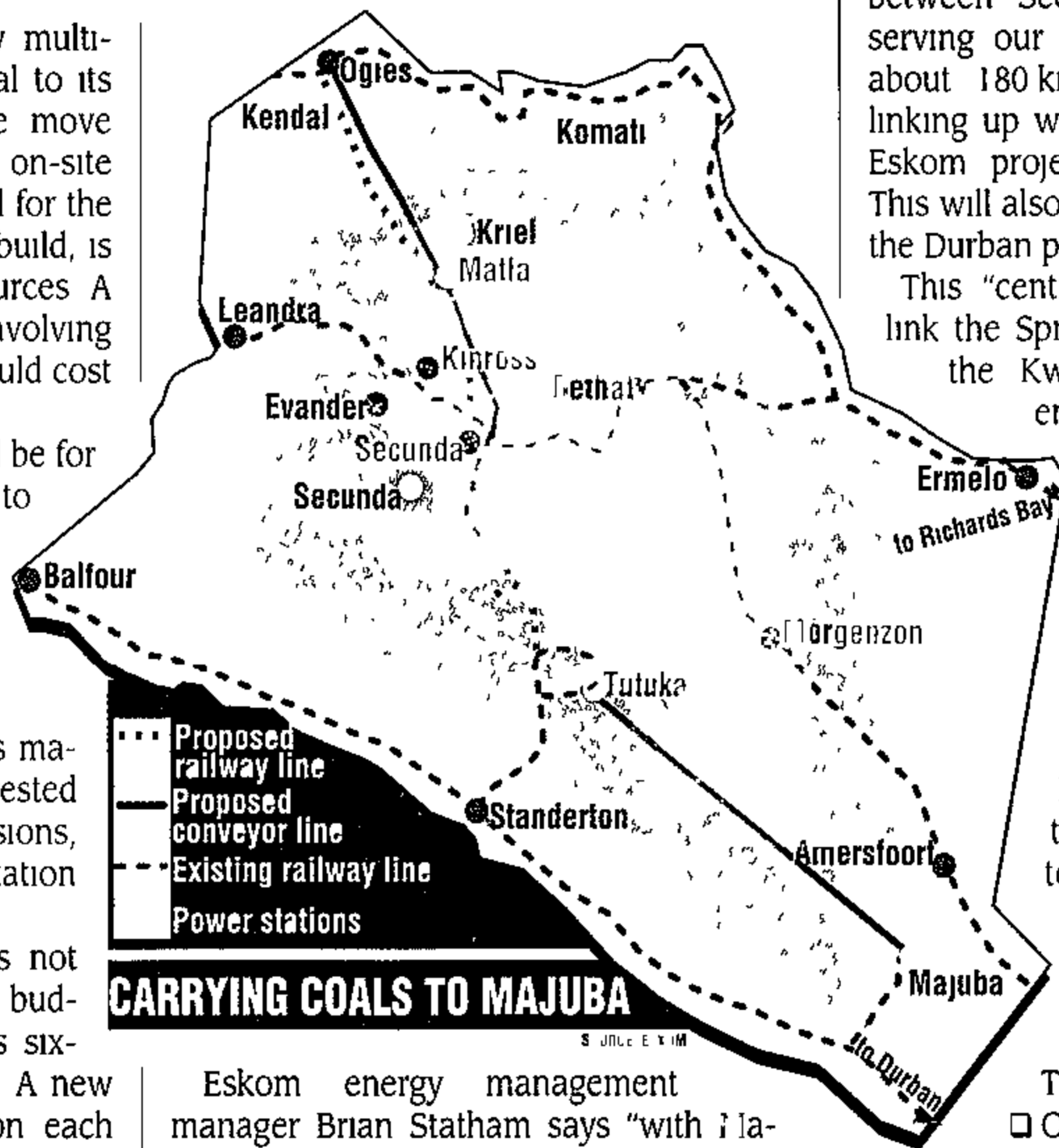
Thirsty turbines expected to gobble 12 Mt/year. Most mining houses keeping weather eye on opportunity

ESKOM is working on a new multi-million rand plan to get coal to its Majuba power station. The move follows the closure of Rand Mines' on-site coal mine in the early Nineties. Coal for the station, which is costing R12bn to build, is now railed 330 km from various sources. A solution to the transport problem, involving new rail and conveyor belt links, could cost between R250m and R700m.

Another part of the solution could be for coal producer Ingwe Coal Corp to open a new mine in the Leandra area in Mpumalanga. "Depending on the requirements, capex could well total up to R1bn," says Ingwe project engineer John Pain.

Spoornet, Sasol and most of SA's major coal mining groups are also interested parties in the feasibility discussions, which could lead to an implementation decision by mid-1998.

The 4 000 MW Majuba station is not yet complete, with about 70% of its budget committed and only two of its six-pack generating units in operation. A new unit will be brought into operation each year, till the station is fully operational. Each unit is capable of generating 660 MW.



CARRYING COALS TO MAJUBA

Eskom energy management manager Brian Statham says "with Majuba being the most expensive live power station, the economics of its coal transport

are critical. Opportunities to exploit the lucrative 'peaking' market — when daily demand for electricity peaks — are also an important part of the Majuba strategy for the next 10 years."

Eskom also remains bound to a number of contractors to complete the Majuba project — and the proposed transport logistics solution should reduce its cost premium.

"While nothing has been finalised yet, the phased new transport project might well kick off with a new R250m, 38 km rail link between Secunda and the existing line serving our Tutuka station. This will cut about 180 km from the round trip line linking up with the Durban rail line," says Eskom project manager Francois Retief. This will also help shorten Sasol's access to the Durban port.

This "central corridor" line would also link the Springs/Richards Bay rail line to the KwaZulu-Natal railway system, enhancing the north-south link between the Maputo corridor and KwaZulu-Natal.

Other possible "transport corridor" steps (see map) would include:

- A new rail line (or conveyor belt system) between Ogies and Secunda — via the Kendal, Matla and Kriel stations. This would allow access to cheaper coal from the Witbank/Middelburg export coal mines.

- A R350m conveyor belt route, linking Majuba with Tutuka, and

- Other future coal transport corridors which could benefit Eskom, Sasol and coal mining groups, as well as the farming and industrial sectors. With possible upgrading of some existing lines, total transport costs could reach about R700m.

Retief says while Ingwe has already been given the 6 Mt/year contract to supply Majuba's first half (2 000 MW), the coal supply contract for the second half is still open and might only become operational by about 2008. Coal companies are therefore still in the running for this 40-year supply contract.

Ingwe's Pain says meeting the initial 6 Mt/year commitment might require upgrading of existing mining infrastructure or opening the new mine in Leandra.

Spoornet strategic markets senior manager Philip van Heerden says the proposed lines could be owned and operated by Spoornet, privately owned or a combination, should a consortium of interested parties join forces.

Arnold van Huyssteen

MANAGING CHANGE

Catalyst for transition

How do you recognise that your business needs to change, and how do you manage the exercise? These questions will be answered at the Sandton Sun on August 21 at a convention on executive change.

Andersen Consulting will host the convention, which is titled "Managing the Journey: An SA Business Imperative." Topics will include:

- Understanding why an organisation

needs to change and how it will benefit from doing so,

- Defining the opportunities and mechanisms for transforming performance,
- Examples from around the world of success and failure, and the reasons for it, and

- The bottom-line impact of change.

In conjunction with the convention, the *FM* will publish a special supplement, *Managing Change*, on October 10. The supplement, in association with Andersen Consulting, will draw on new market research among business leaders on how to transform business.

For more information on the convention, telephone (011) 328-3100.

ILLEGAL VEHICLE IMPORTS

Turning the clock back?

Bid to stem import flood of used trucks and cars *KM 8/8/97*

They could call it the Truck & Reconciliation Commission Government, police and the motor industry are considering a one-off amnesty to allow up to 20 000 owners of illegally imported used vehicles to keep them

In exchange, they might pay a penalty or offer information that would help police stop more vehicles entering SA

Discussions on a possible amnesty are at an early stage. Following a meeting outside Johannesburg on Tuesday, a committee representing manufacturers, dealers, police, Customs, the Department of Transport and others will consider the amnesty among several measures to stem the flood of illegal imports

Used vehicles are not allowed into SA except under specific circumstances such as imports by immigrants or diplomats

Even then, they require a special permit. However, neighbouring countries do accept used vehicles and ship them in through SA ports. After being issued with temporary transit permits so they can be driven across the border to their destination, many disappear into the SA market with the aid of forged documents and corrupt officials.

In other cases, they do reach their country of destination but then slip back into SA through the more than 50 border posts.

Superintendent Brian van Niekerk of the recently created SA Border Police says there could be more than 20 000 illegal imports on SA roads.

Police have started to succeed in tracing and confiscating the vehicles. A single case recently involved 351 imported used minibuses, another investigation found 24 imported used cars on the floor of an SA manufacturer's own franchised car lot.

Control has been bedevilled by the lack of a central vehicle registry. When the former provinces and homelands operated their own systems, opportunity for abuse was rife. Now that the new central National Traffic Information System (NaTIS) is becoming operational, officials hope the loopholes are closing. But what to do about the imported used vehicles already here? The illegal import network is so sophisticated

that many vehicles are sold through reputable dealerships and customers have no idea they are buying "hot" goods.

In principle, says Van Niekerk, that is no defence, police are entitled to destroy the vehicles and prosecute the owners. But that would often be counter-productive, particularly in the haulage industry, where seizure could put companies out of business and cost thousands of jobs.

Graham Boy, MD of Madison Freight Lines in Midrand, is one of those caught in the middle. He operates 20 trucks, all of which were bought used. Though he acknowledges he used "loopholes" to acquire one or two, he says the rest were bought through legitimate dealers.

He says he is willing to pay a penalty on each vehicle "but don't wreck the business and the livelihood of my workers."

SA vehicle manufacturers, who lose sales to the imports, say they are open to the idea of an amnesty, especially for truck buyers.

Private car buyers can't claim the same job protection argument. Nico Vermeulen, director of the National Association of Automobile Manufacturers, says the idea is worth discussing "as long as these people help us close the loopholes. But we can't let them walk away from an illegal act without some form of penalty." *David Furlonger*



A pick up that works harder for you.

In its class, the new stylish Rustler Bakkie not only has the biggest loadspace but it's also the only vehicle that can accommodate a 1m x 1m metric size pallet in its loadbox. Now when there's a ton of work to be done, here's the half-ton that will go the extra mile for you. The tough, hardworking Rustler bakkie will make sure of that! And if you're after a guarantee, don't forget the Rustler is backed by Mazda's 3 year/100 000 km warranty.

MAZDA RUSTLER

BAKKIES WITH BACKBONE

Communities are building it for themselves

(123)

M+G (BM) 8-14/8/97

To address the country's basic construction needs the government must facilitate community-driven projects, reports **Aspasia Karras**



Rallying call: Boipatong puts people-driven development into practice. PHOTOGRAPH: ASPASIA KARRAS

Sixty percent of all construction projects in South Africa are handled by 12% of the industry. "The South African building industry is in a

state," says Sam Amod of Development Engineering Consultants. "Serious restructuring is required." Amod is part of a team working on the Green Paper for Construction

due for publication at the end of the year. Entitled "Establishing an Enabling Environment for Construction", the paper will focus on challenging the protectionist and

uncompetitive nature of the industry. It will also attempt to break the cycle that makes it extremely difficult for emerging contractors to tender for large operations, because credit extension and surety are very hard to come by.

"Quality and execution are a serious problem, there is hardly any capacity. Large contractors point to the impressive hi-tech work at Richards Bay and Alusaf to show that capacity exists, but that kind of construction is not addressing the country's basic needs."

Amod is managing a project that reflects the Green Paper's transformation objectives. His analogy is: "When you've got children to feed you cannot stop cooking in order to clean the kitchen." The Boipatong-Bophalong integrated pilot project, started up in May, is one of 12 initiated by the Department of Public Works. The aim of the programme is to demonstrate to other government departments how re-orientation may be achieved, and to develop guidelines and technical information for future use.

As part of the wider public works portfolio, each province was requested to develop a pilot project to deal with unemployment, poverty and the lack of skills in a particular community. The project entails creating and maintaining physical assets, such as clinics and roads, through the direct involvement and participation of the community. In this respect, the Gauteng project is the only one that has taken the principle of community participation to its logical conclusion. The R15-million project budget is being administered by community project committees, which have been set up in offices in Boipatong and Bophalong. Amod explains: "The community is still emerging from the throes of the massacre, so there was enormous animosity among the members of the project committee, but we found that inclusivity was the right management decision."

Sean Phillips, director of the public works programme in Gauteng, says: "We are trying to interpret people-driven development and put it into practice, but it is a vague concept and you could end up empowering thugs."

This is the very real consequence of the history of a community like Boipatong, and the latent instability has flared up during the course of the project. The four construction projects, the Jet Nteo school, two clinics in both townships, and a library in Bophalong, are being entirely handled by emerging contractors from the region, chosen after an open tender process. Nevertheless, gun-toting members of the African National Congress youth league at one stage prevented building on the site of the school, citing corruption and employment of non-Boipatong residents as

reason enough to demand R2 000 to secure their co-operation. They have been subsequently expelled from the ANC, but their actions highlight the risks associated with community-driven projects.

But says Jacob Letsela, a member of the project committee in Boipatong: "The advantages to the community are many. Participation ensures that the community actually receives the services it identified and really needs; it also ensures that the projects will not be vandalised on completion, because the community has bought in to them."

Amod adds: "South African construction moved away from labour-intensive methods during apartheid in fear of unionisation and instability, but the real need in South Africa is job creation. In real cost terms the labour-intensive method used on this and other projects would cost us the same if we had machines in there."

The need is for stronger project-management and more risks by the government. Traditionally, a single contractor would go in and complete the project after it had been assessed by consultants. This ensured that the government ran the smallest risk, for relatively safe returns. A community-centred approach entails far more risk than the government usually likes to take, but has higher long-term returns.

But, says Amod, "to stick a wad of money in front of communities is irresponsible; parameters must be set." These entail balancing the level of power given to communities with internal checks and balances, as well as developing the control in the projects at the level where decision-making is most effective.

"If government is serious about empowering communities it must then give provinces, local government and individual project managers discretion to act beyond hierarchical regulations, to speed up the process."

Phillips sees the process as a series of trade-offs between communities and personal gain, between time constraints and a high level of community participation, and between meeting social needs and actually getting things off the ground. But central to government's fear of this kind of project, he says, is the culture of risk aversion — and this kind of community participation is a potential minefield.

"If the independent auditors who are auditing this project found that the R5-million already spent had been somehow misappropriated, heads would roll."

The trade-off for the government appears to be to take more risks and transform the way development projects are managed or give up the notion of community-driven development.



New movement on home front

To catch up with lag of RDP promises we need 750 000 houses in next two years, writes Gavin Lewis

(123) Star 11/8/97

There is a shortfall of at least two million housing units in South Africa which is being supplemented at a rate of 200 000 new entrants to the market each year. Not surprisingly, housing is a politically controversial issue, given the need of all for shelter and security and the ANC's 1994 election promises.

After a poor start and much rhetoric, low-income housing delivery began finally to pick up late last year. The questions are, can improved delivery be sustained, can the targets set be met, and are we stumbling in progress again?

All households earning less than R3 500 a month and who are first-time homeowners are eligible for state subsidies on a graduated scale up to a maximum of R15 000. The rate of subsidies granted for completed units rose in 1996 to a monthly average of 7 565 or about 90 780 a year.

The RDP promised one million new houses by 1999 - which means a minimum delivery rate of 350 000 units a year, or 29 000 units a month - versus the present average (depending on whose figures you use) of 12 000 to 15 000 low-cost units per month.

Some, and not just the Minister of Housing, feel the initial RDP targets are still attainable. Money for about 595 000

subsidies has been allocated (but not necessarily delivered). But to catch up with the lag between the initial RDP promises and the 1999 deadline - important for obvious political reasons - means that now we need 750 000 houses in the next two years (248 000 houses being built or under construction so far), or 33 000 units a month.

Many in the building and financial sectors are sceptical about this. Matters were also not helped by the resignation of director-general Billy Cobbett from the housing department. And there is also a lack of clarity on definitions - is a house a house or a set of foundations, to be added to later?

Does "under construction" mean even if the house is not finished by 1999, it can be ticked off as a house delivered? The target of one million subsidies granted by 1999 seems feasible but past years of roll-overs of allocated but unspent moneys raise sceptical eyebrows.

Do try and remove some of these doubts a special Ministerial Task Team was set up and together with the private sector National Business Initiative produced this month a "Housing Project Programming Guide".

It highlights not just the steps being taken to speed up delivery, but the formidable range of problems that still re-

main.

Essentially these include a three-pronged intervention to strengthen provincial capacity to deliver, to establish accurate information systems, to identify logjams and monitor progress, and to simplify and explain housing project procedures for developers.

The provincial capacity problems (which led to the recent suspension of the Mpumalanga and Eastern Cape provincial housing boards) are to be addressed by a skills training and capacity building programme.

Housing delivery occurs best at local level - the Government does not deliver houses but provides the money and sets the policies.

The Nomvula computer data system, which started up in April, provides the information backup. And the Housing Project Programming Guide reduces the former 203 steps needed to be taken to 183 steps. The intention is to reduce the time from when a subsidy is approved until building starts from 18 to 24 months to seven months.

These are steps in the right direction. Whether they are enough is another matter. Most of these 183 steps involve interactions with various levels of bureaucracy and we know what that means. To take only one example, late payment for completion of a subsidised contract can destroy the cash-flow of a

small contractor and eliminate the already very small margins of profit on low-cost housing provision.

Provincial capacity problems will take time to overcome.

Eastern Cape, KwaZulu Natal and the Northern Province are still struggling. The provision of inner-city rental accommodation is only starting to be addressed.

The Mortgage Indemnity Fund, which guarantees bank loans in high-risk lending areas, is due to expire in May 1998. And relations between government and the construction and financial sectors seem bedevilled by poor communications.

A recent example of the communications gap is the furor over the National Home Builders' Registration Council (NHBRC). To be established as a statutory body, a draft NHBRC bill was presented to Parliament in June. It proposes, *inter alia*, that any home valued at up to R250 000 be constructed by a builder registered with the council, which is funded by a 1.3% levy.

The organised building industry has opposed the bill (which is still open for public comment) citing, among other things, a lack of prior consultation with stakeholders.

In sum, it will be no easy walk to

reaching the RDP target of one million new homes by 1999. Clearly some of the issues are being addressed - streamlining regulations, easing bureaucratic impediments, establishing accurate information systems, simplifying and speeding up procedures, working more closely with business. This is reflected in rising construction figures albeit below those first promised.

But broader questions remain unresolved. Is the maximum flat-rate national wide of a R15 000 subsidy sufficient? Not, are the minimum construction standards expected unrealistic?

Should the focus instead be on high-density rental accommodation or just site and service schemes?

If provincial housing boards are facing severe problems, how much work is it at the local government level, the face of delivery, further aggravated by traditions of non-payment for services?

No one can expect an immediate answer to all of these all at once, but some of them at least have to be quickly addressed if there is to be any chance of reaching the one million target by the turn of the century. And they all have one thing in common - key political implications.

Dr Gavin Lewis is editor of the *Independent Monthly*, the RDP *Monthly* and the *Tourism Info Brief*.

Housing delivery process still lags

CT(BR) 12/8/97 (123)
MPHO MANTJUI

Johannesburg — There was a widespread perception that the government had not met the nation's expectations regarding the delivery of housing, John Hopkins, the development manager of Community Housing of Condev Cape, said at the Housing Africa conference in Midrand.

About two and half million families were still without formal shelter and the influx into metropolitan areas was rising, Hopkins said last week.

"The housing delivery process needs to be increased as failure is staring us in the face. There is still too much bureaucratic red tape."

There was a significant number of development companies leaving the market because of lack of support by government, he said.

He said a consortium of local property developers and financed through industrial and financial investors was developing a R1,5 billion Marconi Beam project in Milnerton.

About 1 000 government capital-subsidised houses were under construction, while 1 036 houses priced between R50 000 and R150 000 were being developed at Phoenix, a nearby settlement.

Another promising project was the development of Kutlwanong in Gauteng. It had erected energy-saving homes of 34m² within the government subsidy limit. This was above the national average-sized home of 14m².

policy included the maintenance of a clinic/hospital-based control register,

the possible exploitation of poor citizens, Wilson said

'Changes on the cards' for electricity sector

Robyn Chalmers

SIGNIFICANT changes were on the cards for the electricity generation and transmission sectors as pressure from private sector players to enter these markets mounted, National Electricity Regulator chairman Ian McRae said in his annual report.

Customers were also demanding that competition in these sectors be allowed. "The entry into the market of independent power producers is a decision that government still has to make. Many regulatory 'rules of the game' will have to be established."

McRae said the distribution sector would experience change this year after the cabinet's acceptance of recommendations on the restructuring of the electricity industry. These included that the industry be rationalised into a number of financially viable regional distributors and that financing of the sector be restructured.

The regulator was improving its economic regulation of the 398 licensees which distributed electricity, but there were problems.

These included the fact that about 75 municipal distributors were supply-

ing electricity at a loss; the poor quality of supply and customer service in many areas, the loss of critical staff; and continuing nonpayment for electricity services. The restructuring of the supply industry should address these issues.

There was also a need to rationalise the more than 2 000 tariffs in SA, particularly as there was a large degree of cross-subsidisation in the tariffs being used. A wholesale purchase tariff would be formulated which would be the basis on which Eskom sold electricity to future regional electricity distributors and certain large customers.

On the electrification programme the report said 307 047 residential connections were achieved by Eskom last year, which exceeded their target of 300 000 a year. Local government distributors achieved 126 057 new connections, other institutions completed 11 477, and 9 414 new connections to farm worker houses were undertaken.

"The number of new connections last year totalled 453 995. The electricity supply industry proved that with effective organisation and the efficient deployment of resources, it is possible to exceed the reconstruction and development programme target of 450 000."

BD 14/8/97

(123) (200)

Sanco opts out of Khayalethu agreement

(23) b0 14/8/97

Robyn Chalmers

THE SA National Civic Organisation (Sanco) said yesterday it had withdrawn from an agreement with SA Housing Trust subsidiary Khayalethu Home Loans aimed at ending the five-year-long bond boycott of 15 000 houses.

However, Khayalethu Home Loans MD Siza Khampepe disputed that Sanco had withdrawn from the agreement, producing a letter which said the organisation was reconsidering its position. "When we received the letter we held immediate talks, and it

was agreed to put a hold on any decision pending the outcome of a meeting scheduled for (today) or Friday. This is a serious issue and their proposed withdrawal is based on misinformation."

But Sanco insisted last night that it had withdrawn from the agreement formulated last August. "We stand by our initial statement," said a spokesman.

In the statement, Sanco secretary-general Mbongeni Ngubeni said Khayalethu had failed to honour the terms of its agreement. "The promised delivery of houses for Khayalethu clients who could not af-

ford to pay was never implemented. Re-evaluation of defective houses and new pricing remains unresolved. Rectification of houses that are collapsing is still pending."

Ngubeni said all Sanco structures had officially withdrawn from further participation in all committees which were established in terms of the agreement.

Sanco was willing to enter into a new agreement which should take no less than seven days to negotiate and finalise.

Khampepe agreed that the process had taken longer than envisaged to get off the ground, but progress was being made. It

was estimated that about 15 000 of Khayalethu's 28 000 bond holders were boycotting payment at the time of the agreement. Since the agreement had been signed, between 3 500 and 5 000 homeowners had resumed payment. It was estimated a further 3 000 were unemployed and between 1 500 and 2 000 were pensioners or disabled.

Khampepe said there had been little movement on construction of new housing and rectification of defects as the organisation had been stifled by the bond boycotts. "We are confident that we can settle these problems amicably," he said.

Consumers arrange to pay off Eskom accounts

Robyn Chalmers

MORE than 93 000 residential consumers have signed agreements with Eskom to begin repaying their overdue electricity accounts, Eskom customer service senior GM Thulani Gcabashe said yesterday.

However, Eskom could begin implementing major cut-offs in the coming months if residential and bulk users did not take advantage of repayment programmes on offer, which end on August 30.

Gcabashe said the pledge by individual consumers represented a total payment of R61m out of the residential outstanding debt of R140m.

Consumers would be allowed to repay their debt over a period of 60 months.

Eskom forged a repayment programme last year for bulk debtors, or municipalities and large business users, and for residential consumers who paid their accounts directly to the

parastatal — as opposed to paying municipalities.

It was agreed that all debt outstanding at June 30 1995 would be written off, as long as any debt accumulated after that date was settled.

If payments were missed, customers would be liable for the entire debt.

The programme was started in November last year with a cut-off date of June this year.

"There was a huge rush by consumers towards the end of June, and we agreed to extend the cut-off date to August 30. We expect to see more consumers agreeing to repay their outstanding debt during the course of this month," he said.

Eskom believed the programme would play a role in the Masakhane programme as it would allow consumers to begin repaying their electricity accounts. This would bring greater stability and signal a return to normality after the services boycotts.

Gcabashe said the majority of the 30-odd municipalities which had signed up with Eskom's programme were making regular payments on their electricity debts, but some had expressed problems.

"Our attitude is that if municipalities come to us with their problems, we will make every effort to accommodate them," Gcabashe said. "Our aim is not to cut people off but we will do so as a last resort."

The total debt owed to Eskom as a result of nonpayment amounted to R1,6bn and was split between large power users, including municipalities, and smaller residential and business users.

Eskom's bad debt trend was moving downwards, however, and this looked set to continue.

In previous years, Eskom had provided an average of R450m a year for bad debts.

However, this had been brought down to about R150m over the past year.

Number of teachers static

Kevin O'Grady

BD 13/8/97

THE number of state teachers had remained static during the process of rationalisation, despite claims that they had increased, an education department official said yesterday.

Responding to claims by a senior educationalist that the number of teachers had increased from 360 000 to 389 000, a factor which hampered government's ability to fund salary increases, department negotiator Duncan Hindle said this was not so.

He said the number of post had "remained static" at 360 000, but the state was paying 10% to 20% more teachers than that figure at any given time because of the number of substitute teachers employed to stand in for teachers on study leave and other forms of absence.

"A distinction needs to be made between posts and people. We're paying about 380 000 teachers — it could be a little bit more — but it does not necessarily mean there are that many posts."

Hindle said that it was also untrue that teachers' salary increases were to have been funded from savings achieved through the rationalisation process "as we weren't downsizing".

Capa reports from Pretoria that President Nelson Mandela yesterday undertook to take up teachers' salary grievances at national level, saying that their conditions of service left much to be desired.

Health, transport try to put brakes on AIDS

Nomavenda Mathiane

THE transport and health ministries would collaborate to promote an educational campaign, dubbed "Freight Industry, Health and Transport Put Brakes on AIDS", which would be launched soon to deal with HIV transmission and prevention, Transport Minister Mac Maharaj said yesterday.

Delivering the keynote address at an acquired immune deficiency syndrome (AIDS) workshop in Johannesburg, Maharaj said government and the private and public sectors would have to forge an alliance to effectively combat AIDS.

He said this was needed in the transport industry in particular, because it was in a high-risk category and was also an

ideal forum for disseminating preventative and educational AIDS information.

Maharaj said AIDS had initially spread through Africa along main transport routes.

He said truck drivers were in a high-risk category because they led lonely, hard and stressful lives, and were often away from their families and homes for long periods of time.

BD 13/8/97

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Advice given on conversion of inner city buildings for housing (123)

Lukanyo Mnyanda

GOVERNMENT should consider buying inner city buildings earmarked for conversion to low-cost residential accommodation and subsidise rentals, otherwise the exercise could prove too costly, says the Association of SA Quantity Surveyors

Association president Basie Verster said that renovating inner city buildings to add a residential component needed to be studied carefully, using case studies from similar projects overseas

However, it was likely to prove costly and would need to be heavily subsidised.

"An initial costing exercise should be carried out to determine feasibility and to provide alternative scenarios, bearing in mind how cost implications have influenced the size of homes being built for first-time buyers who receive a R15 000 government subsidy"

DD 13/8/97
Verster said that rising costs had already led to a reduction in the size of freestanding homes being built with the help of the government subsidy

An "uncomplicated" upgrading of a high rise building in a city centre could cost between R600/m² and R1 000/m², with rents in prospect at about R500 This would simply meet the costs of the upgrading, excluding the cost of the building

The provision of services, such as water and a sewerage system for each flat, could add a further R500/m² to R 1000/m² to the cost of the renovation

"Even if government provides a R15 000 subsidy, the price of flats in renovated buildings will mean they are not affordable to low income buyers In some cases, rents could be as much as R2 500 a month or more, depending on the size of the flat and the standard of finishes," Verster said

Government should consider buying the buildings, appoint small private contractors to undertake the conversions and subsidise rentals as it would be difficult to attract private developers to the schemes, considering the low returns they would offer

Verster said government could also appoint a task team comprising building environment professionals and experts to look at infrastructural and social effects of the schemes

SA's reasonable access to land meant that inner cities were not considered as an option when the shortage of accommodation was considered But even in the case of providing homes on available land there were affordability problems.

"We need to look for alternative solutions, such as inner city options, to meet the tremendous demand for affordable accommodation," said Verster

Eskom to ⁽¹²³⁾ act over defaulters

Sowetan 13/8/97
By Joshua Raboroko

ESKOM is to crack down on electricity defaulters to recover the R1,6 billion owed to it in black townships and informal settlements, where it supplies power directly to consumers, from September 1.

Eskom senior general manager (customer services) Mr Thulam Gcabashe told a press briefing in Johannesburg yesterday that the debt was accumulated over five years in all nine provinces.

He said the majority of defaulters were in Soweto and Vaal Triangle townships where payment levels had improved since the company issued warnings.

Eskom's credit control measures come in the wake of a massive crackdown by Gauteng local authorities on consumers who owe R3 billion in services, particularly on the East Rand, Pretoria and in Johannesburg suburbs.

Gcabashe warned consumers to pay or face electricity cuts and said the deadline had been postponed to August 31 because of long queues at pay depots nationwide.

He said about 93 500 customers had arranged to pay since the warning and payments had improved, particularly in Soweto where more than 11 000 people had heeded the call to begin paying tariffs.

Eskom was experiencing problems in trying to recover the debt. It had negotiated with poor communities but had continued to cut off supply to those who could afford payments, Gcabashe said.

It had also negotiated with the South African National Civics Organisation (Sanco), which has accused the authorities of targeting poor communities.

Sanco demanded that Eskom and the municipalities refrain from cutting off services and consider the plight of poor communities.

Problems such as huge electricity bills could be solved at Eskom's offices, although Gcabashe said tariffs could have been higher during winter months due to increased consumption because of the cold.

HOUSING PROJECTS

Mahanyele's housing plan angers KwaZulu-Natal

(125)

Don't touch our housing board, say KwaZulu-Natal housing chiefs Miller and Van Eck

FM 15/8/97

Housing Minister Sankie Mthembu-Mahanyele's plans to scrap the powerful provincial housing boards and replace them with new structures have drawn strong protest from KwaZulu-Natal's housing authorities

"Replacing the provincial boards with consultative councils and housing development boards would be as futile as rearranging the deck chairs on the Titanic," says provincial housing board chairman Charles van Eck

The boards implement policy, ensure delivery of houses and handle developers' applications. They are not the real problem and all should not be blamed for the failures of a few, says Van Eck

KwaZulu-Natal Housing & Local Government MEC Peter Miller backs Van Eck. "A drastic restructuring of the provincial boards and, consequently, the housing delivery process at this late stage would be counterproductive and could even jeopardise the chances of this province meeting its goals for the national housing programme," says Miller

Van Eck takes exception to the Minister's "sweeping statements which impugn the integrity of my board and myself" and demands that she clarify her reported statements or apologise to the board

Responding to the KwaZulu-Natal broadside, a spokesman for Mahanyele's office

says the Minister does not intend to scrap the KwaZulu-Natal board and therefore does not need to apologise. Only boards in difficulty will be restructured, he explains

The new Provincial Housing & Development Act allows the ministry to leave intact those structures which are functioning well

Mahanyele said recently she intends to disband the boards to speed up administration and remove conflicts of interest to ensure delivery of the million houses promised by the ANC by 1999

The boards comprise 18 members from business, government and community groups. They were established three years ago to advise provincial MECs, process and allocate housing subsidies

But the boards have had a stormy life-span. Mahanyele says "they have not been as effective and efficient as intended"

Two of the nine provincial boards have been suspended and others reportedly have serious problems. The Auditor-General is investigating the R200m rural housing tender of the now suspended Mpumalanga board. National housing director-general Billy Cobbett resigned after uncovering irregularities here. Eastern Cape premier Arnold Stofile fired his provincial board in May for incompetence and now has new members

Mahanyele says the way the boards are constituted is flawed. Van Eck says the flaw is in housing policy. The policy hinges on project-linked subsidies and recognises the key role of developers but discourages their participation in delivery, he says

Mahanyele says the boards take between three and nine months to handle developers' applications, a process that should

take no longer than six weeks. Also, progress payments from boards to developers are often late and the boards lack the know-how to evaluate project proposals

Miller and Van Eck say delivery in KwaZulu-Natal — which has the greatest need — is accelerating, despite central government slashing the province's allocation from R924m to R494m this year. So far, the provincial board has approved 111 253 subsidies for 252 projects compared with Gauteng's 80 000 for 78 projects. KwaZulu-Natal had to make do with just two engineers, compared with the 60 used by Gauteng

Herb Payne & Justice Malala



Miller (inset) and Mahanyele at odds over provincial housing boards

Robbie Tshabalala

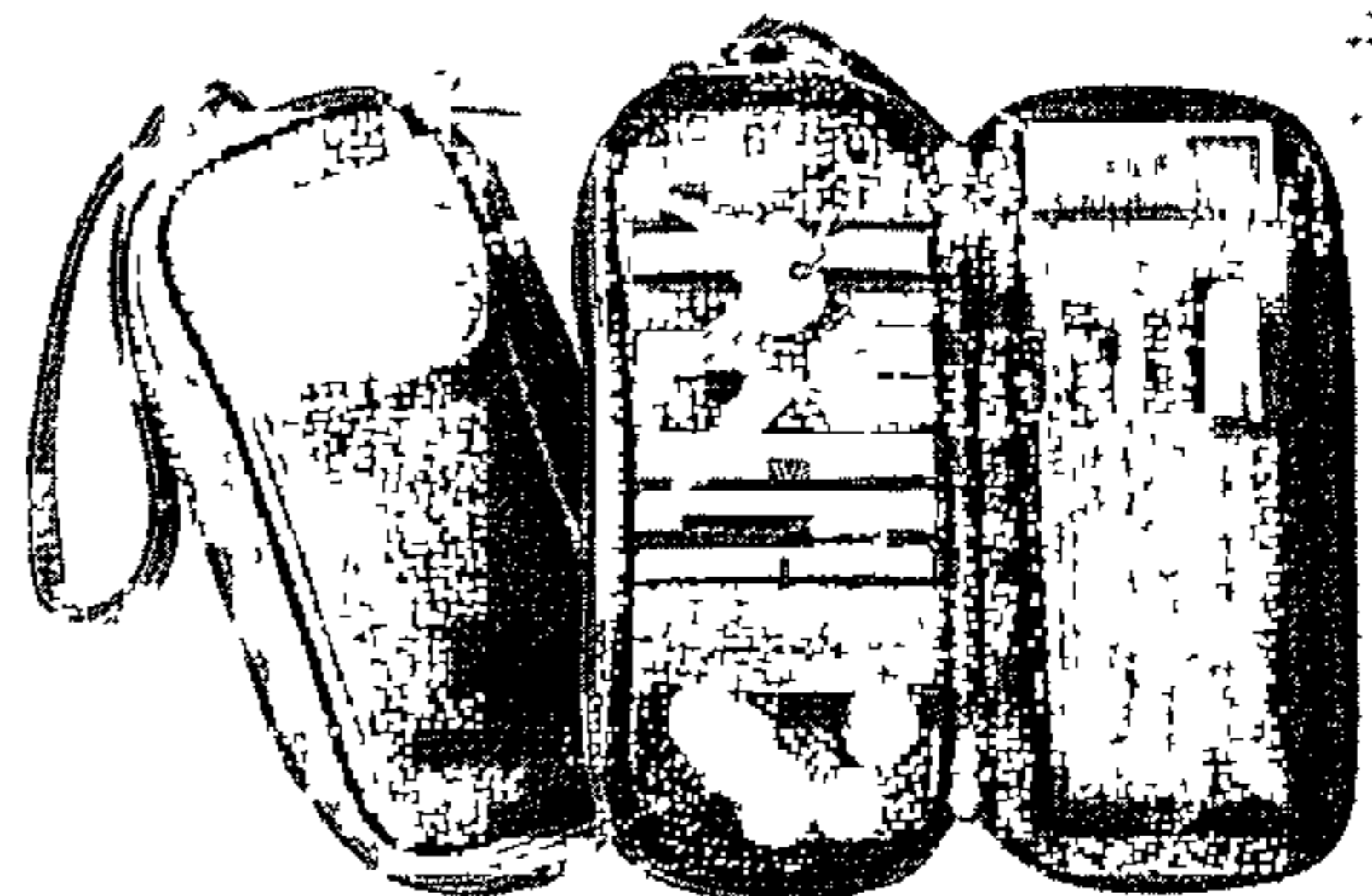
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1997

SA REVENUE SERVICE BILL

Autonomy for the taxman

Staff transfers from civil service to revenue service become an issue

Finance Minister Trevor Manuel has introduced to parliament the declaration of independence for SA's tax collecting machinery — the SA Revenue Service Bill

The Bill provides substantial administrative autonomy to the SA Revenue Service, though retaining ministerial control

The enactment of a separate statutory status for Revenue will enable it to break away from general public service requirements and rules — allowing also for higher salaries and the right to buy or rent its own buildings and outsource infotech needs

A delicate issue remains, however, the precise way of transferring existing staff from the civil service to Revenue

Revenue spokesman Koste Louw says further discussions over this issue should result in one significant amendment to the Bill. Initially the intention was to offer staff at Inland Revenue and Customs & Excise a choice: retain employment within the public service or accept full transfer to the new revenue service

This proved unacceptable to the unions, so it was decided to resort to Section 197 of the Labour Relations Act. This provides for the block transfer of all employees from a previous employer on identical terms and conditions of employment. It usually applies when a business is sold as a going concern, unless employees and the new employer agree otherwise.

Using this Section requires the immediate establishment of an interim bargaining forum to allow collective bargaining on subsequent changes to the terms and conditions of employment. Eventually, the President will be asked to make Revenue a separate sector of the public administration. Hence the need to amend the Bill.

The proposal has already received informal support within the Parliamentary Portfolio Finance Committee. It was due to come before the committee for formal approval this week.

Robin Friedland



Trevor Manuel

Ruthie Tshabalala

An immoral majority?



In the strategy and tactics document published by the ANC ahead of its 50th national conference in December, when President Nelson Mandela will step down as party leader, the organisation identifies four constraints that have made the movement towards a "united, non-racial, nonsexist and democratic society" protracted and tortuous.

The authors say that

- Because the liberation movement did not achieve an outright victory on the battlefield, it had to compromise to allow the ruling clique to ease itself out of power,
- The democratic movement took over an apartheid State machinery that was intact, orderly within its own rules, and in which the majority resolved to continue in their positions,
- Senior public servants, the captains of industry and editorial rooms in most of the media shared the perspective of the former government or its white opposition — all of them strategically placed to influence the agenda of transformation in favour of the privileged, and
- The networks used by the regime, especially in its "dirty war" both within and outside SA, remained intact, burrowed within the State machinery or concealed within business.

I'll not debate whether these constraints are real or imaginary or how they can be tackled. I'll leave that to the 5 000 delegates who will be attending the conference in Mmabatho from December 16-21.

However, I'd like to add an item to the list: the greed that permeates our society.

When the new rulers took over from the old, they simply slipped into their shoes without much thought.

They grabbed the same pay and perks without asking if the earlier practices were right or wrong. "If a Van Jaarsveld could earn so much, why can't I?" many argued. "Do I deserve less because I'm black?"

They did not ask themselves whether Van Jaarsveld earned so much because

he was a member of a small elite while the vast majority earned peanuts.

Today's erstwhile revolutionaries, who once lived on handouts from the UN, are executives in the public and private sectors and earn more than their predecessors did. Our national morality seems to be guided by the slogan "Grab as much as you can while it lasts."

These executives do not last long enough in positions to gain experience — the next irresistible offer is always lurking around the corner.

In their book *Comrades in Business*, Heribert Adam, Frederik Van Zyl Slabbert and Kogila Moodley point out that SA has one of the highest Gini coefficients — a measure of the gap between rich and poor — in the world, 0,62. Some blacks are now among the rich.

Lower grade officials accept bribes and forge cheques — "isonka (bread)," they call it — habits they acquired when every cent stolen from the boss was a strike against apartheid.

Union shop stewards are pushed into strikes by members who read in newspapers about big executive salaries. Those without jobs turn to crime to keep up with the Majolas.

Fleeting, the dangers are recognised in the Congress strategy document — not as a moral issue, but as an economic one. "Examples abound in many former colonies of massive disparities in the distribution of wealth and income between the new elite and the mass of the people. In SA, this potential danger is made acute by the fact that this class permutation will in substance reflect previous racial disparities, with a coterie of blacks co-opted into the white courtyard of privilege. This will then be a continuing potential source of instability and insecurity for all society."

Yes, I've heard the argument that if you don't pay well, you'll get only the mediocre in government. Also that SA could lose managers if it paid them less.

Really? Did we get the mediocre in the bush, on Robben Island or risking police and army bullets in teargas-smothered township streets? They were not paid for that.

This is a debate worth having at the conference. ■

BUILDERS COMPLAIN

(123) (27)

ST (CM) 17/8/97

Brickbats for new housing Bill

THE new housing Bill, which aims to improve building standards and protect the public from fly-by-night builders, is under attack from the Cape Master Builders Association

The Bill would make it an offence for banks to give home loans for new houses where the builders were not registered and able to give guarantees through the National Home Builders Registration Council (NHBRC)

MBA president Jonathan Mitchell said they did not believe the NHBRC was of any benefit to home owners and was of only limited value to the banks giving home loans

The NHBRC had built up funds of R14-million from consumers through a 1,3 percent levy on new homes, but not one cent had been paid out to claimants for faulty work, said Mitchell.

The warranty was limited and covered only defects in the foundations, internal walls and roof. Most common problems in new buildings were not covered, such as cracks in interior walls, badly fitted doors and windows, leaks, uneven tiling, poor plumbing or electrical work and

collapsed ceilings, he said

Mitchell complained that the warranty applied only if the foundations had been designed and inspected by a qualified civil engineer, whose costs were beyond the means of the smaller home owner, the person who was most in need of protection from inefficient builders

Peter Allsopp, director of the NHBRC, said the council had settled 32 claims without spending any money, by seeing that contractors fulfilled their obligations

The warranty covered the structural integrity of the house, including cracks. Electrical and plumbing work was not covered because it had to be certified by other agencies

"You can have full protection as is the case overseas and you will pay five percent, but it is a question of making the system affordable," he said "All houses must have a foundation certificate, and that is a code of conduct and not our rules"

Most contracts favoured the builder, and little protection was available unless the consumer was aware of his rights

Bill 'needs provision to inspect houses'

BD 19/8/97 (123)

Jacob Dlamini

CAPE TOWN — An inspection mechanism would have to be built into the draft National Homebuilders' Registration Council Bill to bolster the capacity of municipalities to inspect new houses, Council of SA Banks CEO Bob Tucker said yesterday.

Tucker said a third of local government authorities lacked capacity to carry out quality assurance checks on newly built houses, and the bill would need provisions for adequate inspections.

The present inspection process, carried out by inspectors employed by municipalities, had failed and new measures were needed to protect homeowners from unscrupulous builders, he said.

The bill seeks to protect homeowners by making it compulsory for builders to register with the National Homebuilders' Registration Council. The bill

gives the council statutory powers and contains provisions which would make it a criminal offence for a person to build a house without being registered. However, owner-builders would not be affected by the bill's provisions.

Builders would be required to construct houses according to set standards and guidelines and to provide the consumer with a five-year warranty. They would be obliged to repair any defects, but if they were out of business the consumer would have the right to ask the council to pay for the repairs.

In the draft, builders would be required to contribute 1,3% of the total cost of the house to the council which would then use 72% of all the funds raised to pay for repairs and to cover the cost of inspectors hired to examine all constructions.

Tucker said the council would need to be given the obligation to settle all

claims lodged with it. Previous drafts had recommended that the council be obliged to settle claims only if it had the money to do so.

But Tucker said the council would have to run its affairs in ways that would make it possible for it to meet its obligations and to settle all claims.

Tucker said that while the banking industry did not have difficulties with the structure of the council as proposed in the draft legislation, he did not think it should be represented in the council's board of directors.

Tucker called for the banking industry's seats on the board to be given to consumer groups, saying that these groups would benefit from having more representatives.

The parliamentary housing committee is expected to receive submissions on the bill today from the building industry, which is opposed to its key provisions.

Louise Cook

LEGAL disputes over compensation paid to victims at the time of forced removals will further delay the resolution of claims by the Land Restitution Commission, according to the commission's annual report.

The report, tabled in Parliament yesterday, said amendments to the Restitution Act, to the effect that a claim may be turned down where "fair and equitable" compensation had been paid at the time of the forced removal, raised the question of what constituted "fair" compensation.

"To some extent, this complicates matters, but it is hoped that the Land Claims Court will, in judgments to be handed down, soon be able to provide important legal guidelines as to how these

Compensation issue may delay land claims

BD 19/8/97

terms . . . can be interpreted," the report said.

Referring to the slow pace of restitution — with nearly 17 000 claims registered with the commission, 15 before the court and only one finalised in the past two years — chief restitution commissioner Joe Seremane said in the report the implementation of the Restitution Act was intricate, complex and sensitive.

This "has a debilitating effect on the speed of delivery . . . We are confident that the problems will be ultimately satisfactorily managed."

The report said the commission had received only 60% of the R20m requested

for the 1997/98 financial year for administration and operating costs and as a "contribution" to legal aid.

"It is clear that the allocated amount is totally insufficient to cover the administrative and personnel needs of the commission. Urgent representations were made to the department of land affairs for a review . . . and for specific reasons why the request (for R20m) was cut. At the end of the reporting year, discussions were still continuing."

The report dealt with the planned fast-track procedure for straightforward claims announced by the land affairs

department nine months ago.

A way of handling these claims was expected to be devised in "the near future", the report said.

However, once the high-profile claims in Cato Manor in KwaZulu-Natal and District Six in Cape Town were finalised, it would make a dramatic dent in the commission's workload.

"Once this matter is resolved and the court makes a judgment almost one fifth of all claims registered at present will be removed from the register at virtually the stroke of a pen."

Other common problems facing the commission were provincial and local authorities' disregard for restitution in pushing ahead with development, impatience of claimants and a lack of co-operation from some land owners, the report said.

Poor must not be asked to pay for 'power to the people'

THAT local government is in dire financial straits is certain. Whether flogging the poor is an acceptable, or for that matter effective, route to edging back into the black is less so.

The hardline process of electricity disconnection being conducted by Gauteng's 52 local authorities plans to plunge all debtors into immediate darkness. Pay up now, they demand, or lighting up will require a scratch of a match, not the flick of a switch. Pay up whether you are the owner of a smart home and luxury cars, or a cash-strapped shack dweller.

The punishment for nonpayment seems to be meted out on the basis of the questionable assumption that any household in arrears must be trying to freeload by refusing to pay for services. The cut-offs fail to consider the practical problems that poor households face in organising and budgeting for survival.

The amassed debt of R3bn does, of course, create a desperate situation for Gauteng local authorities. But this does not justify their binding together of all defaulting businesses, hospitals, industries, wealthy households and the real poor, as culprits of the same crime. It misses the point. It suggests that for each of these categories, not paying for services is a case of consciously being against the Masakhane campaign.

Take Joyce, a self-employed Sowetan mother, for example. "Where was I to get the money to pay last month?" she said. "The children's school was demanding money, and I am still owing on Strive (a small business loan). The interest is getting bigger and bigger." Not paying her electricity bill for a month or two was part of a tricky financial balancing act, an

economic fire-fighting exercise, rather than an attempt to get power for free. Joyce is embarrassed to piggyback on government funds. However, she is faced with tough constraints in covering the barest costs of her family's living.

Joyce's struggles are aggravated by the manner in which her electricity is metered. She, along with a majority of other households in Gauteng, has a credit meter nailed to an outside wall of her matchbox home. Unlike prepayment meters, these are tricky to monitor, making electricity expenditure difficult to control. The bills slotted into post boxes and under back doors each month-end are often way over the limits of poor households' affordability. Giant arrears accumulate as people pay only amounts they can afford. Debts of R2 000 and more a household are not uncommon.

Credit meters have further (dis)advantages. They taunt. They tempt. They dangle the proverbial carrot. With these, electricity is available without upfront cash. At the flip of a switch, living can be safer, warmer and brighter. To expect poor people to use only as much as they can afford when a degree of comfort is so readily available, is flagrantly unfair. As one shivering user exclaimed at a suggestion that she would save money by unplugging her inherited bar heater, "What then, must I freeze?" When warmth is a plug-hole away, and the cheaper alternatives (paraffin or coal heating) are unpleasant and in some cases unsafe, it is hardly surprising consumers opt for the former.

In areas where prepayment meters have been introduced,

As the success of the Gauteng electricity disconnection campaign is trumpeted, Helen Meintjes questions whether the strategy is fair



Switching off power is it flogging the poor?

Picture TYRONE ARTHUR

higher costs are paid a unit of electricity than where it is credit metered. The higher tariffs is instituted in order to cover the costs of the prepayment infrastructure. However, there is no promise of reduced tariffs once this is achieved. Local authorities in Gauteng claim to have payment facilities which accommodate the poor and unemployed. Houses will not be disconnected if users apply for

payment "arrangements". The nature and flexibility of these vary from one authority to the next, but the minimum down-payment required seems to be 35% of the total debt. Some councils peg it as high as 75%. Users who cannot cough up the cash on the spot are disconnected. Where street know-how results in much theft of electricity through illegal connections, underground cables

are being dug up and cut. Johannesburg's metro electricity helpline, for example, reports that households owing less than R1 500 "are safe for the moment" (but only for the moment). Higher arrears, they say, require immediate payment of at least 50% of the amount. For a minimum of R750, then, plus a legally binding commitment to paying the rest in regular instalments, targeted

BD 19/8/97

(123)

debtors are safe. Fees for reconnection shoot up as high as R850 (in instances of cut wires), to be paid with the 50% of the debt that could not be gleaned in the first place. For many poor households, then, being cut off now is likely to mean exciting electricity usage for good.

The successes reported by authorities in their "pay up or lights off" campaign should be seen for the injustice they sanction threats of this kind result in furies of payment, but only from those who always had the means to pay. In other words, these measures absolve the real culprits — those who have been freeloading — while unfairly punishing the innocent. Those like Joyce, who genuinely cannot afford to pay.

The problem of nonpayment for electricity needs to be considered as a conglomerate of different but integrated factors, and not merely as an attempt by all users to procure free electricity. It is unlikely that a purely punitive approach to nonpayment will solve the problem — for authorities or users — no matter how effectively policed.

The strategy of disconnection has a role to play, but it cannot in fairness be uniformly applied. For until electricity is supplied in a controllable form, providers cannot expect poorer customers to use only as much as they can afford.

Expecting low-income users to pay higher prices for monitorable prepaid electricity is equally inequitable. If government is to live out its promise of electricity as a right for all, it should stop treating access as a privilege.

□ Helen Meintjes is a researcher at the Centre for Policy Studies.

Bill 'open to constitutional challenge'

(123)

BD 20/8/97

Jacob Dlamini

CAPE TOWN — Draft legislation intended to protect low-income homeowners from unscrupulous builders had clauses which could be subject to a constitutional challenge, Building Industries Federation of SA (Bifisa) executive director Ian Robinson said yesterday.

Robinson said the National Home-builders Registration Council Bill contained weaknesses such as "confusing definitions" and had been prepared with undue haste. The bill would create a "monopolistic" body which would hamper the delivery of low-cost housing. Robinson called on the parliamentary housing

committee to withdraw the bill, saying there had been no transparency and accountability when it was drawn up by the housing department.

The bill seeks to give the council statutory powers to register all builders and would make it a criminal offence for a person to build a house without being a registered member of the council.

Robinson said Bifisa supported the registration of contractors but wanted the proposed legislation withdrawn in the interests of all stakeholders.

The draft legislation contained provisions which would violate a number of acts dealing with insolvency, insurance and companies. This, Robinson said, would leave

the council vulnerable to costly constitutional court challenges.

Banks had been reluctant to grant loans to the lower income market. He said there had been no significant increase in the number of loans issued despite the existence of the council as a self-regulatory body.

The draft legislation would "perpetuate the belief that had workmanship was the cause of the reluctance of the financial institutions to advance loans" to low income home-owners.

Robinson said the bill would only benefit banks.

However, Robinson said that builders not registered with the council would have no difficulty in getting finance from banks if the introduction of

the bill was delayed.

Scrapping the bill would have no effect on the provision of bonds to homeowners, he said.

Black Construction Industry chairman Mandla Ndlovu said his organisation supported the bill but believed it had many defects.

Ndlovu expressed concern that established and emerging builders would be charged the same levy by the council. He said this would be unfair as the two groups did not enjoy the same level of profit.

However, there was a need for the regulatory mechanism proposed under the new bill in order to restore the integrity of the construction industry, Ndlovu said.

A man driven to make power for the people

CT. 20/8/97 (123)

THE NEW CHAIRMAN of Eskom, Mr Reuel Khoza, believes South Africa has a leading role to play in the African renaissance — but first the culture of non-payment must end. He spoke to **WINNIE GRAHAM**

RUEEL KHOZA's grandmother was 97 years old when he gave her an electric heater. Her delight was a source of immense pleasure to him. His granny had brought him up at her home in Acornhoek, Mpumalanga, and no one knew better than he how she had struggled to find firewood, the only source of heat in their home. It was very important to him that she be warm during the last years of her life.

The gesture, of course, was typical of the man who was to become chairman of Eskom. The provision of power to the people is still a top priority for Khoza. Just as he appreciated the value of a heater to his grandmother, so he accepts the importance of electricity in all homes.

"When I was a schoolboy, I studied by the light of an improvised lantern," he said. "I passed matric and went on to the University of the North, where I majored in psychology, but I know how difficult it is to work by lantern-light."

Khoza's achievements were made under enormous difficulties, working first as a lecturer at the University of the North and then, after being "expelled as a troublemaker", joining Lever Brothers in Durban.

It was there that he was given the chance to study overseas, an experience which made him appreciate his own abilities. Despite his disadvantaged background, he found he was certainly no less branny than anyone else. So started years of hard work.

After obtaining his MA in marketing management at Lancaster University, he continued to Harvard Business School where he completed the Programme for Management Development. He then went to Lausanne, Switzerland, where he attended the International Programme for Board Members, focusing his efforts on strategy, marketing and change-management assignments.

His main interest is undoubtedly empowerment issues and managing change and transformation in terms of the new challenges facing South African corporates. In 1981 he was founder and MD of Co-ordinated Management Consulting (CMC) where he had ample opportunity to refine his new skills. He worked on the strategic redirection and market development for a major South African transport organisation, provided strategic input at board level for a major South African conglomerate, was involved in a relationship building assignment with a major goods company and undertook affirmative action consultation for several big organisations.

His interest in Eskom started in 1986 when he took part in the Top 30 planning programme. He consulted on Soweto's non-payment issues and was involved in management-development programmes. With hindsight, his work for Eskom can now be seen as almost grooming him for the position he holds today.

Though the task of providing electricity to every home in South



Africa was started by Khoza's predecessors (he gives them full credit for the job they initiated), power for the people has become almost a passion for the new chairman. Providing electricity to at least 300 000 homes each year is a marathon job, made more difficult by the theft of copper wire and other imperfections yet, Khoza says, five years down the track, most, if not all, South Africans will have access to power.

While the chairman has a very practical approach to life, he is also something of a dreamer. When he looks ahead to the new millennium, he sees ordinary men and women who will have benefited from his organisation's efforts.

"Instead of the dim, flickering light of candles and lamps, I see bright electric light," he says. "Instead of poor discouraged students trying desperately to study in appalling conditions, I see proud, motivated young people with perfect illumination, using computers and other modern aids. I see them achieving great honours in academic institutions all over the world as their true worth is allowed to emerge, helped by the miracle of electricity."

He points out that electricity in South Africa is the cheapest in the world. This has made industrial growth in South Africa possible. "Our mines and manufacturing industry enjoy a significant advantage in terms of low-cost electrical energy inputs," he said.

But his faith in the future is not limited to South Africa. Already new power lines are spanning the continent, moving vast amounts of energy to sub-Saharan countries. New hydro-electric projects are powering new factories and industries and economies are booming as the handicaps of power shortages are removed and electrification spreads like wildfire.

across the sub-continent. He believes South Africa can play a major role. "We cannot rebuild the economies of other countries but we can provide support structures for our neighbours," he said. This, at any rate, is how he views Eskom's involvement in Mozambique where they play the role of catalyst to stimulate much-needed economic growth. Mozal, from Khoza's view, is mainly an extension of Eskom's relationship with Gencor.

He points out that Alusaf's smelters at Richard's Bay are profitable because Eskom reached a carefully-crafted deal with Gencor where the price of electricity fluctuates according to prices ruling on the London Metal Exchange. "The Mozal deal is similar in principle, with certain adaptations to accommodate the Mozambican authorities," he said.

A similar situation exists in Namibia where Eskom is co-operating with Nampower in building a gas-fired power station scheduled for completion in the next five years. Further afield in Africa, they are searching for opportunities to become involved "as a worthy partner, working with our counterparts on the basis of full mutual respect".

"I take comfort from the fact that Eskom has been grappling with the Africa challenge for many years," he said. "Now we must position ourselves for competition — and competition is a reality in our lives. Companies such as East Midlands Electricity and Electricité de France are moving in, not only further afield in Africa but right here on our turf. They are hungry for expansion and acquisitions. We have a good base of expertise but we don't really know how good we are. The world is a competitive neighbourhood and we must learn to know our competitors in that neighbourhood."

"There is, of course, one thing which must be corrected before South Africa can think of becoming competitive on world markets, and that is the so-called culture of non-payment. This was acceptable when used as a political weapon against an illegitimate regime, but not any more. Everyone must understand that there is no free lunch — you must pay for what you use."

He is as excited about an African renaissance as is Deputy President Thabo Mbeki. The new Africans, he says, are in control of their destiny, they are people with a clear vision of the future, who know what they stand for, are profoundly moral, renowned for their integrity, able and competent, responsible for their actions, who build for the future and who, when they look in the mirror, "see the hand of God".

"The African I describe is each one of us," he adds. His vision of his own country he outlines thus: "When I look ahead, I don't see palls of smoke hanging in the air from thousands of fires and stoves. As the network of power lines spreads across the country, I see many more industrial and commercial centres being established where once there was nothing. People will find jobs near their homes so they no longer have to spend hours travelling to work. Productivity will improve. South Africa's exports will grow so rapidly that we will be hailed as the world's new growth centre. That is our destiny."

□ Winnie Graham is an assistant editor on *The Star*

Khoza aims to give power to the people

Eskom chairman wants electricity in every home and believes that electrification will spread like wildfire across Africa

Renel Khoza's grandmother when he gave her an electric heater

Her delight was a source of immense pleasure to him. His granny had brought him up at her home in Accorhoek, Mpumalanga, and no one knew better than he how she had struggled to find firewood, for long the only source of heat in their home.

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The provision of power to the people is still a priority for Renel Khoza. "When I was a schoolboy I studied by the light of an improvised lantern," he said. "I passed matric and went on to the University of the North where I majored in psychology, but I know how difficult it is to work by lantern-light."

66
Now we must be ready to face competition

Khoza achieved under enormous difficulties, working first as a lecturer at the University of the North and then (after being expelled as a troublemaker), for Lever Brothers in Durban. It was there that he was given the chance to study overseas, an experience which made him properly appreciate his own abilities.

So started years of hard work. After obtaining his MA (Marketing Management) at the University of Lancaster, he continued to the Harvard Business School where he completed the Programme for Management Development.

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Though the task of providing electricity to every home in South Africa was started by Khoza's predecessors (he gives them full credit for the job they initiated), power for the people has become almost a passion for the new chairman.

Providing electricity to at least 300 000 homes each year is an enormous job, made more difficult by the theft of copper wire and other imperponderables. Yet, Khoza says, five years down the track, most if not all South Africans will have access to power.

While he has a practical approach to life, he is also something of a dreamer. When he looks ahead to the new millennium, he sees ordinary men and women who will have benefited from his organisation's efforts.

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miracle of electricity. He points out that electricity in South Africa is the cheapest in the world. This has made industrial growth in South Africa

feasible. "Our mines and manufacturing industry enjoy a significant advantage in terms of low cost electrical energy inputs," he said. But his faith in the future is not limited to South

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spects are powering new factories and industries, economies are booming as the handicaps of power shortages are removed and electrification spreads.

He believes South Africa can play a major role in the region. "We cannot rebuild the economies of other countries but we can provide support structures for our neighbours," he said.

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"Companies such as East Midlands Electricity and Electricite de France are moving in, not only further afield in Africa but right here on our turf. They are hungry for expansion and acquisitions.

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"There is, of course, one thing which must be corrected before South Africa can think of becoming competitive on world markets, and that is the culture of non-payment. This was acceptable when used as a political weapon against an illegitimate regime, but not any more. Everyone must understand that there is no free lunch - you must pay for what you use." He is as excited about African renaissance as is deputy president Thabo Mbeki. The new African, he says, is a master of his destiny, a man with a clear vision of the future, who knows what he (or she) stands for, is profoundly moral, renowned for his integrity, able and competent, responsible for his actions, who builds for the future and who, when he (or she) looks in the mirror, "sees the hand of God".

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New housing law protects consumers

Nomavenda Mathiane

(123)
30/2/8/97

CONSUMERS stood to gain from proposed legislation aimed at regulating the building construction industry, Meadowlands 97 committee chairman Moses Majola told the parliamentary housing committee on Monday.

Majola, who for the past nine years has had running battles with the developer that built his home, one of 97 houses erected in Meadowlands Zone 9 in Soweto, told the committee that ordinary people had to be protected from unscrupulous "fly-by-night" construction companies.

He said the Meadowlands houses were built in 1988 by Piet Smit, who had since gone into liquidation and could not be found. He said judgements had been served against Smit but there had been no response.

Majola said the houses were defective, had poor workmanship, poor design and were built with inferior materials. "We live in houses we cannot resell or improve because they are devalued due to their low building standards," he said.

Majola proposed that developers be subject to registration and that a compensation fund be established for consumers who fall prey to bad contractors.

The Council of SA Banks (Cosab) had now instructed engineering consultants to conduct a technical assessment of the 97 houses, Cosab spokesman Sharon Trail said.

Trail, who also attended the parliamentary submissions and supports the legislation, said consumers were not protected from developers who exploited the ignorance of the "first home buyer". She commended the work and perseverance of the Meadowlands 97 committee, saying that Johannesburg's western metropolitan substructure had now set aside a budget to assist with the repair of the houses.

She said there was now a task team consisting of the banks, a legal firm, local government representatives and the Meadowlands 97 committee working on resolving the problem.

Housing capacity offer for arms deal

0022/8/97

(123) (211)

Stephen Laufer

GERMAN arms manufacturers have told the SA government they will create the capacity to build 20 000 houses a year as part of a countertrade deal if they win contracts to supply ships and aircraft to the defence force.

Presenting a package including corvettes, submarines, helicopters, and jet and maritime patrol aircraft yesterday, representatives of the German consortium promised substantial investment in SA and an increase in trade between the two countries if the deal goes ahead.

Daimler Benz Aerospace and Thyssen shipbuilding consortium representatives met Defence Minister Joe Modise, Trade and Industry Minister Alec Irwin and Mineral and Energy Affairs Minister Penuell Maduna, who is a member of the cabinet committee on arms exports, in Cape Town. Senior defence force officers were also present.

The scheme to build specially designed 46m² prefabricated houses would create 2 000 jobs. The offer includes assistance in setting up small, medium, and micro-businesses, with emphasis on black empowerment.

Five commercial parks built as part of the deal would provide 500 jobs in car repairing, retail, carpentry, plumb-

ing and baking. There would be training schemes for SA workers.

It is understood that Daimler Benz Aerospace is negotiating with 38 potential partners in SA to build the AT 2000 jet fighter-trainer in a three-way deal including Hyundai of Korea. The worldwide market for the advanced aircraft is about 2 700.

SA defence industry participants in the AT 2000 partnership would supply cockpit avionics, communications technology, attack, and other systems and have access to German-advanced technology. Experts believe about 150 aircraft could be assembled in SA for worldwide sale over 25 years.

Four Cougar maritime helicopters would be built with Denel aviation and Eurocopter would supply light utility helicopters to replace the SA Air Force's ageing Alouettes.

German navy U-206A submarines would be transferred to the SA navy, possibly as a stopgap until the supply of new U-209s next century.

Meanwhile, it was confirmed yesterday that a Spanish arms package is likely to be tabled soon. Sources said it would include a proposal by the Bazan shipyard, which won the cancelled corvette tender two years ago, to supply ships, and a proposal for maritime patrol aircraft from Casa.

State will restructure electricity distribution

NCABA HLOPHE

(123)

ET(PR) 25/8/97

Johannesburg — The electricity distribution industry would be restructured into regional distributors to boost electricity delivery to 2,5 million households by 2000, Penuell Maduna, the energy minister, said last week.

He said the most pressing challenges facing the troubled industry included the disparity in the cost of supplying electricity; the electrification targets and costs, which varied widely by region; differences in service and supply quality standards and the funding of municipal services.

Speaking at the launch of the restructuring process in Pretoria last week, he said Cabinet approved the consolidation of the distribution industry and set up a state team to drive the process, which should be implemented by the middle of next year.

A national electrification fund would be set up to bolster the financial muscles of the distributors. Its structure still had to be determined.

The government has also approved the introduction of cost-effective tariffs, an electrification levy and a capped tax for part funding of municipal services.

The South African Local Government Association (Salga) said regional distributors must be the sole supplier of electricity within their jurisdictions.

"Ownership of all electricity distribution assets, including those of Eskom, should be seen as community property and be transferred to the appropriate regional electricity distributor," Collin Matjila, the Salga chairman, said.

Eskom suggested the electricity supply industry be restructured through "corporatisation" and Eskom be converted into a company by an act of parliament.

Consensus on electricity restructuring

Robyn Chalmers

BD 25/8/97

(123)

BROAD consensus on restructuring the R20bn electricity distribution industry — the biggest such exercise undertaken in SA — was forged at a workshop for stakeholders on Friday.

Mineral and Energy Minister Penuell Maduna told the workshop that the industry was in crisis and government recognised that action needed to be taken as soon as possible.

Stakeholders had been invited to nominate members to a stakeholders'

advisory committee, which would in turn advise on a full-time professional transformation team. "The stakeholders' committee should be set up as early as next month with a transformation team operational by November."

Maduna said there was gross inefficiency in service delivery, with more than 2,500 different tariffs and an inability by some municipalities to pay their debts to Eskom.

The cabinet recently approved rec-

Continued on Page 2

Electricity

(123)

Continued from Page 1

BD 25/8/97

Recommendations on restructuring the sector. These included consolidating the industry into the maximum number of financially viable and independent regional electricity distributors. The number still has to be decided.

The introduction of cost-effective tariffs, an electrification levy and a capped tax for part funding of municipal services had also been approved. An electrification fund to be administered nationally was proposed. However, the proposals were approved on condition that public consultations be held with major stakeholders.

Public Enterprises Minister Stella Sigcau said Eskom carried most of the burden of distributing electricity. The proposed restructuring would go a long way towards alleviating this burden.

"The regional electricity distributors will be completely viable entities, so the problem of who (Eskom or municipalities) collects payment will not be an issue anymore either."

Sigcau said she was aware of industry concerns regarding proposals that Eskom pay tax and dividends — it is exempt from both — particularly regarding its impact on the low cost of electricity. This issue would be fully debated with each industry concerned. "We need to level the playing fields as other parastatals such as Transnet have to pay tax and dividends."

National housing body 'not catering for the poor'

ED 26/8/97 (123)

David Greybe

CAPE TOWN — The high interest rates charged for loans by government's National Housing Finance Corporation made it difficult for the "poorest of the poor" to gain access to funds, the National Council of Provinces' public service committee said yesterday.

Committee chairman Joyce Kgoali, echoing members' sentiments in the parliamentary committee, said corporation funds were "also not reaching the poorest of the poor".

Kgoali was speaking during a briefing by the National Housing Finance Corpo-

ration on its activities since its establishment last May. Corporation CEO Johan de Ridder said in response the corporation "was never set up to reach the destitute".

It targeted, via "intermediaries", that section of the market which could not gain access to bank loans, and whose monthly household income averaged between R800 and R2 500. It covered about 47% of the population who were largely ignored by the banks.

The corporation is one of five sectoral development finance institutions in SA

De Ridder said the National Housing Finance Corporation created housing opportunities "by promoting access to hous-

ing finance via intermediaries, for people who qualify for government housing subsidies and who have limited access to housing credit".

De Ridder said the only way to reduce the high interest rates charged — which were in line with the rest of the financial market — was for government to subsidise the corporation.

"However, accumulated international evidence suggests that interest subsidies do not target the poorest but generally on-ly the better off who get credit, ghetto-ise the poor to the soft end of the financial system and weaken lending institutions." A possible answer lay in the promotion

of sustainable micro lending institutions which met major needs, but linked to consumer protection measures which required disclosure and fair treatment of borrowers so as to guard against abuse.

De Ridder, reacting to the criticism from committee members that the public had generally not heard of the National Housing Finance Corporation, said its mandate from Cabinet "prohibits us from operating at the retailer level". This explained its low public profile.

However the corporation had, in its short lifespan, committed R246m in loans to eight intermediaries to assist 213 500 households. The intermediary institu-

tions were Alfin, Grand Finance, Great North Credit Co, Future Bank, KDT, Tshepong Financial Services, King Finance and Rural Finance Facility.

Disbursements to date totalled R103,2m, which had assisted 23 681 households. De Ridder said the corporation's purpose was threefold: to finance the purchase of affordable homes, improve existing homes, and access affordable rental.

The corporation used its capacity "to entice" large banks and other traditional lenders to participate more actively in this market. Successful intermediaries were tied to performance contracts

Accessing home loans a problem of the past? ⁽¹²³⁾

Sametom 27/8/97

By Ido Lekota
Political Reporter

THE plight of millions of South Africans who currently cannot borrow money from the banks to buy and build their houses may soon come to an end, the National Council of Provinces housing committee heard yesterday

Addressing the committee, National Housing Finance Corporation (NHFC) chief executive officer Johan De Rider confirmed that discussions with a major bank (believed to be First National Bank) are in their final stages. De Rider

would not "deny or confirm" the name of the institution "because of the sensitivity around the issue"

The move could see more than 80 percent of home-seekers gaining access to finance through a bank. Current reports indicate banks are granting housing loans to only 20 percent of homeseekers.

Poorest of poor

The NHFC was formed by the Ministry of Housing in May 1996 as a way of supplementing the government housing subsidy scheme by granting loans to institutions prepared to fund low cost housing.

According to De Rider the NHFC was formed to supplement major banks who were funding mostly people earning a minimum of R3 000 per month. "New and better ways had to be found to draw in those below the R3 000 income level and those earning a minimum of R800," he explained.

However, concern was raised by members of the committee that most funding did not reach "the poorest of the poor". In response De Rider said NHFC was gradually moving into the market where the "poorest of the poor" including the informally employed were located.

ESKOM

Game plan brings new meaning to power play (123)

Electricity utility takes a line on vertical integration, much to the dismay of commerce and industry

fm 29/8/97

Government last week recommended that five regional electricity distributors take over the national task performed by more than 400 municipalities — and Eskom

But, says Eskom CE Allen Morgan, this "big bang" approach might not be the best way to go. Instead, he suggests the formation of a single holding company to take over nationwide distribution, "with the option of unbundling within the next five years or so" as a mechanism for transformation.

This controversial view seems to underline widely held suspicions that Eskom's game plan is to vertically integrate the electricity industry. And it also seems to fit in with legislation now before government to change Eskom's semi-independent public corporation role to that of an organ of government, like Transnet.

Part of this proposed restructuring is to force Eskom to pay company tax in future, as well as dividends on profits to government. While the move is supported by the SA Chamber of Business (Sacob) as necessary for privatisation — or even proper "commercialisation" — Morgan points out that it would help shift Eskom's R1,2bn/year electrification costs burden on to the shoulders of the fiscus.

Since 1994, says Morgan, Eskom has spent about R3bn on electrification — and returns have been

dismal. So far, Eskom's bad debt write-offs total R1,3bn. Even the 42-page report of government's Electricity Restructuring Inter-Departmental Committee (Eric), jointly released last week by Mineral & Energy

Affairs Minister Penuell Maduna, Public Enterprises Minister Stella Sigcau and Trade & Industry Minister Alec Erwin, cautions against placing too heavy a financial burden on the utility.

"For example, if Eskom is subject to taxes, and is expected to pay an after-tax dividend and to maintain sound debt to equity ratios, it will be unable to commit to a 25% real reduction in the transmission tariff to distribution by the year 2000," says the Eric report.

A major concern is also Eskom's undertaking to keep electricity tariff increases at 2%-3% below inflation could be jeopardised by its growing electrification and bad debt burdens. With cheap electricity one of SA's major industrial and mining competitive advantages, keeping tariffs at low levels is crucial for global competitiveness.

Eric says to meet the electrification target of 450 000 houses/year over the next 10

ulated by the National Electricity Regulator" to provide for the R1,7bn-R3,2bn needed by local authorities to balance their books.

Sacob infrastructure manager Peggie Drotskie says Morgan's suggestion of a single "super-distributor" raises fears that Eskom's thinking might be focused towards "a greater monopoly. We want more competition, not the opposite." Arnold van Huyssteen



Allen Morgan sparking debate

Robert Tshabalala

years, a "levy" of about 1c/kWh (or about 5% of the average bill) be implemented.

Municipalities should be given the authority to tax electricity with an excise tax "within a limit set by government and reg-

Though the provision of low-cost housing has picked up over the past year the government still needs to shift a gear if it is to meet its pre-election promises. ZILLA EFFRAT surveys the pace of its delivery

Promises, promises but not enough speed

AFTER many hiccups, the delivery of low-cost housing has been gaining momentum, but whether this will be sufficient to meet the government's promise of building one million homes by 1999 remains questionable. By the middle of June, almost a quarter of the promised houses — 248,100 — were either built or are under construction, leaving 750,000 units to be delivered in less than two years.

Housing Minister Sanke Mthembi-Mahanye believes that steps taken by her department will place South Africa on the road to achieving its targets and most industry players say housing delivery has risen this year and looks set to accelerate. The latest housing department statistics show that the number of projects approved by provincial housing boards, with houses built or under construction, has risen from 70 in September 1996 to 354 in mid-June. During the same period, the number of projects started — with some work taking place on site or some payment made — has jumped from 199 to 465.

Lakt Constantimides, managing director of Nu-Way Investments, says the market has overcome its teething problems and, while problems still exist, it is in a much better position than it was a year ago. "This year delivery is reaching levels of maturity not seen two to three years ago and the debates taking place are more constructive and fruitful," he says. However, he says the housing market is heavily politicised and unrealistic expectations have been created among the home-

less, developers and emerging businesses. This, together with low margins, has resulted in many private operators scaling down their operations in this market. Other contractors complain that while provincial political leadership may be fully supportive of government policy, this is not translated down the line. In addition, a critical lack of staff and expertise is making it difficult for some authorities, especially those in smaller towns, to get their jobs done, prompting calls for the government to outsource certain functions to speed up processes. One contractor says: "We are not restricted by our capability to deliver but by lack of payment from the housing boards. We often spend two days a week just sorting out payment problems."

Ian Robinson, executive director of the Building Industry Federation of SA, says unless the government gets housing programmes implemented and synchronised, the building industry will be in a much weaker position to fulfil its role as the "engine for growth". He says lack of government funding is affecting delivery in the R15 000 subsidy market, while construction of homes which are built on the subsidy and topped up with bond finance has been sluggish. This is partly due to high interest rates and because of the industry's lack of support of the National Home Builders' Registration Council which, Robinson claims, is causing widespread discontent among builders and developers. Robinson believes that only 100 000

houses will be built in 1997, making the government's plan to build a million houses by the turn of the century a "forlorn hope". Meanwhile, the housing department says everything possible is being done to speed up the delivery of low-cost housing. One of its initiatives, a national capacity building programme aimed at provincial housing authorities, is expected to boost skills training and accelerate material production and supply. Another, with the potential to create 150 000 houses, will promote mass delivery joint ventures, both on the ownership and rental sides. Negotiations for joint ventures worth almost R300-million are under way and announcements should be made soon, says the department.

The housing ministry and National Business Initiative have also launched a comprehensive guide which will reduce the steps needed to plan a housing project from 203 to 183. It should also shorten the time between the approval of a subsidy to the start of building starts from 18-24 months to seven months. In addition, the department's Nqonqola computer management system should reduce the time it takes provincial housing boards to approve individual projects from between four to six months to between two to six weeks. The long delayed draft housing Bill is also expected to come before the current session of Parliament if passed, it will enable the government to focus its attention on the "poorest of the poor".

While these are not all the choices of beneficiaries, who prefer conventional brick and mortar construction, they are gradually gaining acceptance. Instead of supplying a smaller completed house or compromising on specifications, some developers offer the option of an incomplete or incremental house. "The same system, with upgraded finishes, can be used for a four-bedroom, two-bathroom house for the executive market," says Dyson. Ben-David's system has been used to build a double-storey house in the exclusive suburb of Oaklands, Johannesburg.

Other solutions being included to reduce costs include apartment buildings and semi-detached homes. The late 1990s and early 1980s. Another is a prefabricated concrete system called when housing shortages developed in Britain after World War Two. Ari Ben-David, managing director of IRS Structures, says the Israeli government turned to polystyrene after promising to provide immigrants with permanent housing within a year of their arrival. In one project 1 000 four-storey apartment buildings were erected within six months for R15 000, including the price of the strand. He says polystyrene panels have three times the strength of normal walls and are easy to carry because each weighs only 7kg. They fit together like Lego pieces and are erected on site, using unskilled labour. In another move, Michael Dyson, the principal of Michael Dyson Associates, is introducing a prefabricated concrete panel system onto the market. He says about 300 000 houses were built in Britain in the 1950s using this system and most are still in use. Using his system, a



COST CUTTER: Ari Ben-David of IRS Structures with the polystyrene panels he says can cut construction time to five days. Pictures: JEREMY GLYN

Yesterday's subsidy out of date for today's prices

THE market rumblings are that the Department of Housing is considering changes to its subsidy scheme to speed up low-cost housing delivery. Willie Boucher, the department's acting director of housing administration, will not comment at present, except to say that the situation is constantly under review.

Meanwhile, developers complain about the ever shrinking buying power of the maximum subsidy. It has remained at R15 000, including the costs of buying and servicing stands, while building material costs have risen rapidly. They say the situation has often resulted in quality being compromised and houses being built which do not meet the expectations of beneficiary communities or the authorities.

Ian Robinson, executive director of Bifa, says insufficient government funding is the main reason why low-cost housing delivery falls short of requirements. Ideally, he says, 5% of the total of the budget should go to housing in-

stead of the 2.3% currently allocated. At present, households earning below R800 a month — usually the unemployed — receive a R15 000 subsidy. The same amount is also given to institutions to encourage them to provide housing.

Households with a monthly income between R801 and R1 500 get R12 500. Families who take home between R1 501 and R2 500 receive R9 500, while those who earn under R3 500 get R5 000.

The scheme, developed by the housing department and the National Housing Forum, was launched in March 1994. The hope at the time was that it would lead to a subsidy delivery rate of around 350 000 units a year — a figure which would not only keep pace with annual demand, but would make real roads into South Africa's accommodation backlog.

Progress was initially disappointing with only 536 subsidies delivered each month. Dyson says each month, August 1995, provincial annual total of only 6 000.

In the year to September 1996, subsidy delivery improved to 6 952 a month, but the annual total of 83 194 will fall far short of the target. The late statistics show that more than 594 805 subsidies have been reserved to date, with the average subsidy for all about R12 200, and the housing department expects to have allocated more than 800 000 subsidies by the end of its 1997/98 financial year.

In the meantime, developers are turning to a host of alternative systems — using anything from steel and timber to polystyrene and concrete — to reduce costs

happening here in the

Foreign solutions

No local problems

SOME of the building solutions being introduced into South Africa were developed in countries which also faced critical housing shortages. One such product is a polystyrene option used extensively in Israel after it was flooded with Russian immigrants in the mid-1970s and early 1980s. Another is a prefabricated concrete system called when housing shortages developed in Britain after World War Two.

Ari Ben-David, managing director of IRS Structures, says the Israeli government turned to polystyrene after promising to provide immigrants with permanent housing within a year of their arrival. In one project 1 000 four-storey apartment buildings were erected within six months for R15 000, including the price of the strand. He says polystyrene panels have three times the strength of normal walls and are easy to carry because each weighs only 7kg. They fit together like Lego pieces and are erected on site, using unskilled labour. In another move, Michael Dyson, the principal of Michael Dyson Associates, is introducing a prefabricated concrete panel system onto the market. He says about 300 000 houses were built in Britain in the 1950s using this system and most are still in use. Using his system, a

area of low-cost housing than anywhere else in the world. Both he and Ben-David say the advantages of their systems include the ability to easily extend houses by removing panels, as well as thermal benefits which keep homes cooler in summer and warmer in winter. "The same system, with upgraded finishes, can be used for a four-bedroom, two-bathroom house for the executive market," says Dyson. Ben-David's system has been used to build a double-storey house in the exclusive suburb of Oaklands, Johannesburg. Other solutions being included to reduce costs include apartment buildings and semi-detached homes.

While these are not all the choices of beneficiaries, who prefer conventional brick and mortar construction, they are gradually gaining acceptance. Instead of supplying a smaller completed house or compromising on specifications, some developers offer the option of an incomplete or incremental house. "The same system, with upgraded finishes, can be used for a four-bedroom, two-bathroom house for the executive market," says Dyson. Ben-David's system has been used to build a double-storey house in the exclusive suburb of Oaklands, Johannesburg. Other solutions being included to reduce costs include apartment buildings and semi-detached homes.

No guarantees of big money

ST(BT)31|8|97 (123)

THE number of mortgage loans granted by South Africa's banks to a housing market covered by government subsidies has risen over the past two years but still falls short of the agreed target of 50 000 a year.

The latest figures show that between June 1995 and May 1997, the banks granted 55 947 mortgage loans worth R2 76-billion to this subsidy market in the 528 areas currently covered by the Mortgage Indemnity Fund.

In the first year of this period, the banks achieved 42% of their annual target with 22 000 loans. In the second year, the number rose to 35 000, or 69% of the target set in an agreement between government and banks in 1994.

Funding in the low-cost subsidised housing market, however, would appear to be a Catch

could build more houses if the banks provided more loans. Banks, on the other hand, say they would lend more if developers were building more houses.

"No one knows how many houses are being built and the banks are not receiving applications for 50 000 houses a year," says Lance Edmunds, housing general manager for the Council of SA Banks.

"If sufficient houses were being built, and people had jobs and could afford them, we could have dished out much more than 50 000 loans each year."

The bottom line, it seems, is that low-cost housing is a risky market and not all that profitable to both banks and developers, although neither grouping will publicly state this.

Some large private construction companies say they are reorganising their residential building interests, sparking talk that they are moving out of this low-margin business.

When it comes to bank lending, a building source says "Administering a loan of, say, R100 000 is far cheaper for the banks, who are under pressure to reduce their expense ratios, than looking after five

bonds of R20 000. "To make low-cost housing feasible, banks would have to increase their interest rates, which would be politically incorrect. Instead, some lend as little as possible to this market."

Nkululeko Sowazi, chief executive of the MIF, believes the situation could, in the medium term, lead to a growth in alternative avenues of finance, such as microlending and products offered by retailers like Pick n Pay and Sales House. These products are likely to be smaller loans, which are unsecured and have shorter terms. Because of the risk profile of the product, some might be available at higher interest rates.

The MIF was formed in 1995 to encourage banks back into the low-cost housing market.

Most had burnt their fingers in the late 1980s when around 34 000 mortgage bonds were granted to the emerging market, sometimes without applying stringent criteria.

Loans often went to households unable to service them when high interest rates put their personal finances under pressure. Other problems included shoddy workmanship, rent and service boycotts and the large retrainments and redundancies that occurred at the time.

However, the MIF has found that most defaults these days are the result of economic hardships rather than political factors.

"It's hard for us to assess whether the banks are applying abnormally strict lending guidelines," says Sowazi. "A lot of the decisions made could be affected by very real risk factors, affordability, negative perceptions of

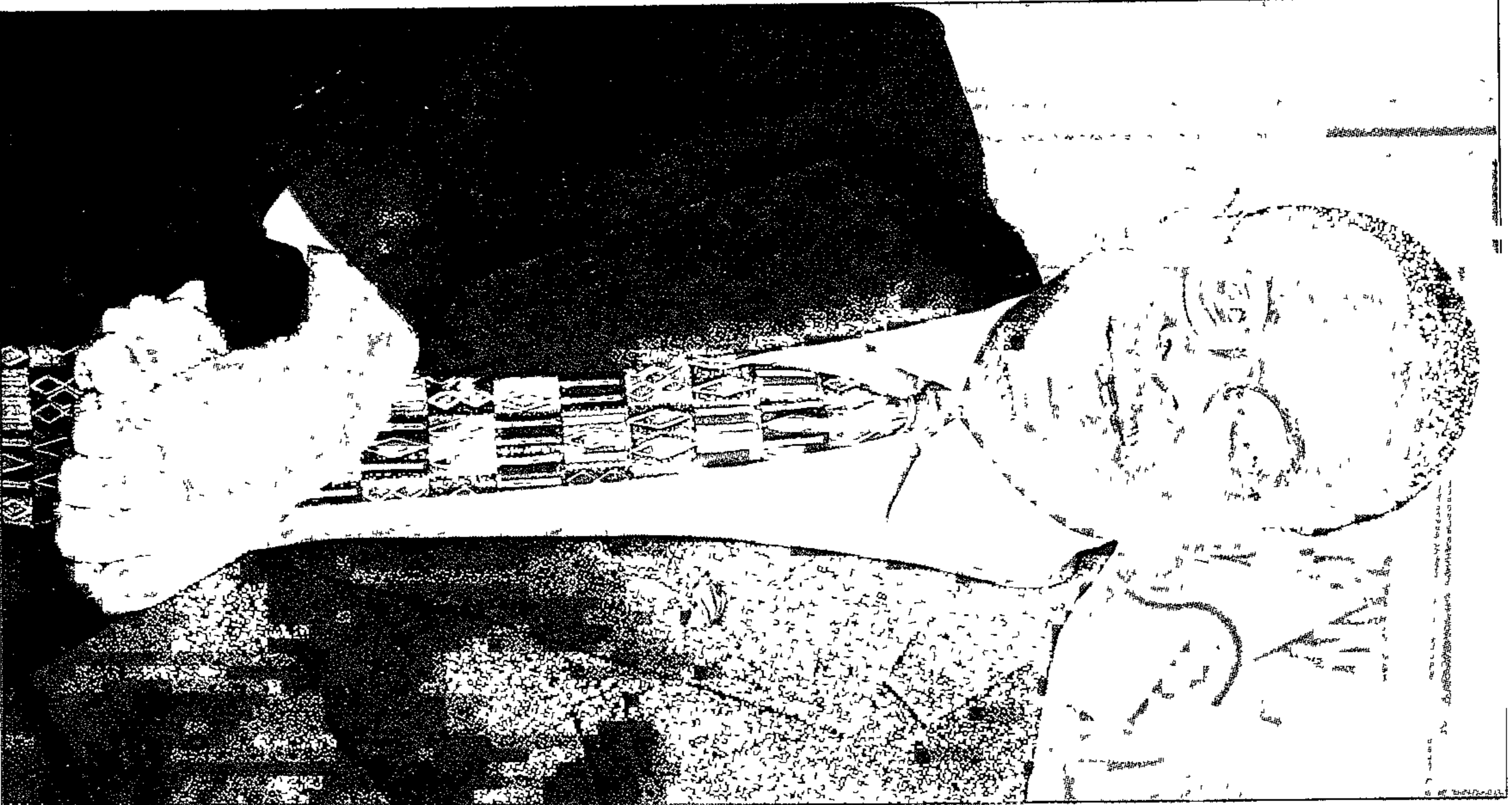
some areas and prejudice."

He says to deal with the situation, the government could either trust that banks will abide by their own code of conduct or it could introduce anti-discrimination legislation.

"I do not believe that government would actually prescribe commercial lending criteria. Instead, it could strive to put measures in place which ensure as much objectivity in credit assessment as possible.

"In addition, it could introduce long-term mechanisms which offer incentives for increased lending."

MIF figures show that between June 1995 and May 1997 banks granted 104 352 mortgage loans — including those to the subsidised market — with a total value of just over R7-billion to areas covered by the MIF.



MIDDLE MAN: Nkululeko Sowazi, chief executive of the Mortgage Indemnity Fund, formed in 1994 to help banks back low-cost housing projects

Its job half done, it's

A NEW LOOK

INU-WAY

INVESTMENTS

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It's just rain, it's
 time for the MIF to quit

(123)

ST (61) 318197

THE Mortgage Indemnity Fund, established to encourage banks back into the low-cost housing market, looks set to close its doors in May, as planned.

"Up until this point of time our shareholder, the government, has given our board no reason to believe that the MIF will, or should, continue to exist beyond the time frame set in 1994," says Nkhutleko Sowazi, the MIF's chief executive.

While he will not comment, market players expect new long-term measures to be introduced which ensure continued bank lending to the low-cost housing market and prevent disruptions while the MIF is disbanded.

Lance Edmunds, housing general manager of the Council of SA Banks, says he expects banks will exert strong pressure on the government to continue with the MIF unless problems related to the record of understanding, signed by banks and the government in October 1994, are resolved. "I suspect that the government, the banks and the building industry will come together and come up with an alternative which gives everyone comfort," Edmunds says.

The MIF was one of the key initiatives to flow out of the 1994 record of understanding. It came into operation in June 1995, becoming operational in September that year, to "normalise" a lending environment destabilised by the political unrest of the apartheid years. Its termination date was set for May 1998. Sowazi says the MIF was established as a short-term mechanism to help sort out "a very specific set of

issues that prevailed, and to a lesser extent still prevail, in the market."

It provides banks with cover against the risk of not being able to obtain vacant possession of property following a default, but only after all available legal remedies have been used.

At this stage not one claim has been lodged by banks against the MIF because the normalisation process has gone slower than expected, although the situation could change before its closure.

The banks' book of non-performing loans is roughly estimated by Edmunds to be worth R750-million. Sowazi says "Our budget for our lifespan was around R300-million, but obviously our contingent liability is always as big as the exposure. We do not, however, envisage a situation where the claims paid by the fund will ever outstrip the benefits that have gone into the communities we cover."

"We are not best placed to comment on our performance, but we believe we have been fairly successful in starting a process of investment and normalisation, but not to the degree we would have liked," says Sowazi.

He says since the MIF started, it has been able to unlock R7-billion in lending in areas previously neglected by the banks and also create a secondary or resale housing market in these areas. In addition, 180 new development areas have been covered by the MIF, where close to 200 000 units are planned, 35% of which require end-user finance.

Bricks from soil

FOR thousands of years, earth has been one of the most widely used construction materials and it is still utilised today by about 30% of the world's population, especially in developing countries and rural areas.

Now at least two local companies are offering a way in which earth can counter South Africa's low-cost housing crisis and reduce building costs by up to 70%.

Arikyra Development and Hydratorm sell machines which turn most kinds of soil into bricks. Using compression technology, their "mobile brickyards" convert earth with a certain clay content and a mix of 5% to 10% cement, into blocks which can be used in most types of buildings.

Hydratorm director Robert Plattner says these blocks are cheaper to produce because the soil at a building site makes up the bulk of the raw material used. As a result, there is no costly transport or burning and, in addition, labour costs are lower.



FROM HOUSE TO HOME: Women get stuck in at the Mahonisi project

Building blocks of life

THE Mahonisi rural housing project, which will result in the building of 996 houses, was launched in the Northern Province this month.

A Megacom Housing development, it follows recent completion of more than 2 200 units in nearby Mhangaville. Both projects use an interlocking dry block system and include training and employment of local labour.

At Mahonisi, more than 450 previously unemployed people will be responsible for building their own homes, a large percentage of whom are women.

More than 1.67-million blocks will be manufactured at an on-site blockyard for use in the project, which is due for completion at the end of September this year.

Albert Nelissen, Megacom Housing's managing director, says "The interlocking brick system enables us to build top structures in just a few hours. This, coupled with the formula Megacom has developed to ensure a smooth delivery process, will make it possible to complete this R17-million project in less than six months."



AGAINST THE TREND

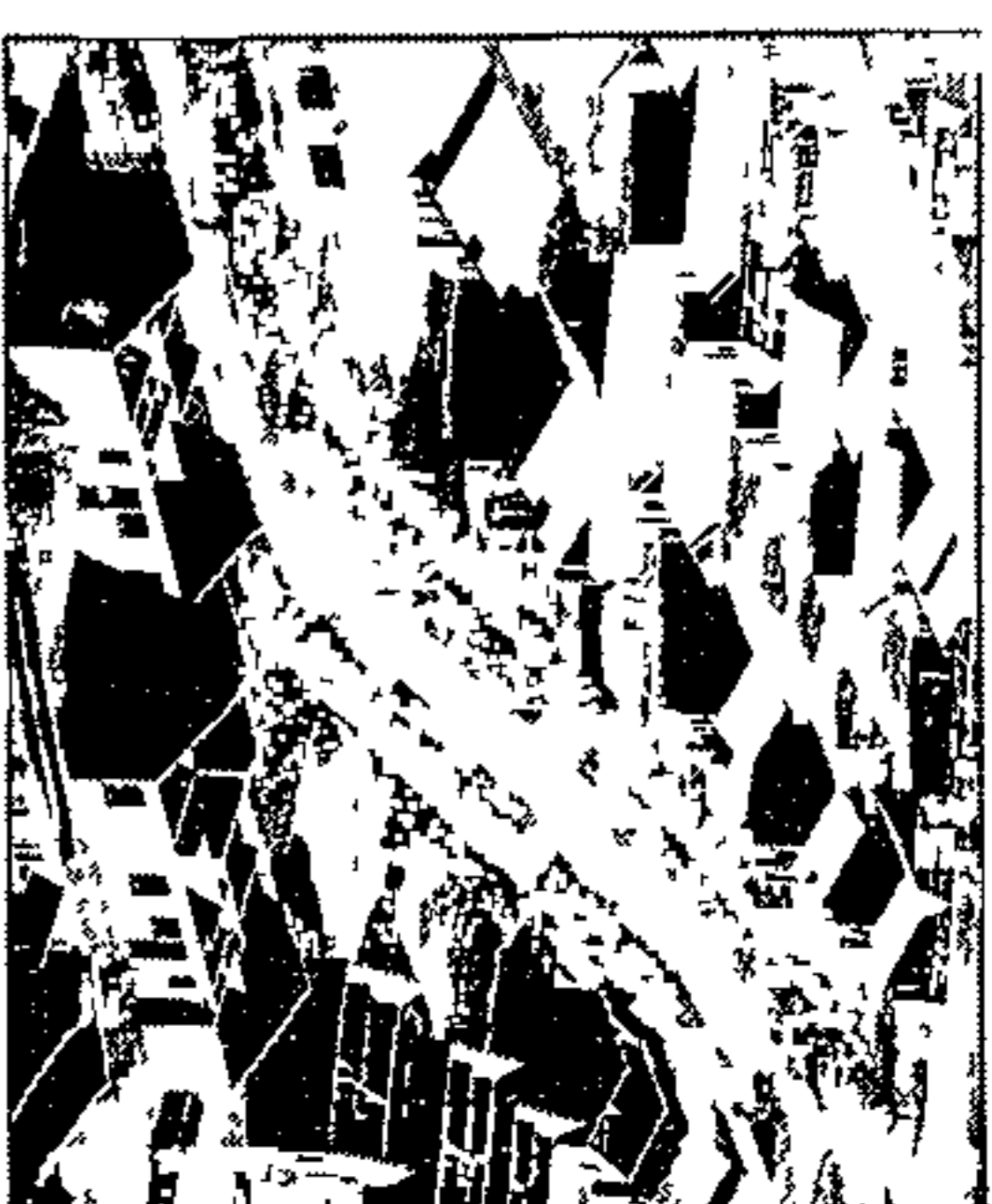
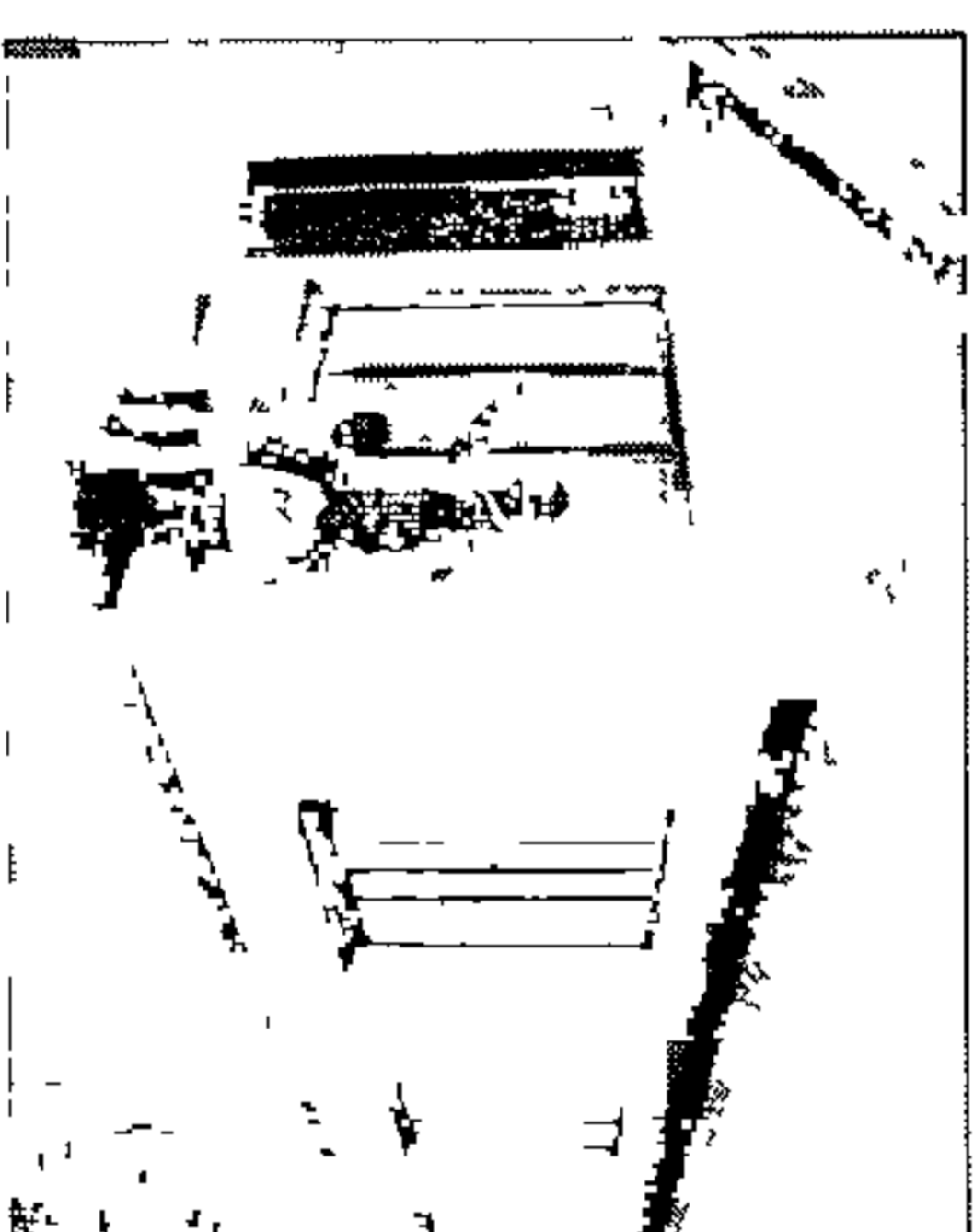
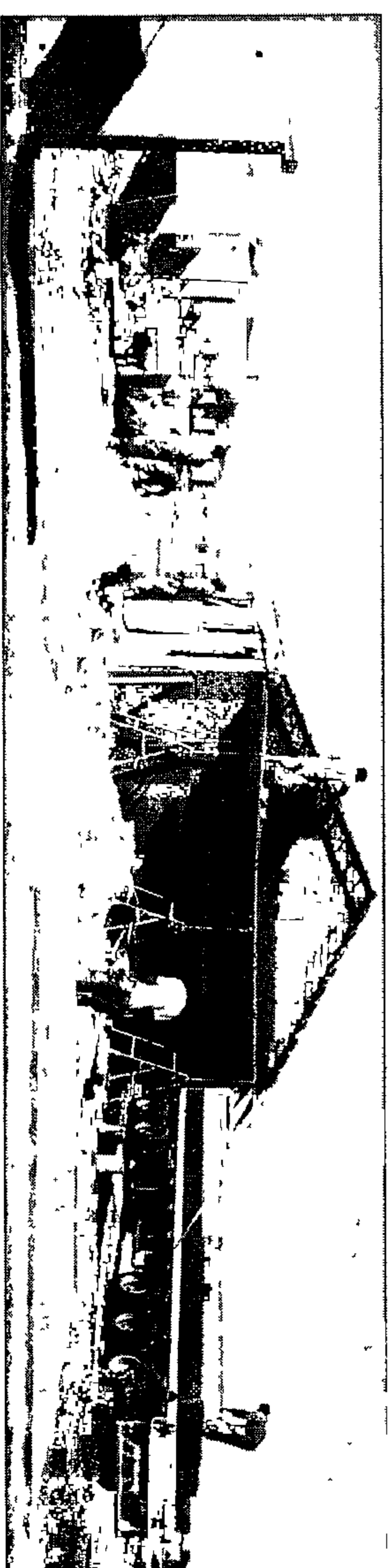
The low cost housing market has been, and remains, a disaster area for many developers in South Africa today. Since the mid 1980's one company, Foxlake Investments has by means of professional and effective management overcome these difficulties and continues to deliver quality low cost housing, creating not only much needed accommodation but also providing jobs and training to hundreds of people.

Over 10,000 upper and middle income homes, as well as subsidised houses, have been successfully planned and built on a turn key basis.

Now Foxlake has imitated cost-effective fast track incremental housing schemes, making innovative use of the various subsidy amounts available to individuals. Foxlake continues to provide top quality homes and excellent after sales customer service.

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 Sandown 2196
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Forcing of double medium at Afrikaans universities

*15 Mr R S SCHOEMAN asked the Minister of Education,†

- (1) Whether it is his or his Department's policy to force all Afrikaans medium universities to become double medium universities, if so, why.
- (2) whether it is his or his Department's policy to force all English medium universities to become double medium universities if not, why not
- (3) whether there is space for inclusive Afrikaans medium universities in South Africa if not, why not.
- (4) whether he will make a statement on the matter? N1773E

The MINISTER OF EDUCATION

(1) No

(2) No It is not the policy of the government to "force a particular language policy on institutions

(3) I cannot predict what medium institutions South Africa will have because the legislation that deals with how language policy in Higher Education will be determined is still going to be debated by Parliament and the national policy framework within which institutional language policies will be developed, will come out through a process laid down in the White Paper on Higher Education The hon member is therefore advised to put that question into those processes

(4) A statement will be made when the processes I have mentioned above have reached a point where it will be necessary to do so

*16 Dr B L GELDENHUYS - Foreign Affairs [Withdrawn]

Denel's profit-sharing scheme: audit

*17 Mr J A JORDAAN asked the Minister for Public Enterprises

(1) With reference to the audit commissioned by

Henderson

her into the R25 million set aside by the top management of Denel in 1995 for a profit-sharing scheme, (a) who are the persons found to have received unauthorised payments and (b) what amount did each of these persons receive.

- (2) whether action has been taken against any of these persons if not, what is the position in this regard, if so what action.
- (3) whether any of these persons are no longer in the employ of Denel, if so (a) which persons and (b) under what circumstances and/or on what conditions did such persons leave? N1778E

The MINISTER FOR PUBLIC ENTERPRISES

Draft reports on the matter in question were received by the Board Team on Wednesday, 20th of August 1997 This matter will be a subject of discussion on Tuesday, 2nd of September 1997 Therefore I cannot comment thereon at this juncture

*18 Dr B L GELDENHUYS - Foreign Affairs † [Question standing over]

Drunken driving on SA roads: harsher measures

*19 Mrs S M CAMERER asked the Minister of Transport

- (1) Whether with reference to certain statutes relating to the number of deaths caused on South Africa's roads as a result of drunken driving and the sentences imposed for such offences, which have been furnished to his Department for the purpose of his reply, he or his Department intends introducing harsher measures aimed at deterring the incidence of drunken driving on South African roads, if not, why not, if so, what measures.
- (2) whether he will consider introducing measures whereby (a) the endorsement of a driver's licence will be obligatory following a conviction on a charge of drunken driving and/or (b) licences will be revoked after a certain number of such convictions, if not, why not, if so, what are the relevant details? N1780E

The MINISTER OF TRANSPORT

(1) The Department of Transport takes into account that drunken driving causes a major crisis on our roads and has received a considerable number of comments in this regard Our main response has been to amend the prescribed statutory blood alcohol limit and breath limit as contained in the National Road Traffic Act, 1996 (Act No 93 of 1996)

In terms of section 65 of the National Road Traffic Act, 1996 (Act No 93 of 1996), no person shall drive a vehicle while the concentration of alcohol in any specimen of blood taken from any part of his/her body is greater than 0,05 gram per 100 millilitres, or in the case of a professional driver greater than 0,02 gram per 100 millilitres The new limits will enter into force once the National Road Traffic Act is implemented, which will take place during 1998 In the meantime a 0,08 level for all drivers is applicable

Section 89 of the National Road Traffic Act 1996 (Act No 93 of 1996) makes provision for harsher penalties in respect of traffic-related offences However, sentencing is at the discretion of the presiding officer in a court of law

Section 165 of the Constitution of the Republic of South Africa 1996 (Act No 108 of 1996) makes provision for the independence of the judicial system Therefore the Magistrates Commission which is the governing body of all the Magistrates Courts in South Africa is responsible for giving guidelines to Magistrates for purposes of sentencing The Minister of Transport has no jurisdiction to prescribe either minimum penalties or sentences

In the very near future, in conjunction with provincial and local authorities I will be formally announcing the launch of an intensive law-enforcement programme, to run from October 1997 to January 1998 which will, amongst other things, provide for strict roadside monitoring of drink driving offences and streamlined procedures for the disposal of such offences in the courts Regular repeat campaigns will follow in the succeeding months and years

Henderson

(2)(a) Yes, I intend to take the following steps as disincentives to drunken driving

- acceptance of breathalysers for evidential purposes, which will enhance law enforcement on drunken driving, and
- the introduction of mobile 'booze buses' for speedy and effective testing and processing of offenders

(b) The Administrative Adjudication of Road Traffic Offences (AARTO) System which is still under discussion between the Departments of Transport Justice and other role players, makes provision for the endorsement of a driver's licence in providing for a Points Demerit System whereby the offender accumulates negative points for Road Traffic Offences Upon reaching a predetermined maximum number of points the offender's licence will be suspended

National Home Builders Registration Council Bill: consultations (123)

*20 Mr J A RABIE asked the Minister of Housing

- (1) Whether in the drafting of the National Home Builders Registration Council Bill 1997 any consultations have and/or debate has taken place with the relevant industry and the Building Industries Federation of South Africa (Bifsa), if not why not, if so, what are the relevant details
- (2) what progress has so far been made in respect of the drafting of this Bill
- (3) whether she will make a statement on the matter? N1781E

The MINISTER OF HOUSING

(1) The National Home Builders Registration Council (NHBR) is not anything new It has been in existence since 1995 at my Department's request The NHBR is a self-regulatory body which was established only after extensive consultation and debate with all relevant stakeholders

1995

Occupational Class	Registered with Councils	Registered but not residing in the RSA		Registered but not practising		Practice in Private Sector		Practice in Public Sector		Practice in Private Sector but rendering services to Public Sector		Practice in Public Sector but also doing private practise	
Dentists	4 102	198	4.8%	119	2.9%	3 088	75.3%	697	17.0%	89	2.9%	21	3.0%
Pharmacists	9 653	435	4.5%	692	7.2%	7 071	73.3%	1 455	15.0%	53	0.75%	39	2.6%
Specialists	7 899	593	7.5%	697	8.8%	3 607	45.7%	3 002	38.0%	124	34.5%	74	2.5%
Medical Practitioners	27 297	1 901	6.9%	6 360	23.3%	11 655	42.7%	7 381	27.0%	183	15.7%	539	7.3%

1996

Occupational Class	Registered with Councils	Registered, but not residing in the RSA		Registered but not practising		Practice in Private Sector		Practice in Public Sector		Practice in Private Sector, but rendering services to Public Sector		Practice in Public Sector but also doing private practise	
Dentists	4 235	187	4.4%	123	2.9%	3 194	75.4%	731	17.3%	92	2.9%	27	3.7%
Pharmacists	9 780	409	4.2%	707	7.2%	7 363	75.3%	1 301	13.3%	55	0.75%	43	3.3%
Specialists	8 062	601	7.4%	402	5.0%	4 013	49.8%	3 046	37.4%	1 287	32.1%	61	2.0%
Medical Practitioners	28 381	1 859	6.6%	6 444	22.7%	12 976	45.7%	7 102	25.0%	1 789	13.8%	440	6.2%

Sources Representative Association of Medical Schemes (RAMS), National Department of Health (DOH), South African Medical Services (SAMS), Provincial Health Departments, Interim Medical and Dental Council of SA and Interim Pharmacy Council of SA

*21 Mr P I BIKITSHA - Posts, Telecommunications and Broadcasting [Written Question No 965] [Removed]

Access to running water/sanitation facilities

*22 Mr Z D MNGUNI asked the Minister of Water Affairs and Forestry [Written Question No 966]

(123)
(a) What percentage of (i) urban and (ii) non-urban households in South Africa had no ready access to (aa) running water and (bb) sanitation facilities as at the latest specified date for which information is available and (b) on what basis are such statistics kept? N1668E

THE MINISTER OF WATER AFFAIRS AND FORESTRY

Partnership agreements in land reform projects

The Department unfortunately does not yet have figures specifically for rural and urban areas. The database does, however, give the total number of people with and without adequate water and sanitation as defined in the 1994 White Paper. This is given below

Province	% without adequate water	% without adequate sanitation
Western Cape	4.5	7.9
Eastern Cape	48.1	8.7
Northern Cape	10.6	29.6
Free State	16.9	59.0
KwaZulu Natal	79.2	88.0
North West	60.7	87.7
Mpumalanga	39.0	66.3
Northern	69.0	88.1
Total	48.1	72.1

You will note that no figures are available for Gauteng Province since that has not been prioritised by the Department survey. Further, the KwaZulu-Natal figures exclude the Durban-Maritzburg corridor. This survey is continuing and it will be approximately mid 1999 when accurate disaggregated survey data is available for urban, peri-urban and rural areas. The survey data is collected as part of the Department's planning process, conducted jointly with provincial and local government in order to prioritise investment in service provision. It is hoped that detailed census information will also soon be made available by Central Statistical Service.

Partnership agreements in land reform projects
*23 Mr A S BEYERS asked the Minister for Agriculture and Land Affairs [Written Question No 972]

Whether any partnership agreements with regard to land reform projects have been concluded between his Department and any private institutions, if so (a) what agreements and (b) in what (i) province and (ii) district has each such project been undertaken? N1677E

THE MINISTER FOR AGRICULTURE AND LAND AFFAIRS

No, formal partnership agreements between the Department and private institutions have been concluded. There is however a close working relationship with institutions like certain co-operatives banks and companies like the New Farmer Development Company who themselves form partnerships with land reform beneficiaries. Our policies allow for and encourage partnerships in the form of share equity schemes, joint ventures and so forth.

(a) and (b)(i) and (ii) Fall away

I would, for the sake of clarity, like to inform you that

Land reform beneficiaries receive a planning grant to enable them to contract private institutions to assist them with the planning process. The appointment of these private institutions follows a thorough transparent process. This involves calling for expressions of interest, assessing applications in consultation with beneficiaries according to criteria and terms of reference, and signing a contract approved by the State Attorney.

This approach is used in all Provinces. The Department of Land Affairs is developing a database of service providers. This will ensure that the selection process is fair. The Department will be in a position to identify the districts where projects involve contracts with private institutions as soon as the database is in operation.

*24 Mr A S BEYERS - Posts, Telecommunications and Broadcasting [Written Question No 973] [Removed]

Harwood

2607

TUESDAY, 16 SEPTEMBER 1997

2608

QUESTIONS

Indicates translated version

For written reply

Amounts spent on various Masakhane campaigns

(123)

1053 Mr C W EGLIN asked the Minister for Provincial Affairs and Constitutional Development

- (1) What amount was spent on the various Masakhane campaigns in each year during the latest specified period of three years for which information is available.
- (2) whether he or his Department intends launching another Masakhane campaign, if not what is the position in this regard, if so at what cost
- (3) whether he or his Department has set any targets to be achieved during such campaign, if not, why not, if so (a) what are these targets and (b) what steps will Government take to (i) ensure that these targets are met and (ii) monitor the effectiveness of the campaign? N1806E

THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT

- (1) 1994/95 R 1 528 538 45
1995/96 R 19 552 887 83
1996/97 R 4 133 993 30

- (2) No The present Masakhane campaign is an ongoing operation A Focus Week took place from 1 - 7 September 1997 on a nation-wide basis A new publicity programme is at present in operation This *inter alia* entails advertising on TV and radio The free media will be used to maximally communicate progress of the campaign Billboards are extensively used in rural areas Promotional material such as T-shirts, banners, pamphlets folders and caps are being distributed to focus attention on the campaign An amount of R30 million has been budgeted for the campaign during this financial year

- (3) No Masakhane is a philosophy in terms of which every individual can contribute towards an improved quality of life It is therefore not

possible to set targets whereby the success of Masakhane can be measured The Masakhane campaign is targeting every community to acknowledge the challenges and opportunities emerging from our new democracy, and rise to the moment The short term objectives of the campaign are to promote

- active community involvement in the reconstruction and development process.
- qualitative social partnerships among various stakeholders towards the attainment of the RDP objectives and favourable conditions for an improved quality of life for all South Africans.
- participation by municipal residents in municipal planning and budgeting processes.
- improved customer management and service delivery.
- stakeholder involvement in service delivery, and
- active participation by municipalities in Project Viability to improve municipal governance

Distribution of "Towards a White Paper on Local Government"

1077 Mr C W EGLIN asked the Minister of Provincial Affairs and Constitutional Development

- (a) How many copies of the publication entitled "Towards a White Paper on Local Government" were printed, (b) to what categories of organisations, and persons were these copies distributed and (c) in respect of each of the above organisations and persons (i) how many copies were distributed and (ii) when were they distributed? N1830E

THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT

- (a) A total of 10 000 copies of the publication entitled "Towards a White Paper on Local Government" were printed

- (b) Copies of the publication were distributed to all of the 843 municipalities, certain provincial government departments, all national

2609

TUESDAY, 8 SEPTEMBER 1997

2610

government departments, the National Parliament, all Provincial Legislatures, Organised Local Government (SALGA), tertiary institutions and private organisations, including Organised Labour, Business, political parties, and the NGO-sector Copies were also distributed at conferences and workshops, as well as on request to the public

- (c)(i) Two copies of the publication were forwarded to every municipality, and further copies were made available on request Ten copies of the publication, were forwarded to Local Government MECs in the nine Provinces, and further copies were made available to all the Provincial Legislatures and the provincial local government departments A total of 750 copies was forwarded to the National Parliament, and 350 to SALGA One copy each was distributed to a number of private organisations Further copies were made available to institutions and the public on request
- (ii) The bulk of the copies was distributed during the months of April and May 1997, while the remaining documents are distributed on request

Review of National Accelerator Centre by international experts

1152 Mr M F CASSIM asked the Minister of Arts, Culture, Science and Technology

- (1) Whether the National Accelerator Centre

was reviewed by a panel of international experts, if not, what is the position in this regard, if so,

- (2) whether the review has been completed, if not, why not, if so, what was the outcome,
- (3) whether the review has been completed within the (a) given budget and (b) terms of reference of the panel, if not, why not, if so, what are the relevant details?

N1949E

THE MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY

- (1) A review of the National Accelerator Centre (NAC), arranged by the Foundation for Research Development, by a panel of international experts was undertaken in 1996
- (2) The review has been completed The outcome was as a series of findings which indicated that the organisation is efficiently run and has made important scientific contributions The institution's contribution to the national system of innovation will be considered during the system-wide review of science, engineering and technology institutions that will commence shortly The report on the NAC review will be used as a base document for the system-wide review
- (3) The review was completed within (a) the given budget and (b) the terms of reference of the panel

CV to justify his appointment. The vast amount of detail in the CV cannot hide the fact that he does not have the proper qualifications for the job. He was clearly a struggle lawyer. [Interjections]

The DEPUTY SPEAKER Order'

Mrs S M CAMERER As the previous speaker has said, he has a B Proc and practised as an attorney for a few years with A M Omar and then on his own. [Interjections] His CV is silent as to how long he practised as an attorney with anybody.

Normally we attorneys brief senior counsel in order to get the best advice. Without exception, previous Chief State Law Advisers have been senior counsel. What is the point of appointing a Chief State Law Adviser who has to have an adviser in order to give the Government the right advice? This is affirmative action gone mad. [Interjections]

The fact that the hon the Minister of Justice has appointed Mr Daniels to this important post is clearly an indication that he has a great deal of confidence in Mr Daniels and thinks a lot of him. He has had an opportunity to assess him as his adviser during the past three years and they probably did a lot of legal work together in the period before that. But is the hon the Minister's good opinion of Mr Daniels an adequate qualification for this post? [Interjections] This post is traditionally one of the top legal jobs in the administration of this country. After all, the Chief State Law Adviser is the Government's top legal adviser and the Government must be able to rely absolutely on his advice. He is the Jeremy Gauntlett of the Public Service. [Time expired]

Mr D M BAKKER Madam Speaker the hon the Minister is so predictable that I did not expect him to say anything other than what he did. In his short term in office he has been directly involved in several unfortunate incidents through which he has politicised the administration of justice in our country. [Interjections]

His biggest mistake is not to protect white men, as he claimed, but the manner in which he tries to make politics out of every matter and disregards the guarantees contained in our Constitution. He forms part of a generation that still sees everything in racial terms and cannot accept that most South

Africans, including white public servants, want to build a better South Africa. [Interjections] He must start to realise that there is a new generation who, as part of the general public, is concerned not only about the race of a public servant, but also about effective governance and the improvement of the living conditions of our people. [Time expired]

The MINISTER OF JUSTICE Madam Speaker, the hon member Sheila Camerer says that I am obviously loyal to my friends. I agree with her. I am loyal to my friends. The implication of her statement is that her people are not loyal to their friends. [Laughter] I agree with her. They are not loyal to their friends. They stab each other in the back whenever it suits them. They dump each other whenever it suits them. I am very loyal to my friends and I am very happy about that.

But when it comes to making appointments, such as this appointment, this appointment to the position of Chief State Law Adviser, and appointments to the positions of deputy directors-general in our department, I set up an interviewing committee. I gave the member the names of the members of that committee. I followed the recommendations of that committee in every respect. In respect of the deputy directors-general, they made certain recommendations. I did not like one or two of them, but I followed their recommendations and I made the appointments. Incidentally - Mr Bakker does not know this - one of them is white and a male. He is much happier now than he was when that member's party was in government. [Laughter]

I do not know why the hon Sheila Camerer should try to advertise on behalf of some or other advocate whom she has named. I am sure he is happy to receive the free advertisement. But in so far as we are concerned, over the past couple of years we have followed the same procedure we follow in our department with regard to appointments, also with regard to judges.

Under the members' government, all appointments were political appointments. Every one of them. Why? It was because the politicians made the appointments. [Interjections] That is no aspersion on the judges, it is an aspersion on you! [Interjections] [Time expired]

Debate concluded

The DEPUTY SPEAKER Order' Hon members, the hon the Minister of Environmental Affairs and Tourism is now present. I would now like us to go back to Interpellation No 1.

Mr D H M GIBSON Madam Speaker, on a point of order. Would you be good enough to inform the House, firstly, in terms of which Rule you are reverting to a question which has already been passed. Secondly, has the hon the Minister explained why he was late?

The DEPUTY SPEAKER Order' Hon member, as I have already said, when we wanted to deal with Interpellation No 1 the Minister was not present, and in pursuance of my duty to assist the House to do its work, I guided the House towards proceeding with Interpellation No 2, and again in line with my duty of ensuring that the House does its work, I say let us now proceed to Interpellation No 1, which is on the Question Paper so that the House can deal with it.

Waste problems in disadvantaged communities addressed

1 Ms G L MAHLANGU asked the Minister of Environmental Affairs and Tourism

(1) Whether, notwithstanding the Integrated Pollution Control and Waste Management draft policy, he or his Department intends taking any action in the interim to address serious waste problems in previously disadvantaged communities, if not, what is the position in this regard, if so, what action

(2) whether this waste management strategy will contribute in any way to the development of small and medium-sized enterprises if not, what is the position in this regard, if so, to what extent?

N2253E INT

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM Madam Speaker, let me first of all apologise to the House for being late. I was unavoidably delayed with my doctor whom I was seeing about a certain matter. We respect the view of the hon Douglas Gibson.

My answer to the question which is rather lengthy - and I beg the House's indulgence - is that pollution and waste management are shared competencies, and very serious problems exist within the disadvantaged communities. Even though no programmes are currently being undertaken by this department, various initiatives are being launched from different levels to address the problem. Various local governments, including Pretoria, Johannesburg, Durban and Cape Town, are in the process of developing initiatives to deal with waste problems. This also includes small business initiatives, and organisations like Keep South Africa Beautiful are currently developing small business opportunities within communities. Major waste companies such as Waste-Tech and Enviroserv have developed initiatives enabling local communities to develop their own businesses. International donors, including the United States, Denmark and the United Nations Environmental Programme, make funding for projects available at local community level, which could be utilised to address waste problems at a local level. These funds could also be used to initiate local waste management systems.

A community grant co-ordinator was recently appointed in the department to assist the communities in accessing these funds. Courses are being offered to local communities by the United States Environmental Training Institute, through the Binational Commission, under the auspices of this department, to assist communities in identifying and addressing the waste problems. Examples of cities that have taken advantage of this are East London and Cape Town. Training courses on principles of waste management are also delivered at local level by the United States Environmental Protection Agency in terms of the US-SA Binational Agreement, under the auspices of this department to train communities and local government to deal with local waste issues. Training courses have already been delivered in Cape Town, Pretoria and Port Elizabeth.

Local communities and individuals are also at liberty to start recycling programmes from which they can benefit financially. There are currently markets for glass, paper, plastics and metal. [Time expired]

Ms G L MAHLANGU Madam Speaker, may I thank the hon the Minister for his response. The

extent to which this Ministry is addressing problems inherited by this new Government is applauded by the portfolio committee. We have inherited mine dumps. We all agree that gold was the engine of economic growth in this country but it has left behind a legacy of illness. The community of Mafefe in the Northern Province is destined for ever to breathe asbestos and dust, and to die therefrom. The damage cannot be undone.

The apartheid government protected Thor Chemicals. I want to tell the Minister that we are pleased that we have the commission and that the findings have now been made public. We must learn from such commissions. Thor Chemicals paid poisoned workers R9.4 million collectively after a long court battle. One of the poisoned workers, Eric Mkhize, has this to say:

How can I be happy because I will never be well again?

Hon members should take note that money can never buy health. Toxic waste is finding its way onto dump sites that are not licensed. We in this country inherited more than 1 200 dump sites from the apartheid regime, of which 1 000 are unlicensed.

Toxic waste is found in places it should not be, it is entering our country and the incident of Thor Chemicals proves that we cannot control it at this time. While we cannot even control our own hazardous waste, we should not think of the possibility of importing waste for any reason.

Toxic waste always ends up in those communities that do not have the resources to fight. Policy should therefore ensure that they never have to fight. In March and again in April this year, we had radioactive leakages at Koeberg nuclear power station. At Vaalputs communities were potentially at risk because of leakages from the nuclear waste stored there.

In Port Elizabeth medical waste is burnt in an incinerator. Toxic fumes drift over the nearby community causing serious illnesses. With more than 1 000 illegal dump sites inherited from the previous regime a great deal of medical waste ends up piled up in places where our children play.

Hon members may remember not so long ago how dumped sweets were taken and sold to small children

at a primary school here in Crossroads. Many children bought these sweets and were poisoned.

I want to tell the Minister that plastic is in one sense a miracle and in another a curse. On the one hand we use plastic every day. It is used, for example, for door handles, cars and the seats on which we sit. On the other hand we see plastic bags blowing all over our townships and towns. They are unsightly and inorganic. They will never decay and remain as valueless rubbish which spoils our surroundings, impacting on the quality of our living and any visitors who come to see our beautiful country. [Time expired.]

The DEPUTY SPEAKER: Order! Hon members, before I call on the next speaker, may I appeal to members to lower their voices. This is a well-attended session, and therefore if we all speak, those who are trying to address us cannot be heard.

Mr L M GREEN: Madam Speaker, in South Africa today we desperately need more effective State regulation, control and protection of the environment. Our natural resources include 240 species of mammals, 887 different species of birds and 20 000 species of flowering plants. These natural resources are not adequately protected.

We need an environmental protection agency empowered by the necessary legislation to protect our citizens and our natural resources against pollution and, in particular, to control the polluting industries whose primary imperatives have been to compete for markets and to increase profits with a reckless disregard for the damage that is being done to our environment as well as excluding the previously disadvantaged communities from opportunities in waste control.

Environmental laws are effective as safeguards only if they are creative and vigorously enforced. This requires environmentally committed and ethically courageous persons who cannot be corrupted by bribery. Many people are today questioning the miracle of nuclear energy as a viable alternative source for the future. It is far too expensive and far too unsafe. The human factor involved in all stages of nuclear technology makes accidents unavoidable. Many nuclear accidents have already happened, releasing highly poisonous radioactive materials into the environment. A public and transparent debate about nuclear power in South

Africa is urgently needed, given the secrecy surrounding the nuclear industry. A major problem of nuclear power is the disposal of nuclear waste, which remains toxic for thousands of years.

In conclusion, we need a paradigm shift if we are serious about waste management. There is a need for us to change our lifestyles. We need to move away from a consumer to a conserver economy. [Time expired.]

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM: Madam Speaker, I thank the hon members for their contributions. Just to assist the House, I will continue with what I was saying earlier.

It is absolutely true that we have inherited a very bad situation from the previous government, but what we are trying to do with respect to waste management and pollution control is, in the first instance, to encourage the reuse and recycling of waste. Many of the small, medium-sized and micro entrepreneurs whom we now find in our townships could actually participate in various forms of recycling and reuse of waste.

With respect to energy sources I think it is high time that South Africa began to look at renewable energy sources. When one was visiting various European countries during the course of this year, one saw for example that the use of renewable energy was quite advanced in many of these countries. We should turn our attention to some of those processes which might, of course, obviate the need to develop our nuclear energy programme much further.

At the end of the day, however, I would say that the issue of waste management especially is going to boil down to how we conduct ourselves in our individual households. In the course of unfolding our waste management policy, we are going to be launching anti-litter campaigns and also encouraging households to separate their waste so that it can be recycled, so that that which is reusable can be reused and that which is organic can go into compost, etc., can be used in that fashion. [Time expired.]

Mr I RICHARDS: Madam Speaker, do we still remember Mr Peter Cele and Mr Engelbert Ngcobo? They were victims of the lack of a waste management strategy in the RSA. Mr Cele and Mr Ngcobo would have been alive today if South

Africa had had an integrated waste management strategy in place during the 1990s. They were unfortunate enough to work for Thor Chemicals and they died of mercury poisoning.

As the Minister has indicated, this Government has identified waste management as a priority and is putting in place an integrated waste management policy posthaste. This policy will emphasise the minimisation of and seek to control and manage our waste. This policy is highly commendable and long overdue, and certainly a credit to the Minister. However, on the Witwatersrand and in the Goldfields the environment is ruined by man-made yellow mountains emitting yellow dust laced with a high percentage of cyanide. I do not have to spell out the causes. Unfortunately all apartheid townships were built around these yellow man-made mountains, and it is only black people who now have to inhale and suffer these emissions of yellow cyanide. They have to learn to live with that. Statistics are not freely available, but the doctors who practise in the area will tell you that the direct result of the cyanide that is being inhaled is that people in these areas suffer from asthma and cancer. [Time expired.]

Ms G L MAHLANGU: Madam Speaker, the changes brought about by the hon the Minister in this Ministry in such a short space of time are remarkable. Through our policy we want to ensure that we address these issues of our past. We must focus on the minimisation of waste. We cannot continue to use the available land to dump our waste. This is land which could be utilised for housing or agriculture.

We must not only address the problems of pollution which result from industry but we must also focus on purification technology. We have the opportunity to ensure that we do not take the path of our northern cousins who have polluted their countries and produced all that toxic waste which they are now trying to dump on us.

This policy which the hon the Minister is engaged in will ensure that South Africa becomes a rich nation not only in economic growth but also in the quality of the air we breathe and the water we drink. We would like to thank the hon the Minister for viewing the lives of his fellow citizens in such a serious light and for putting waste management at the top of his agenda.

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM Madam Speaker, that is a hard act for me to follow I think it is proper to say also that with respect to the hon member's remarks about the problems arising from mining, I can say from this House that through co-operation between my Ministry and those of Minerals and Energy and Water Affairs and Forestry, we hope to produce far better results in the future and to avoid the sorts of hazards that mining has produced in the past, especially for disadvantaged communities I think we have been fortunate in winning the co-operation of fellow Ministers and other departments in the pursuance of our waste management policy. At the end of the day we have to insist that our local governments, our provincial governments and, of course, our ordinary citizens also take a much firmer hand with respect to waste management.

One of the things that alarmed and shocked me when we began to look at waste management was the discovery that the chief items of litter in South Africa are, among other things, smokers' dead matches and cigarette stubs. I think the Minister of Health will agree with us that this is another hazard that smoking presents to our country.

Debate concluded

Care for injured/maimed/aged ex-miners provided

3 Dr K RAJOO asked the Minister of Minerals and Energy

Whether his Department intends setting up a fund with contributions from the mining houses to provide adequate care for injured, maimed and aged ex-miners, if not, why not, if so, what are the relevant details?

N2250E INT

The DEPUTY MINISTER OF MINERALS AND ENERGY Madam Speaker, the reply to the question is that the Department of Minerals and Energy is not considering setting up any fund to care for the injured, maimed and aged ex-miners. The Occupational Diseases in Mines and Works Act of 1973 provides compensation for these ex-miners and the Compensation for Occupational Injuries and Diseases Act of 1993 already caters for contributions from mining houses and compensation Pensions or provident funds are

also normally negotiated between employees and mining houses as a condition of service.

Dr K RAJOO Madam Speaker, I am very disappointed with the answer with which the Deputy Minister has furnished this House. We have specifically asked whether the department is prepared to set up a fund with contributions from the mining houses considering the fact that hardly anything is being done for ex-miners in this country.

If one looks at the history of miners in this country, a meagre R2 000 is given to an ex-miner who goes on to live in abject poverty and perhaps to become a beggar in the land of his birth, this after working in and contributing to the most prosperous of industries in this land.

I am surprised that the Deputy Minister could say that her Ministry is not prepared to do anything, considering the fact that all the mines and the minerals in this country are owned by large mining corporations which are basically white and that the tremendous number of people who work in the mines are basically black. The number of people who die in the mines are therefore black. The people who are injured are black and those who go back to the homelands to die in abject poverty are black. Yet this new democratic Government is telling me that they are not prepared to do anything, because the mining houses are not doing anything.

We would like to ask the following. The Mine Health and Safety Act, 1996, which came into effect on 15 June 1997, brought about a revolution, he says, in methods of achieving health and safety conditions in the mining industry, which I presume will also include those miners who have served the needs of the nation.

Yet the Minister tells me that he is prepared to do nothing and that he is satisfied with what has been done. I am astounded, considering that the Minister has articulated vociferously that he is not prepared to accept what the mining houses have been doing or the way the Mines and Minerals Act has been interpreted and implemented in this country. I would like to ask whether the Minister has a policy or plan to measure radioactive factors in respect of miners in this country.

The Nuclear Energy Act has just become applicable. The survey by the Atomic Energy

Corporation has just become applicable. Has the Ministry done a survey of what has happened over the last three years, since this Government came into power? Does the Minister care about the miners? Does he care about the masses of the people, blacks, who suffer in the mines and who do not get adequate compensation? Yet he comes to me with an answer which is half-baked and does not satisfy me, this House, this nation or the thousands of blacks who are working with their hands. This is the issue that I would like him to address. [Interjections.] [Time expired.]

Mnuz S B MFAYELA Somlomo namalunga ahlonphekile, ngumuntu nye onomona kuphela ongeke abone ukuthi eMnyangweni lo wezoku-Mbrwa phansi nezimkaMandla kuyasetshenzwa Umuntu makaqale ngokukubonga lokho

Mhlawumbe esikhala ngakho njengoba kukhulumeka kanje, akukhona ukuthi umsebenzi awubonakali, kodwa kukhalwa ngoba kukhona lapho kungafikekanga khona, ngoba kunezinye izikhala esizibonayo. Njengoba sishilo lapha, imali abantu abagcina beye nayo emakhaya incane. Lokho okuhlizekwa ngakho abantu akufiki lapho kufanele abantu bakwazi khona ukuziphulisa bona kanye nemindeni yabo. Manje lokhu kuyisikhalo sokuthi uHulumeni abheke ukuthi kungabanjiswa kanjani ukuze kubonakale ukuthi lokhu abantu abakutholayo, akufiki lapho kufanele kufike khona. [Translation of Zulu speech follows]

[Mr S B MFAYELA Madam Speaker and hon members, it is only the jealous who do not realise that the Department of Minerals and Energy is really working. I think the first step is to express appreciation for this.

Perhaps the minor complaints that arise from our side are not due to the fact that the work being done is not visible, but due to the fact that there are desired targets which could not be met and therefore there are gaps which we have identified. As we have mentioned, people take home too little money. What is provided for people is not enough to maintain them and their families. The complaint here is that the Government should look at how the problem of meagre payments can be solved cooperatively.]

The DEPUTY MINISTER OF MINERALS AND ENERGY Madam Speaker, I want to point out to

Dr Rajoo that no organisation has managed to articulate the plight and social state of our people in this country as effectively as the ANC. I think Dr Rajoo knows that this is a fact. He was part of the Government in the past. We are the first Government to be able to address the problems in the mining industry. We are the first Government to make sure that we come up with proper regulations in this particular area of health and safety.

I want to point out to Dr Rajoo that there is no way this department is going to introduce a further levy for the business sector and therefore increase the burden in the form of levies we have currently. I also want to say that I do not know whether Dr Rajoo has his facts straight, because employers and employees are involved in the whole issue of workers who have been injured in the mining sector, to see how they can improve the quality of life of people who have been injured at their workplace.

Not only that, the hon member is quite aware that through the Mine Health and Safety Act we have introduced tripartite structures to look at the industry as a whole and to address its problems. Therefore the issue of upgrading the social standards of workers who have been injured in the mining industry has been addressed. For instance, they have co-operatives in the rural communities and areas where they come from. These are issues which are addressing the problem.

The Act itself also ensures that the kind of compensation which people are being paid is sufficient to meet their needs in their different areas.

Dr K RAJOO Madam Speaker and Deputy Minister please be aware that I am well informed [Interjections.] Please be aware that I have done research on the matter that I am talking about. Let no one take for granted that I am ignorant about the issues because I have worked hard on them and therefore I know what I am talking about. [Interjections.]

Members should not question me as if I do not know anything. [Interjections.] I want to tell the Deputy Minister that on 14 May 1997 10 miners died and 24 were injured. Six of them critically at Deelkraal gold mine in Carletonville. The Minister flew down there from Cape Town. We appreciate that, because he showed compassion. We are not

Hansard

mining activities which resulted in the pumping of these substances into the water, if not, what is the position in this regard, if so, (a) what indications and (b) when will the system have recovered completely from the adverse effects caused by such substances? C286E

The DEPUTY MINISTER OF DEFENCE (for the Minister of Water Affairs and Forestry)

Mr Chairperson, the Minister of Water Affairs and Forestry is having to give a briefing to the Defence portfolio committee. It might seem ironic that the Deputy Minister of Defence is here answering questions on Water Affairs, and the Minister of Water Affairs and Forestry is in the Defence portfolio committee, but in fact it is his responsibility, in terms of the Bill they are discussing, which emanates from his committee, the National Conventional Arms Control Committee. Hence I am here on his behalf.

The reply is as follows

(1) Yes, the quality of the underground mine water being discharged currently into the Blesbokspruit by the Grootvlei Pty Mines Ltd conforms to the standards, as set in Permit 31M issued on 1 July 1997 by the Department of Water Affairs and Forestry.

The underground mine water being pumped at the Grootvlei Pty Mines Ltd is of a neutral pH. The pH of the water being discharged (after liming) into the Blesbokspruit ranges from 7 to 9.

The total iron content of the water is generally less than 1 mg/l water which is acceptable.

Although the heavy metal problems have been solved to a large degree, the high salt loads being discharged into the Blesbokspruit and the Vaal River system are a cause for concern. The Mine will probably not be in a position to afford the establishment of a full-scale desalination facility. This is of great concern to my Department and the timely securing of the necessary funding is of the utmost importance.

(2) No, the Blesbokspruit wetland system is not recovering fully.

Although some recovery (in terms of visual impact) has taken place, full recovery will take

more time. However, there are many other issues which also have to be considered. The poor state of the wetland is the result of many years of neglect, but this is now being addressed through the Blesbokspruit Management Advisory Committee, formed in terms of the Cabinet decision of 16 April 1997.

For written reply

Mental Health Act review

45. Mr W F MNISI asked the Minister of Health

(1) Whether the Mental Health Act, 1973 (Act No 18 of 1973), is currently under review with the view to bringing it in line with the new Constitution, if so, (a) which aspects of the Act are being reviewed and (b) when is it anticipated that the reviewing process will be completed.

(2) whether any aspects of the Act are not consistent with the Constitution, if so, which aspects? CS1E

The MINISTER OF HEALTH

(1) Yes

(a) The whole Act is being rewritten
(b) Early 1998

(2) Legal opinion is being sought

90 Mr W F MNISI asked the Minister of Housing

Provinces: houses built

(a) How many houses were built by the Government in each province in 1996 and (b) (i) what is the current estimated backlog of houses in each province and (ii) in respect of what date is this information furnished? C95E

The MINISTER OF HOUSING

(a) 106 692 individual ownership subsidies (project linked and individual subsidies) were approved during 1996 by the nine provincial housing boards within the framework of Government's Housing Subsidy Scheme in respect of beneficiaries who had bought residential properties. Once such subsidies are approved, conveyancers are instructed to register transfer of the residential properties in the names of the subsidy beneficiaries. In the case of existing houses or completed houses in projects, this means that

Hansard

beneficiaries can take occupation of the homes soon after registration of transfer or earlier if the agreement of sale so provides. Where a housing unit is still to be constructed, indications are that construction is completed within two to three months after registration of transfer.

It should also be indicated that since the implementation of Government's Housing Subsidy Scheme on 15 March 1994 until 28 February 1997, 443 582 subsidies have been reserved by the various provincial housing boards in respect of housing units to be erected in more than 660 projects approved by the provincial housing boards and of these, at least 52% are active. The following is a breakdown of the number of subsidies reserved:

Project Linked Subsidies	365 246
Individual Subsidies	45 303
Credit Linked	35
Consolidation Subsidies	31 201
Institutional Subsidies	1 797
Total	443 582

Province	Shortage
Eastern Cape	195 632
Free State	102 012
Gauteng	761 321
KwaZulu-Natal	391 897
Mpumalanga	31 737
North West	113 560
Northern Cape	29 764
Northern Province	70 286
Western Cape	223 791
Total	1 920 000

The provincial breakdown of subsidies reserved and approved in respect of beneficiaries for the period 15 March 1994 until 31 January 1997 is provided in the accompanying table.

(b) (i) and (ii) The existing housing backlog in South Africa is estimated at 1,92 million units. At the current growth population

The shortage of 1,92 million units is only in respect of urban areas since it is uncertain what can be regarded as acceptable housing for rural areas. Apart from people living in traditional housing in rural areas, approximately 300 000 households are living under unacceptable living conditions in shacks in rural areas taking the total estimated backlog to 2,2 million units.

Progressive Housing Statistics 15 March 1994 until 28 February 1997

Province	Project Linked (Reserved)*	Project Linked (Beneficiaries)**	Individual ***	Credit Linked (Savings Routes)****	Consolidation Reserved +	Consolidation Beneficiaries ++	Institutional (Reserved) ****	Institutional (Institutions) *****
W Cape	49 026	10 201	2 983	19	4 097	149	203	13
Gauteng	78 156	28 706	11 647	9	2 000	1 631	779	0
N West	30 798	7 252	3 194	0	0	0	0	0
Mpumalanga	31 857	12 450	7 280	0	250	0	0	0
KwaZ/Natal	73 415	11 367	3 430	3	8 999	2 418	240	320
F State	25 144	9 394	3 881	0	8 258	1 225	0	0
E Cape	33 817	3 592	2 994	0	4 040	0	575	0
N Cape	5 603	1 742	3 324	3	205	0	0	0
N Prov	37 430	17 254	6 570	1	3 352	1 511	0	0
Total	365 246	101 958	45 303	35	31 201	6 934	1 797	333

- * Project linked subsidies reserved by provincial housing boards in respect of the number of housing units to be erected by developers in projects approved by the boards. These subsidies are approved in respect of individual beneficiaries once they have bought housing units in these projects
- ** Project linked subsidies approved in respect of beneficiaries who had bought properties in projects approved by provincial housing boards
- *** Individual subsidies approved in respect of individuals who had bought existing housing units or new housing units in projects not approved by provincial housing boards
- **** Subsidies approved in respect of beneficiaries who had entered into a savings scheme with banks to enhance their subsidies with credit
- + Consolidation subsidies reserved in respect of projects where beneficiaries have only received serviced sites in the past and now wish to upgrade or provide housing on such sites. These subsidies are only approved in respect of individual beneficiaries once beneficiaries have entered into an agreement with a developer
- ++ Consolidation subsidies approved in respect of individual beneficiaries
- +++ Institutional subsidies reserved by provincial housing boards to be granted to institutions in a global sum to provide subsidised housing to households who qualify for individual ownership subsidies
- ++++ Institutional subsidies approved for allocation to institutions

Building materials centres

- 92 Mr W F MNISI asked the Minister of Housing
- Whether any building materials centres have been established, is so, in each case, (a) where is it located and (b) when was it established?

C97E

The MINISTER OF HOUSING

The Ministry is not aware of the existence of any building materials centres. In terms of a specific National Housing Programme however, a number of Housing Support initiatives have been established throughout the country.

- (a) and (b) fall away

Roodeplaat Research Laboratory: funds spent/experiments done

- 113 Mr E K MOORCROFT asked the Minister of Defence

- (1) Whether any South African National Defence Force funds have been spent on or at the Roodeplaat Research Laboratory, if so (a) what total amount, (b) over what period and (c) for what purpose,
- (2) whether any experiments have been carried out at the said laboratory on non-human primates and/or any other specified animals, if so, (a) what specified experiments in each case, (b) (i) what species of and (ii) how many (aa) non-human primates and (bb) other animals were used for experimentation and (c) who supplied the Roodeplaat Research Laboratory with (i) non-human primates and (ii) other specified animals,
- (3) whether research and/or testing on animals is continuing, if not, on what date did it cease, if so, (a) why, (b) what specified research and/or testing (c) on what specified animal in each case and (d) where will such research and/or testing be conducted,
- (4) whether a certain body, the name of which has been furnished to the SANDF for the purpose of his reply does any research on behalf of the SANDF, if so, what specified research,
- (5) what is the policy of the SANDF in regard to conducting experiments on (a) non-human primates and (b) other animals?

C118E

The MINISTER OF DEFENCE

- (1) I have been informed that in briefings to the Joint Standing Committee on Public Accounts, the Surgeon General stated that the former SA Defence Force spent R36,18 million on the Roodeplaat Research Laboratory (RRL) over the period 1985 to 1994. The company was privatised in 1992, liquidated and sold in 1994

The purpose of the laboratory was to conduct research on the detection, isolation and identification, toxicology, protection, decontamination and treatment of chemical and biological agents that could possibly be used against South African forces

- (2) Yes. I have been informed that experiments were carried out on non-human primates, rodents and rabbits

Research on a given substance was always initiated by means of literature studies. Should these studies not provide the required answers, *in vitro* experiments were carried out. Where both literature studies and *in vitro* research yielded inconclusive results, rodents and rabbits were resorted to. Tests on non-human primates were restricted only to those cases where there was no other option to reach a sensible conclusion.

I have been informed that RRL at all times adhered strictly to both national and international ethical norms regarding the treatment of research animals. The National code for Animal use in Research, Education, Diagnosis and Testing of Drugs and Related Substances in SA as issued by the Minister of Agriculture, was adhered to. All research on animals at RRL had to be approved by an ethics committee before such research could start. This committee reported directly to the managing director. The head of the research animal centre also had the right to stop research at any stage, should he have been of the opinion that the prescribed ethical norms were not being complied with. Furthermore the SPCA had the right to inspect the facilities at RRL at any time, and did in fact conduct inspections there.

- (a) Experiments entailed the testing of the effects of substances that could possibly be used as chemical or biological warfare agents, as well as the effects of drugs used in the treatment or prophylaxes against these agents

(b) The non-human primates used were Chacma baboons and Vervet monkeys. Other animals used were rodents and rabbits. It is not possible to provide the figures as to how many animals were used, because documents containing these

details were destroyed when the company was liquidated in 1994

- (c) Individuals licensed by Nature Conservation supplied RRL with non-human primates. Other animals were bred on terrain or purchased from acknowledged laboratories

- (3) According to the Surgeon General research and/or testing on animals was discontinued in 1994. At present no research or testing on animals is being done by the SANDF

- (4) The SANDF has no contract with Biocon and they do no research on behalf of the SANDF

- (5) The advancement in science and medicine has now provided us with a number of methodologies that obviate the need for animal experimentation. It is however still necessary and unavoidable to conduct animal experimentation in a number of cases. Where this is necessary the SANDF has in place a mechanism for approval by an ethics committee which is guided by the national and international standards

We also welcome the intention of my colleague the Minister of Health to set up a National Ethics Committee to more stringently regulate both human and animal experimentation

Minister trips abroad funded by State

120 Mr E K MOORCROFT asked the Minister for Agriculture and Land Affairs

- (a) How many times did (i) he (ii) his Deputy Minister and/or (iii) members of staff of his Ministry go on trips abroad funded entirely or partially by the State in 1996 and (b) what was the (i) purpose, (ii) cost to the State, (iii) destination and (iv) duration of each such trip?

C125E

The MINISTER FOR AGRICULTURE AND LAND AFFAIRS

- (a) (i) two
(ii) five
(iii) seven
- (b) The details are as follows

INTERPELLATIONS UNDER NAME OF MEMBER

Hansard

Applications for unemployment benefits received/approved

912 Mr V J MCHUNU asked the Minister of Labour

How many applications for unemployment benefits were (a) received and (b) approved in 1996 as compared to 1994 and 1995, respectively?
N1605E

(b) Number of applications approved

1994 - 694 574
1995 - 721 030
1996 - 817 212

Households: access to electricity

917 Mr A H NEEL asked the Minister of Minerals and Energy

What percentage of (a) urban and (b) non-urban households in South Africa had no ready access to electricity as at the latest specified date for which information is available?
N1612E

The MINISTER OF MINERALS AND ENERGY

(b) Number of applications approved

1994 - 579 312
1995 - 605 756
1996 - 698 017

All benefits (unemployment benefits, illness benefits, maternity benefits, adoption benefits and payments to dependents)

(a) Number of applications received

1994 - 816 721
1995 - 803 646
1996 - 907 135

(2) The electrification data are not collected on a racial basis and therefore no such percentages are available

Alant, Dr T G — Finance, 610, 724, 1001	Jordaan, Mr J A — Public Enterprises, 85
Ally, Mr A — Health, 1446 Sport and Recreation, 1008	Transport, 718
Andrew, Mr K M — Finance, 1323	Kekana, Mr N N — Deputy Minister in the Office of the Executive Deputy President, 995
Botha, Mr W A — Correctional Services, 13	Mahlangu, Ms G L — Environmental Affairs and Tourism, 67
Botha, Dr W J — Finance, 622	Meshoe, Rev K R — Safety and Security, 1013
Cassin, Mr M F — Education, 1600 Justice, 79	Meyer, Mr R P — Finance, 73
Trade and Industry, 867	Moeth, Mr S E — Posts, Telecommunications and Broadcasting, 473
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Nedlac ratifies research into changes at work

152

123

ARG 19/97

Johannesburg – The National Economic Development and Labour Council ratified four reports at its executive meeting here on Friday.

This brings the number of agreements ratified by Nedlac since its inception to 24, a Nedlac statement said.

Two of the agreements deal with legislation while the others recommend a multi-million rand national fund for research into changes at work, efficiency and equity in a changing international environment until 2001.

A report on the agreement reached on the Water Services Bill, which was introduced at Nedlac in May, was tabled. The Bill seeks to secure the right of access to basic water supply and sanitation for all South Africans and to regulate the provi-

sion of water services. The Mine Health and Safety Amendment Bill was also tabled and agreed to.

After the promulgation of the Act in June last year, business and labour in the mining industry appointed a technical committee to explore ways of ensuring the effective enforcement of the Act without resorting to criminal procedures against employers, as provided for.

"The Bill provides for such procedures to be replaced by administrative penalties," the statement said.

The executive committee also agreed to the second phase of the Workplace Challenge project, for which the Department of Trade and Industry has made available R13-million.

The second phase, which starts this

month, will involve specific industrial sectors in to improve productivity and make South African products more competitive internationally.

The fund will replace the Japanese Grant Fund, which is to be wound up at the end of the year, and will provide funds for research until 2001.

According to Nedlac, two special sessions were also held on Friday to deal with the state of housing delivery.

"A special committee of Nedlac's development chamber was tasked to develop concrete initiatives to enhance mass delivery of housing with the aim of strengthening the way in which subsidies lead to the construction of houses and to leverage private sector resources for housing delivery," the statement said. – Sapa

Tough task to meet housing target - Lewis

BUSINESS EDITOR

Some tough questions need to be answered if the target of one million houses by the turn of the century is to be met, says University of the Western Cape academic Gavin Lewis.

In his latest *RDP Monitor*, Dr Lewis says some progress is being made as pressures for delivery of houses increase. Regulations have been streamlined, better information systems have been set up, the

(123) ARG 2/9/97
Government is now working more closely with business and procedures in applying for the R15 000 housing subsidy have been streamlined - though there are still 203 steps to complete to get the subsidy

Rising construction figures reflect this progress

But, he says, several questions are still unanswered

"Is the maximum flat rate nationwide of a R15 000 subsidy sufficient? If not, are the minimum construction standards expect-

ed unrealistic? Should the focus instead be on higher density rental accommodation or just on site-and-service schemes?

Dr Lewis says at least some of these questions must be tackled if the housing targets are to be met

Money for about 595 000 subsidies has been allocated but, he points out, meeting the target means building 750 000 new houses in the next two years, or 33 000 a month, instead of the 15 000 being built on average each month at the moment

SA's water revolution now in full flood with new law due by '98

'Constitution demands review'

JOHN YELD
ENVIRONMENT REPORTER

In a move that will profoundly affect South African society, a new water law is expected to be on the statute books by the second half of next year.

This follows the Government's approval in April of a White Paper on a national water policy for South Africa which sets out principles to guide future water management in a way that is fundamentally different to the practices of the past

In the introduction to the White Paper, Water Affairs and Forestry Minister Kader Asmal noted that South Africa's current water law had been formulated during a history of conquest and expansion

"The colonial lawmakers tried to use the rules of the well-watered colonising countries of Europe in the dry and variable climate of southern Africa

"They harnessed the law, and the water, in the interests of the dominant class and group which had privileged access to land and economic power"

The democratic government of President Mandela had been confronted with a situation in which the majority of South Africans had been excluded from the land and also denied direct access to water or access to benefits from the use of this water, Professor Asmal said

"The victory for our democracy now demands that national water-use policy and the water law be reviewed.

"Our constitution demands this review, on the basis of fairness and equity, values which are enshrined as cornerstones of our new society. And there are other pressing reasons too"

Professor Asmal has since appointed a policy and strategy team to oversee the review and



New policy: minister Kader Asmal

redrafting of existing water law

Recently, members of the team conducted a "road show" throughout the country to explain to decision makers, community leaders and the media the key principles of the White Paper and the process by which the existing legislation was being reviewed

One of the team, Tami Sokutu, told the Cape Argus that a national Water Bill was supposed to have been ready by the end of June but that because of the complexities and the need for thorough public consultation, it would take another six months

"We are planning to send a draft to Cabinet by December and it should then be considered by Parliament's portfolio committee by February. We hope to have the new law by the second half of next year," he said

One of the key principles in the White Paper, which will be

(123)
ARG 2/9/97
translated into the new law, is that the present "riparian system of allocation" effectively will be abolished

This means that the right to use water will no longer be tied to the ownership of land along rivers. Also, water-use allocations will no longer be permanent but will be given for a "reasonable" period - probably five years. With ministerial permission, these allocations will be transferable

Mr Sokutu said the Government recognised the value of agricultural activity in the rural economy and did not believe the new legislation would prove disruptive

Also, the Government was concerned that banks and other sectors of the business community should not interpret the White Paper as being detrimental to the economy, particularly because land prices were linked to current water rights in some instances

However, farmers in particular appeared to have misunderstood some of the principles involved. The whole process was geared towards achieving equity in water allocations and emerging farmers had to be given their fair share, Mr Sokutu said

"Existing farmers will be asked to give up some of their (water) rights to people whose access to water has essentially been blocked in the past

"We want to avoid going to the Constitutional Court but ultimately the new legislation will probably be tested there"

The new bill would strengthen regulations to maintain water quality and would incorporate the "polluter pays" principle. It would also give effect to the policy of charging users the full financial costs of providing access to water

"Basically, the principle is that people who are benefiting most, must pay the most."

National Electricity Regulator CEO

Robyn Chalmers

MINERAL and Energy Minister Pennell Maduna has appointed former independent civil and electrical engineering consultant Magate Sekonya as CEO of the National Electricity Regulator.

Sekonya, who has worked in electrical engineering on gold and base metals mines in various provinces, will replace Ian McRae, who was previously joint chair-

man and CEO. The new chairman has not been announced.

The announcement came after widespread confusion over McRae's replacement. He vacated his position last Friday and questions to the minerals and energy department on his replacement were referred to the National Electricity Regulator's board.

Mineral and Energy ministry adviser Thulani Gcabashe said last week the board had made a

decision to release the information only once McRae had vacated his post at the end of last month.

However, regulator customer services manager Johan du Plessis said yesterday the board had not yet been informed by the department or the ministry on the new appointments, made by Maduna. Later he confirmed that Sekonya had been appointed.

Sources close to the process claimed it was only when Sekonya



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walked into the regulator's offices yesterday that staffers became aware that he was the new CEO, and they still did not know who the new chairman would be.

McRae said in an interview last week that he had previously indicated he wished to step down from his position as full-time CEO and chairman, although he would be willing to play a part-time role.

In April, it was agreed that he would be part-time chairman and

CEO until the end of November, although this contract could be terminated should a new CEO, or chairman be appointed. McRae was informed by Maduna at the beginning of last month that his replacement had been found and he should vacate his position at the end of the month.

Recent leaked documentation indicated that there had been a struggle between the board and the department over who should

appoint the new CEO and chairman. The board believed that while the department and ministry should make new appointments, board members should be allowed a say in the issue.

In a sharply worded letter, department director-general Gordon Sibya said the appointments would be at the sole discretion of the ministry and department, and no input from the board was required.

appointed

Long-awaited Housing Bill is tabled in Parliament

Jacob Dlamini

CAPE TOWN — The long-awaited Housing Bill, giving broad effect to government's housing white paper and abolishing the National Housing Board, was tabled in Parliament yesterday.

The bill provides for the scrapping of the R9,7bn local government debt to the National Housing Board, which is to be replaced by an advisory body called the SA Housing Board. The

provincial housing boards will remain, although there is an opening for them to be abolished at some unspecified time in the future.

The bill is intended to facilitate co-operation between government, the private sector and communities through a sustainable housing delivery programme. It also seeks to repeal the existing host of legislation on housing and to establish a constitutional framework for the programme. There will also be a national hous-

ing code which will be used to ensure there is a legal basis for the publication of the national housing policy and all frameworks set by the ministry.

In terms of the bill, private and public development will be encouraged on-ly in areas that allow access to health, social and educational amenities and offer access to economic opportunities.

The bill lays down a set of basic guidelines for local authorities, provinces and national government. A memorandum attached to the bill

states that the guidelines are designed to create certainty among stakeholders over government housing policy in order to accelerate delivery.

The bill provides for the housing department's director-general to control and manage state money set aside for housing and to disburse this to the provincial housing boards.

It also provides for the establishment of a national housing data bank and an information system to boost the delivery of houses.

Eight people murdered by gunmen in violence-torn Eastern Cape

UMTATA — Armed attackers murdered eight people in violence-torn Qumbu in the Eastern Cape on Sunday night, a day after four people were shot dead by bal-clava-clad men

Supt Monde Ngadini said six women and a four-year-old boy were slain by the gunmen in one homestead at Debeza on Sunday.

Ngadini said the attackers burst into the homestead about 11pm and opened fire indiscriminately on the nine occupants, leaving seven dead and one woman seriously wounded. One woman escaped unhurt.

The attackers, armed with R-4 and R-5 rifles, set the homestead on fire after the shooting.

"The unhurt woman tried to pull the deceased

the same neighbourhood and shot dead a 41-year-old man.

The gunmen set the body on fire and fled.

There was no immediate explanation for the massacre. Qumbu and the nearby area of Tsolo have been wracked by violence that has claimed a number of lives.

On Saturday night, gunmen wearing bal-clavas shot dead four men in separate incidents in Qumbu's Ngcoti location. Ngadini said one man was shot dead in front of his wife.

He said the gunmen

Committee approves new work injuries bill

CAPE TOWN — Parliament's labour committee yesterday approved a bill reforming legislation on compensation for occupational injuries.

The Compensation for Occupational Injuries and Diseases Amendment Bill is intended to make old legislation compatible with the provisions of last year's Unemployment Insurance Act.

In terms of the bill decision making and the 595-strong staff of the compensation commissioner are to be placed under the labour director-general.

The bill provides for the payment of benefits and medical expenses to the dependants of workers who sustain fatal or disabling injuries or diseases in the course of their work.

Meanwhile, Business SA has expressed concern over inadequate employer representation provided by the bill, calling it a "flagrant denial of social partnership".

The bill, which will also be discussed by the National Economic De-

velopment and Labour Council, makes provision for five members to represent the interests of all employees on the compensation board, but only three to represent employers' interests.

"Business SA believes sincerely that a balance of power between business and labour in national institutions is necessary if their respective interests are to be equitably represented," Bokkie

Press, politicians (123) sign for Masakhane

07/19/97

MEMBERS of the media have been drawn into the Masakhane campaign to promote payment of services and are being asked to sign a pledge at Parliament today to be solid citizens.

The parliamentary press gallery, including political correspondents of the national newspapers and electronic media, will pledge "to contribute fully to the smooth running and development of the country through .. commitment to

paying on time for services used, assessment rates and all traffic fines".

They will be joined by the national Provincial Affairs and Constitutional Development Minister, Mr Valli Moosa, and the Speaker of the National Assembly, Dr Frene Ginwala. The chief whips of the seven political parties will also sign

Failure to keep the pledge could result in defaulters' names being published on a defaulters list

Decide on electricity structure, govt told

Robyn Chalmers

GOVERNMENT has to decide whether it wants a state-owned monopoly controlling the electricity sector, or if it wishes to go the private ownership route, says former National Electricity Regulator chairman and CEO Ian McRae.

McRae said in an interview last week pressure was building from a number of quarters for a decision on whether the private sector would be allowed into the generation and distribution sectors of the electricity industry. Eskom has already come under pressure with regard to the sale of its mothballed power stations while foreign and independent power producers are

knocking on its door. Government has to face up to these pressures," he said.

At a recent workshop on the electricity supply industry, Minerals and Energy Minister Pennell Maduna said government was prepared to consider the possibility of allowing independent power producers to enter the market.

"At the moment we are grappling with a crisis in the electricity supply industry and this is government's priority. Over time, we will address the entire electricity supply industry and debate the entrance of private sector players into various sectors of the industry," he said.

Public Enterprises Minister Stella Sigcau said Eskom need-

ed to be taken into account in any industry privatisation debate. A masterplan for Eskom, similar to the one formulated for Transnet, was being looked at to determine future issues in the generation, transmission and supply sectors.

"There are fears within the industry that once a tax and dividend policy is implemented for Eskom, the price compact (to keep annual price increases below inflation) will be broken. We will discuss this with each industry player to alleviate their fears," she said.

McRae said globally, the trend was moving away from monopoly control of the electricity sector towards an open market which involved competition,

private ownership and customer choice.

Electricité de France Southern Africa MD Corinne Block said the French model of delegating the management of public utilities to the private sector could prove an economically efficient solution to expanding and maintaining SA's electricity infrastructure.

Block said large French companies were experienced at managing public services on behalf of local authorities. Local authorities delegated partial or total responsibility for delivering electricity services to a company while retaining ownership of the assets, monitoring of standards and the right to set rates and tariffs for end users

RD 319197

Towards ensuring equitable access for all

(123)

ET (123) 4/19/7

MIKE MULLER

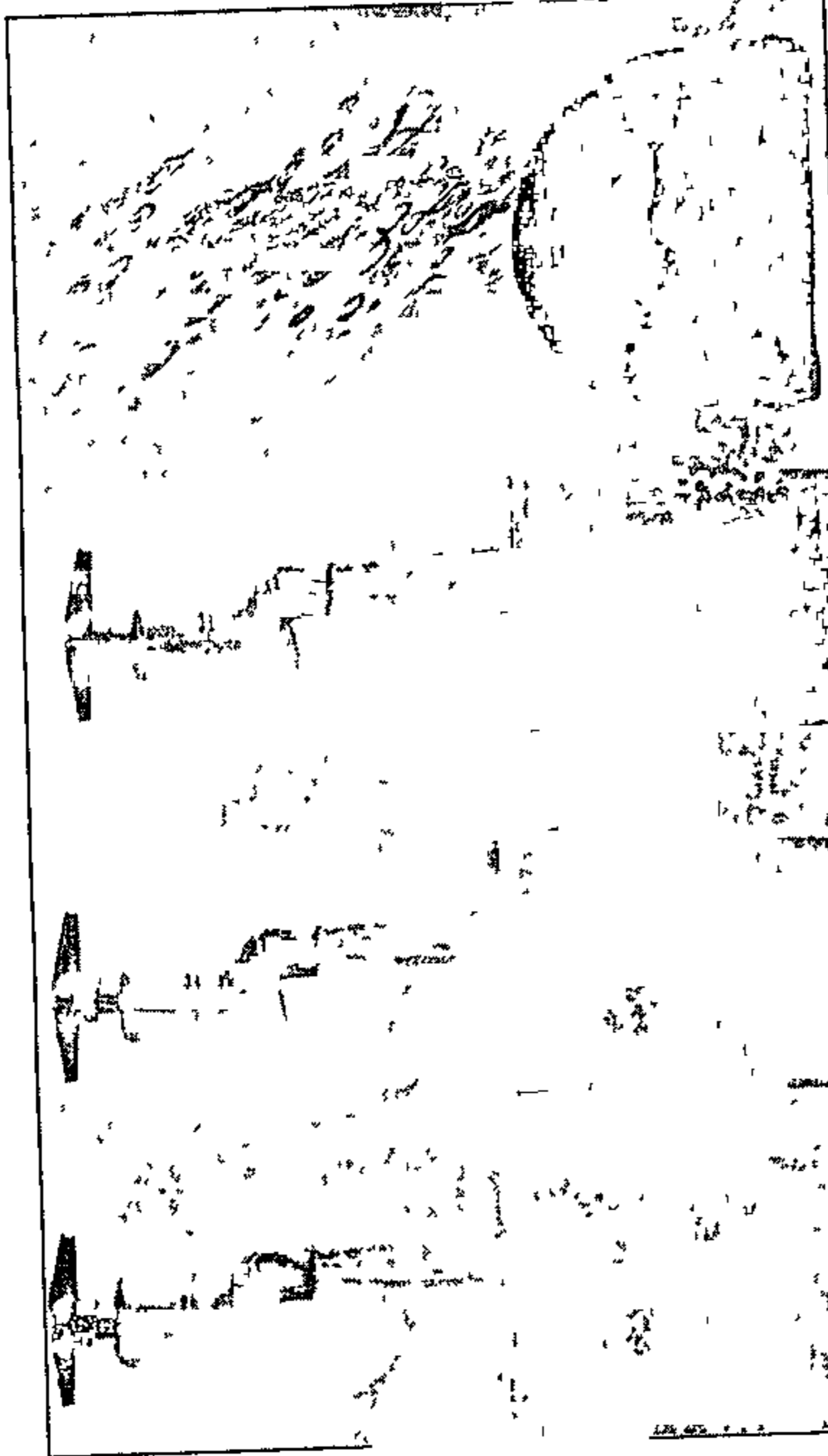
The possibility of a drought initiated by "El Niño" should not conceal the fact that human intervention in the management of water can have as great effect on our national fortunes as nature's. So the debate about a new water policy is raising some substantive questions for policy analysts in the government and the private sector.

At a recent workshop organised by the Western Cape Farm Management Association, I suggested the new policy would be good for the country in general and agriculture in particular. Contrary to dire predictions, it would increase land values, raise the value of agricultural production, increase employment and stimulate the broader economy.

The real challenge was to ensure that these benefits were shared fairly between the farming "haves" and "have-nots", and that agricultural communities were helped to adapt to a new constitution for water.

This was not a crude attempt to provoke the farmers in my audience. The object of the new water policy and the law being drafted to implement it is indeed to ensure water is used in the best interests of South Africa as a whole. This cannot be achieved by restricting water use to specific farms which happen to be adjacent to rivers. The intention is first to make sure access to water is equitable but also that it is accessible to those who can make best use of it for everyone's benefit.

Professor Vink, the head of Stellenbosch's department of agricultural economics presented the results of some economic



allocation system would not only preserve land values, it would also provide a predictable climate for investment. If a large investor and water user such as Eskom — which plans its huge power stations for a 40-year life — wished to extend the life of a station, its water supplies would have to be assured.

Under the proposals, Eskom could, at regular intervals, renegotiate and extend the conditions of its water allocations. Its decision to upgrade existing power stations or build new ones would thus be guided by the price and availability of water at the time, and would ensure the right technology and location were chosen.

Back on the farm, Vink welcomed the proposed mechanism whereby the life of water allocations could be extended. But he emphasised that, to ensure farmers kept upgrading their investments, the allocation system should take into account all investment made in a water-dependent business rather than simply expenditure on pumps, pipes and dams. He also warned that if farmers saw they might suddenly lose their water rights, they would simply stop investing, which would in turn undermine the whole rural economy.

It is encouraging that the debate is moving to this pragmatic level. The process will continue at an irrigation policy conference later this month, jointly organised by the departments of agriculture and water affairs and forestry, to review an extensive process of provincial consultation and ensure the new water law reflects realities rather than preconceptions.

□ Mike Muller is director general of the water affairs and forestry department.

would be reflected in its impacts on agriculture. "This is more than a trivial observation," he noted, "given the real weakness in water rights that farmers have in terms of existing legislation and given the lack of rights of many historically disadvantaged South Africans."

An issue now under investigation is the effect of a new water law on agricultural investment. Farmers point out that land with access to water is worth 20 times more than that without. If water is no longer allocated in perpetuity, they fear land values will be slashed, undermining their businesses.

I demonstrated that converting permanent allocations using present interest rates — which is how water "rights" are interpreted — into 20-year allocations would reduce land value by just over 3 percent. Over 40 years, the maximum proposed in the white paper on National Water Policy, the impact would be negligible.

The proposed new water

price would be absorbed by farmers without increasing prices for the consumer.

Opportunities for water saving were highlighted by Frikkie Koegeleberg of the Western Cape's agriculture department. He reported low efficiencies of water use in that technically advanced province. Even where the best technologies were used, on-farm efficiencies were typically a low 60 percent rather than 80 percent-plus, which should be their target.

The presentations were encouraging as they indicated the policy was moving in the right direction. The challenge is to spread this good news because what emerged from the subsequent discussion was that perceptions about the policy could have as much impact as reality.

Vink pointed out policy changes would have a negative effect on agriculture if they were perceived by farmers to be negative. And the reverse was also true. If farmers perceived the policy to be positive, it

modelling of agriculture in the Western Cape which go towards putting the debate about water policy on a more solid footing. Full details will be released later this month but has previewed a number of interesting points.

His first conclusion was that a reduction in water availability would have a negative effect on the province's agriculture specifically and its economy more generally. Since this hypothesis is proved every time there is a major drought, it comes as no surprise. Unfortunately, the model cannot yet predict what would happen if water was used more carefully.

More surprisingly, Vink found that tripling water's price in the Western Cape would lead to an increase in agricultural employment! This was because the higher price would encourage use in the more productive and labour-intensive orchards rather than in less productive vegetable and livestock production. A mere doubling in the

Masakhane: support for action on (123) non-payers

CLIVE SAWYER
POLITICAL CORRESPONDENT

ARG 4/9/97

The Government fully supports municipalities which are taking action against defaulters, says Minister for Provincial Affairs and Constitutional Development Valli Moosa.

Speaking in a special debate in Parliament on the Masakhane campaign, he said: "We would like those councillors out there to know they are not on their own."

He also encouraged local authorities to publish the names of MPs who defaulted on their payments for services.

"We have reached a point where almost every citizen of this country accepts you have to obey the rules and pay for services," said Mr Moosa.

A recent Human Sciences Research Council survey had found 82% of South Africans were willing to pay for services.

He emphasised that Masakhane was a vital part of nation-building. Outlining some reconstruction and development successes, he said the 1 000th municipal infrastructure project was underway.

Opening the debate, Pravin Gordhan, chairperson of the National Assembly committee on constitutional affairs, said that above all Masakhane was happening at local government level. He challenged opposition parties, "particularly the leaders of the white community in Sandton", to detail what they had done to promote Masakhane.

"What have opposition parties done to ensure white people also learn the culture of payment? What have the DPs and NPs done to create a culture of transformation in South Africa? Opposition politics has become a euphemism for undermining the RDP," said Mr Gordhan.

Jac Rabie of the NP, while supporting the campaign, said it should not concentrate solely on American-style publicity techniques like distributing T-shirts and caps.

He said school pupils should be taught civic duty (burgerkunde) as a subject.

Pieter Groenewald (FF) criticised Water Affairs Minister Kader Asmal for saying he supported Masakhane while imposing high water tariffs on local authorities, which could lead to consumer resistance to paying.

Doug Gibson (DP) said his party supported Masakhane "100%" and believed delivery would be impossible until people

paid for services. "The culture of entitlement is the enemy of the poor."

But he said the DP was disappointed that the campaign, launched in February 1995, still had not produced the goods. More than R25-million had been spent on it in the previous financial year, while arrears on service payments had risen from one financial year to the next from R489-million to R5,5-billion.

"The department says this is because of better record-keeping. . . I can only hope that their record-keeping does not improve any further, so that the figure rises to R7-billion," Mr Gibson said.

'Turnaround in paying for services has begun'

4/9/97 (123)
DONWALD PRESSLY

THE turnaround in attitudes to paying for municipal services has already begun, says Provincial Affairs and Constitutional Development Minister Mr Valli Moosa

Praising parliamentary journalists for signing a Masakhane pledge of loyalty — which could see them on a blacklist if they failed to pay for their services — Moosa said yesterday that journalists had an important role in informing society

He was flattered that the Press Gallery Association of Parliament had asked his office to allow journalists to sign the pledge

Some members of Parliament also signed. They included the Speaker, Dr Frene Ginwala, ANC chief whip Mr Max Sisulu and other party whips

The rest of the MPs and delegates to the National Council of Provinces will sign today

The impression was that squatter communities were not paying for services, but "leafy suburb" residents were the worst offenders when it came to traffic fines, Moosa said

Spokesman Mr Mpho Mosimane said pledge-makers' names would be checked against municipalities' registers of service-receivers. Those who did not pay for services would be placed on a defaulters' list, which would be published in the media

Defaulters would be warned first and given the chance to pay, Mosimane said

● This is Masakhane Week, to promote the campaign to get residents to pay for services

the recommendation and, indeed, insistence, of a wide range of stakeholders in the supply sector. This may have made McRae's task a little more difficult once current minister Pennell Maduna came into office — despite his reputation as an "electricity guru". By his own admission, there were other problems with having McRae heading the regulator.

"I was concerned that, as the retired, former CE of Eskom, the link with Eskom would be seen as too strong and we would favour it. This worked both ways, of course, because Eskom complained that I knew too much about its inner workings," he said.

The regulator was set up in 1995 under the Electricity Amendment Act of 1995 as an independent statutory body to replace the Electricity Control Board, and its focus was on the amorphous electricity supply industry. The need for a reg-

ulator was to develop recommendations to make the fragmented industry more effective and efficient and to recommend feasible strategies for accelerating electrification countrywide.

The regulator then called on government to take charge of the process, and Botha appointed the Electricity Working Group to further examine and implement Nelf's recommendations. Its report was submitted to government. An electricity restructuring inter-departmental committee (Eric) of government officials was established to formulate government's position on the group's recommendations.

Eric completed its report in October last year and the Cabinet broadly approved the recommendations in March. A stakeholder workshop was held late last month and Maduna has agreed to set up a stakeholder committee by November which will advise

in this spate of cut-offs and a sudden surge in payments.

Reflecting on his years at the helm of the regulator, McRae says he is satisfied a credible and independent body has been established. It is perceived as understanding the issues and problems distributors face, as well as an acceptance that it is aware of customers' issues.

"We played a lead role in the debate on the restructuring of the supply industry, we identified the problems facing the sector and realised change was urgently needed."

In fact, when the regulator issued warnings two years ago that the industry was in trouble, and that distributors could not be issued with permanent licences, some critics said the body was being alarmist, recalls McRae. Similarly, when the regulator told government that restructuring the industry through

and we had to stand by them in the face of huge pressure," he tells of Madantsane township near East London which was experiencing problems with electricity supply and payment. There were supply problems, too, at a neighbouring industrial development, and complaints from tenants at the development alerted the regulator.

Regulator officials found that the East London municipality was the licence holder for the area, but it believed it was not responsible and that Eskom had shied away from taking over.

As a result, meters had not been read, bills sent or servicing undertaken for more than five years, so electricity supply was intermittent. After much debate, the regulator's board decided to take the licence away from East London and applied to the minister to do so — this would have meant a huge loss of income for the mu-

nicating electricity supply to an area," he says.

McRae says there are many challenges looming for the regulator's officials. There are still more than 2 000 electricity tariffs, major disparities in electricity prices, poor customer service and quality of supply in some areas, as well as a need to make 2,5-million new electricity connections under the reconstruction and development programme by the year 1999.

There is a huge amount still to be achieved in the electricity supply industry, but McRae and his team have made significant inroads into the problems facing the sector as well as forged a loose consensus within the sector on action needed in the future.

He will be a tough act to follow, and Sekonya will soon need to show himself to be a diplomat who has the ability to take firm decisions, often in the face of extreme opposition

in the day to escape a web of clichés

Offensively direct and obnoxiously self-centred, Powers is not an easy man to like, and Vanessa has made generous allowances for time he was away as well as the that spawned him, especially an amazing ability to make pre-adolescent jokes, love Burt Bacharach music and insult women.

Waking up 30 years later, Powers finds himself an anachronism. Stuck with outdated attitudes, especially where sex is concerned, clothes and taste, he has to adjust his Swinging Sixties mindset to completely different circumstances where the only surviving constant is his nemesis.

Before being cryogenically preserved, Powers — a fashion photographer by day, an omnipotent agent by night and an around-the-clock skirt chaser — had been assisted by Mrs Kensington (Mimi Rogers), whose daughter Vanessa (Elizabeth Hurley) is now charged by the head of the Secret Service (Michael York) with the responsibility of bringing Powers up to date on the current state of affairs.

Contrary to reports and expectations, Austin Powers is not so much a send-up of the Bond films as a spoof of the tacky imitation Bonds on screen (the Matt Helms and the Flints) and, more particularly, on television (too numerous and painful to mention).

Mike Myers deserts the world of adolescent TV to play both the title role of Austin Powers, International Man of Mystery, and Dr Evil, his deadly adversary.

The joke is that Evil had himself frozen in 1967 to escape capture and Powers, fearing that his arch enemy would return in his absence or senility, underwent the same process so as to be in place to continue saving civilisation from the malevolent genius who would otherwise destroy it.

Novice scores a Talented '97 lineup reaps reward;

Phillip Aktebe

Paradise Road may owe a great deal to other films but its message bears repeating and its heroic women deserve to be honoured. It is just a pity that it comes so late in the day that its facts — even the unpleasant ones about reluctant co-operation — have become clichés.

The excellent cast is headed by Glenn Close as the leader and prime mover, Pauline Collins as a missionary and Frances McDormand as a refugee doctor who finds a controversial way to obtain the medicines she needs to keep her charges alive.

Paradise Road may owe a great deal to other films but its message bears repeating and its heroic women deserve to be honoured. It is just a pity that it comes so late in the day that its facts — even the unpleasant ones about reluctant co-operation — have become clichés.

Paradise Road may owe a great deal to other films but its message bears repeating and its heroic women deserve to be honoured. It is just a pity that it comes so late in the day that its facts — even the unpleasant ones about reluctant co-operation — have become clichés.

Eskom has ample power for everyone

The slogan "power to the people" has become a reality as Eskom connects up to a 1 000 households a day - and the good news is that there's plenty of electricity for all

The company has disclosed it will be able to meet all electricity demands until after 2010 without any difficulty in spite of the huge increase in new users

By then the company hopes to link into big hydroelectricity schemes in neighbouring African countries that should be able to supply South Africa's needs well into the next century

The ultimate power source for the new millennium is the mighty Congo River, with its vast potential to generate electricity. Eskom energy manager Brian Statham said the company was now fully able to meet electricity demands and was not investigating new power sources or stations

"It must be remembered we mothballed several power stations because we are well able to meet demands. When and if it becomes necessary, we can bring these stations back on line" - Own Correspondent

Star 6/9/97

Moosa puts his finger on key to Masakhane

(123)

ARG 8/9/97

CLIVE SAWYER
POLITICAL CORRESPONDENT

One of the key lessons of the Masakhane campaign is that towns which make high-visibility improvements to street cleaning, lighting and roads win the co-operation of communities.

Additional positive effects can be seen where delivery made extensive use of local labour, contractors and materials, says a case study report to Valli Moosa, the Minister for Provincial Affairs and Constitutional Development.

The report, intended to help national, provincial and local governments progress with the campaign, is based on 15 case studies of towns of varying size, at least one per province.

These showed successful strategies were "intensely local"

There appeared to be five parts to the recipe for Masakhane success

The first was that to ensure long-term sustainability of service delivery, towns increased the options available to consumers

In one case, this meant offering consumers a choice of three levels of water supply, allowing them to choose the one that best suited their needs and budget

The second lesson was that communication was essential. Successes had been achieved by regular ward and community meetings, publicity campaigns, community clean-ups, sports days and using such media as local newspapers.

"Communication with and co-operation of community organisations proved to be important, as organisations that feel excluded or have hidden agendas can become obstructive and bring delivery to a halt."

The third lesson was that local authorities got people to pay for services through a combination of incentives and

punitive actions

The fourth was that a structure was needed which could respond effectively to issues

"One particular innovation was to hire a team of 10 young people from the area to provide community liaison and aid in implementing new measures"

A further lesson was that party politics and political factionalism at local level disrupted development

"Successful local authorities dealt with these disruptive forces by delivering in a transparent manner, being honest about what could be achieved and not making promises that could not be kept," the report said.

The case studies bore testimony to the remarkable work that was being done in transforming local government in South Africa

It was most important that the campaign was drawn up by local stakeholders to address local issues, the report said

Service expansion 'not to detriment of existing ones'

Bb 8 | 9 | 97

A survey for Business Day found that most urban dwellers are satisfied with neighbourhood amenities

THE majority of urban South Africans are happy with the provision and standards of neighbourhood facilities and services, with three notable exceptions — maintenance of pavements and verges, maintenance of parks and recreation areas and the standard of sports facilities.

A survey by Market Research Africa (MRA) for Business Day indicates the provision of amenities to needy areas has not affected the upkeep of existing services to any great extent. There were some perceptions of service deterioration — by people of all income levels — but not enough to indicate widespread dissatisfaction.

Respondents were asked if they were satisfied with municipal and public services and also if these had improved or deteriorated in

the past two years. Just more than 2 500 urban adults were interviewed in homes ranging from mansions to shacks. Being an area stratified probability sample, it is representative of about 92% of SA's urban adult population.

Overall, seven in 10 people were happy about water quality, refuse and waste collection services and the reliability of electricity supply. Five in 10 were satisfied with street lighting and the standards of health services/clinics. Nearly five in 10 (46%) thought road maintenance was satisfactory, although 41% did not — predominantly in the less than R499 a month income group. Library facilities were regard-

ed as satisfactory by 45% of respondents, although 25% were neither satisfied or dissatisfied. "This is an indication that a library may not be considered as important as other amenities," said MRA MD Hanna Fourie. "The same could be said for sports facilities: 41% were dissatisfied, but 24% were neutral".

The main area of discontent was the maintenance of parks and recreation areas — 52% were dissatisfied with this service. Only upper income households (R6 000 or more a month) were satisfied with the state of their neighbourhood parks, although this may change: 36% of people in this bracket believed upkeep had de-

teriorated in the past two years.

Within the various income groups, the supply and/or maintenance of services to people with monthly incomes of less than R2 000 had improved, but not to the detriment of higher income groups. "People in the R6 000-plus income bracket were satisfied with nine in 10 of the amenities assessed," said Fourie.

"But they were evenly split in their views on the upkeep of pavements and verges — 43% happy, 43% not." Majorities in the other income groups expressed clear discontent on this issue, with 46% overall dissatisfied.

The affluent group was satisfied with neighbourhood sports fa-

ilities and park maintenance, which others found lacking.

"Otherwise, the survey represented pretty good news, although there are some warning signals when it comes to the maintenance of roads, pavements and verges," said Fourie.

Among people earning less than R2 000 a month, the majority said that while park maintenance and sports facilities in their areas were worse than two years ago, they had perceived improvements to the remaining eight services assessed. Only five of these eight services, however, were satisfactory — street lights, refuse collection, health services, electricity supply and water.

Those with household incomes of less than R499 a month were the only group not satisfied with road maintenance (47%), and were divided on the upkeep of pavements: about 36% had seen improvements in the past two years, while the same percentage had not. Library services and pavement maintenance were thought to have improved, but not to satisfactory levels.

"It is unclear whether it is clever budgeting or the better utilisation of resources that has spearheaded improved amenities for the 'have nots' without detriment to the facilities for the 'haves'. Whatever the case, the respective authorities must take credit for the way they have managed the changes so far," Fourie said.

Water supply targets being met, says Asmal

In spite of substantial progress, (123)

11 million still do not have access

POLITICAL STAFF
Cape Town

STAR 9/9/97

The Government's programme to provide every household with 25 litres of water per person daily, within 200m of the household, is well on track.

At a briefing on his ministry yesterday, Water Affairs Minister Kader Asmal said 1,25 million people had received water by July this year. The magical 1 million figure had been reached in May and a further 250 000 had been reached by July.

Asmal said 11 million people still did not have adequate access to water. The recently launched so-called Bott programme - build, operate, train and transfer contracts - aimed to provide a further 3,2 million people with direct water sources, mainly in KwaZulu Natal, the Eastern Cape, Northern Province and Mpumalanga.

The initial allocation for Bott was R110,9-million in the Eastern Cape, R186,7-million in KwaZulu Natal, R53,9-million in Mpumalanga and R148,8-million in Northern Province.

The programme is aimed at setting up a partnership between the private and public sectors. It will ensure that com-

panies which win tenders for water supply use local labour to implement them.

In the Eastern Cape the contract was signed with Amanz' Abantu, which means "water for the people".

In KwaZulu Natal the contract was signed with Aqu-Amanzi. The founding members were Jeffares Green Parkman Consultants, Stocks & Stocks Civil Engineering, Aquafund, and Ernst & Young Management Services. In Mpumalanga the contract was signed with Consult Consortium, which includes founding members Consultburo, Wilson Bayley Homes, Ovcon, Rainbow Construction, Coopers & Lybrand, and Krestahague SA.

In Northern Province the contract was signed with the Metsico consortium, whose founding members were Bergman Ingerop, EVN Consulting Engineers, Water & Sanitation Services South Africa, Group Five Civils, and Alhold.

■ A ministerial committee will report to the Cabinet next week on steps the Government can take to minimise the hardships expected from the 1997-98 El Nino weather system in southern Africa. Asmal said the disaster management committee was drawing up an action plan.

Census shows 3-m backlog in homes

Argus 10/9/97 (123)
The results of the latest census indicated the housing backlog was not 1,5 million as thought in 1994, but 3 million, Housing Minister Sankie Mthembu-Mahanyele said in Cape Town today.

The figure was likely to increase with the influx of people from neighbouring states, she told a media briefing

There was a need to move "very

fast" to clear blockages in housing delivery and to improve capacity to work better and faster

She was sure, however, that by the end of 1999 the Department of Housing would have met its goal of releasing a million housing subsidies

However, these subsidies needed to be converted into houses

Gauteng was leading in housing delivery because it had better capac-


ity and management structures than other provinces. The Western Cape was delivering housing under "old dispensation" schemes

The province was reluctant to phase these old schemes out, and the department was taking up the issue

From August 1995 until the end of July this year, more than 322 000 homes had been built or were under construction, Ms Mthembu-Mahanyele said - Sapa

Bond boycott deal rescued

By Robyn Chalmers

RS 10/9/97
(123) 

THE agreement between the SA National Civics Organisation (Sanco) and Khayaletu Home Loans, which was intended to end bond boycotts, could be salvaged after Housing Minister Sankie Mthembu-Mahanyele intervened.

Sanco announced last month it had pulled out of the agreement as it contended Khayaletu, a major subsidiary of the SA Housing Trust, had failed to honour the terms of the agreement.

Khayaletu corporate affairs manager William Maponya said yesterday an urgent meeting had been held, attended by Mthembu-Mahanyele and Mortgage Indemnity Fund members.

"It was found that there were no major differences of opinion and that neither government, the Mortgage Indemnity Fund nor Khayaletu had any intention of undermining Sanco."

Maponya said it had been agreed that Sanco would discuss the situation with its decision-making body and members, after which a final decision would be taken. He was confident of a positive outcome.

Sanco secretary-general Mbongeni Ngubeni said Khayaletu had not delivered on a number of agreements. He claimed the promised delivery of low-cost houses for Khayaletu clients who could not afford to pay current prices was not implemented.

'Housing deadline will be met in '99'

By Rafiq Rohan
Political Correspondent

WHILE the promise of the delivery of a million houses by 1999 is still short of its target three years down the line, the Minister of Housing is confident that the deadline date will be met

According to statistics released by Housing Minister Mrs Sankie Mthembi-Mahanyele, the number of houses already built or under construction from March 1994 to July this year

is 322 707

The figure had not reached the halfway mark yet but she admitted to Parliament yesterday that "we can do better"

She said she would be applying more measures that would ensure "fast-tracking" of the delivery process and that actions to undo blockages in delivery would also be put in place

So far R3,5 billion has been spent on housing. This amount, she said, included the subsidy system.

But she complained that she did not have enough funds in her budget

"Despite this (setback), I'll do my best," she said

Mthembi-Mahanyele however said available figures pertaining to the subsidy scheme might not reflect an accurate picture because one of the problems they faced was that people who already had accommodation were also "queuing up for subsidies".

Since 1994 a total of 627 773 subsidies had been approved

The subsidy scheme, established in March 1994, allows a person who is married or with dependants and with an income of less than R3 500 a month to qualify for subsidies based on a sliding scale

Those who earn less than R800 a month qualify for a R15 000 subsidy - the ceiling

She said that the Department of Housing expected to have 800 000 subsidies reserved by provincial housing boards by the end of the 1997-98 financial year

"With more than 627 773 subsidies reserved to date - the projects are in various stages of planning or development - the trend indicates that one million houses will be built or be under construction by 1999"

She explained that housing allocations for provinces were dependent on provincial populations, housing backlogs and the performance of the province in the actual number of houses it had built.

... take into account recommendations of the ministers and the ... especially when ...

Provinces' housing commitments frozen

BD 11/9/97 (123)

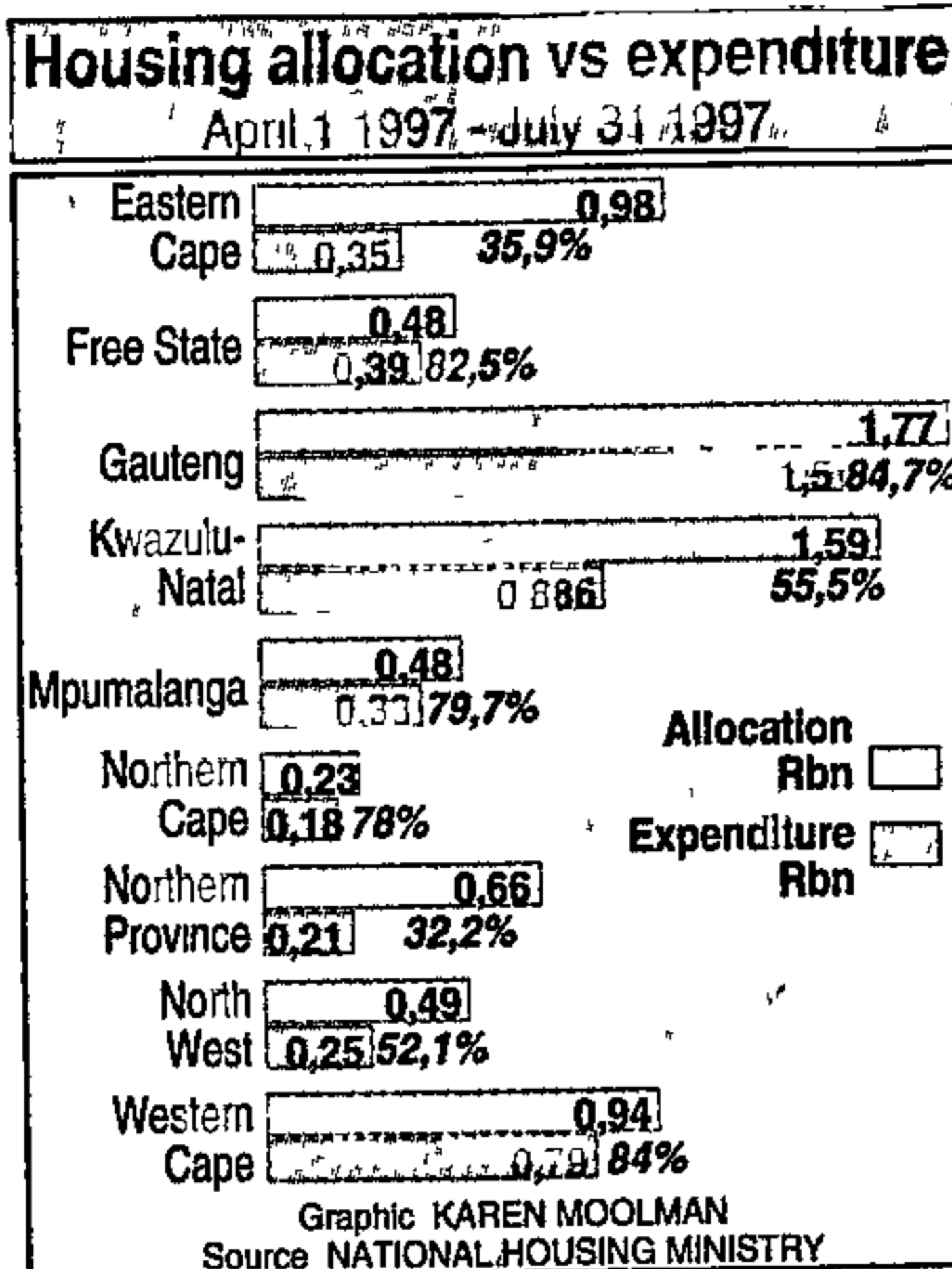
Robyn Chalmers

THE national housing department has moved to rein in overspending on new housing projects by ordering all provinces to freeze their future financial commitments

Acting director-general Neville Karsens said the freeze, expected to last several months, was a bid to improve management of overspending by some provinces and to get an understanding of the provinces' financial commitments to low-cost housing projects.

Most provinces have been allowed to overspend after consultation with the national housing department in a bid to speed up sluggish housing delivery. However, the pace of project approvals in the Western Cape, Gauteng, Mpumalanga, Free State and Northern Cape has begun to raise concern.

"We are trying to get more accurate details on levels of contractual commitments to provinces as well as cash flows arising from these commitments in a bid to match these to our (national housing) budget," Karsens said. It was necessary to reconcile cash flows with the national housing budget to ensure there were sufficient funds to meet new commitments. "It's a stocktaking measure"



Karsens said the freeze on new commitments should not affect project planning as provincial housing boards could still approve projects, but could not attach financing to them.

Karsens said future housing allocations were likely to be based more

closely on a province's performance, so those closer to meeting delivery targets were likely to get larger allocations. Underperforming provinces could be penalised.

National housing ministry figures showed the total housing allocation to provinces since the inception of the subsidy scheme in March 1994 to end July this year was R7,6bn, of which R4,86bn — or 63,9% — had been spent.

Between April and July this year, the Western Cape, Northern Cape, Mpumalanga, Gauteng and Free State had already spent more than 75% of their budgets.

The issue of overspending was highlighted in the recent controversy over the R200m Motheo rural housing project, when Mpumalanga was accused of unauthorised overspending on housing.

Former housing director-general Billy Cobbett lost his job after alerting the auditor-general to alleged "gross procedural irregularities", including the possibility of overspending against instructions.

Most housing MECs canvassed yesterday had not yet received notification of the freeze, saying they would comment only once they had done so.

See Pages 3, 13

Govt's housing plans 'on track'

BD 11/9/97 (123)

Jacob Dlamini

CAPE TOWN — Government was confident it would have paid out 1-million subsidies for the construction of houses by 1999, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

Mthembu-Mahanyele said close to 322 000 of the 1-million houses promised by government in 1994 had been built or were currently under construction.

She said only 10,4% of these had credit-linked financing, while 2 118 institutional subsidies had been set aside to enable institutions to provide subsidised housing in various forms of tenure.

Provincial housing MECs had agreed to the allocation of housing subsidies valued at R4,2bn for the present financial year, she said.

The housing department expected to have at least 800 000 subsidies reserved by provincial housing boards by the end of the 1997/98 financial year.

More than 627 773 subsidies with an average value of R14 000 had been set aside and projects were in various stages of planning and development.

The trend indicated that 1-million houses would be built or under construction by 1999.

She said changes had been introduced to the formula used to allocate housing funds to provinces. Instead of using population size and the housing backlog in each province, government would now use provinces' delivery performances, determined by the number of houses under construction or already built, to allocate funds.

Mthembu-Mahanyele said Gauteng, which had received R1,3m for the current financial year, was leading other provinces in housing delivery due to the existence of capacity and a better management structure, while KwaZulu-Natal and the Western Cape had experienced problems in processing subsidy applications.

She said the Western Cape had also been reluctant to phase out old dispensation projects and was still working to criteria put in place by the previous government.

Mthembu-Mahanyele said she was unhappy with the performance of banks in providing loans. She said while banks had issued about 104 000 loans to the top 30% in the low-income group, they had failed to engage the poor.

However, Sapa reports Mthembu-Mahanyele as saying the results of the last census indicated the housing backlog was not 1,5-million as thought in 1994, but three million. This figure was likely to swell with the influx of people from neighbouring states, she told a media briefing in Cape Town.

There was a need to move "very fast" to clear blockages in housing delivery and to improve capacity to work better and faster.

"From the department's side the machinery is working, there are no hiccups," she said.

Govt plans better service delivery

Jacob Dlamini

11/9/97 (123)

CAPE TOWN — The home affairs department was developing a service delivery improvement plan as part of government efforts to improve standards in the public service, Home Affairs Minister Mangosuthu Buthelezi said yesterday.

The plan followed a recent cabinet decision to improve service delivery and was being developed in conjunction with the public service and administration department.

According to Buthelezi, the plan would serve as a basis for discussion and agreement on improved service standards which are to be implemented in January next year.

Buthelezi said the plan aimed to encourage public servants to be customer-friendly.

It would also serve as a monitoring document and form part of the public service commitment to be announced in December.

Buthelezi said new and improved standards based on an assessment of the current situation would be set for public servants.

The assessment had enabled the home affairs department to identify inadequacies in the present administration and had allowed the department to implement improved procedures.

Buthelezi announced that the successful tender bid for the new national identification system would be announced early next year.

Implementation of the system, which would include an automated fingerprint identification, would begin in 1999.

The department was in the process of producing a draft white paper on international migration. This would be finalised early next year.

There would also be a separate white paper on refugees, Buthelezi said.

A protocol drafted by the Southern African Development Community (SADC) to provide for the free movement of people within the SADC region had been rejected by member states.

Buthelezi said members had felt the region was not ready for the removal of migration controls, due to the low and uneven levels of development in southern Africa.

The protocol would now be redrafted to allow for the movement of citizens across borders within the framework of the laws of individual member states.

Balancing control and free market needs

THE debate on the National Home Builders' Registration Council (NHBR) Bill has obscured three crucial issues:

- Standards. Should the state prescribe building standards? and
- Delivery. How does the bill affect delivery?

Consumer protection. Should consumers be protected from the financial risk of structural defects? If so, then how? How should consumer protection be paid for?

The controversy over the bill reflects a deeper conflict of approaches to the above questions—prescriptive, bureaucratic control versus free competition in a democratic society.

History demonstrates that delivery and standards can best be enhanced through competitive economic activity, the goal of state intervention should be to enable markets to work, not to prescribe to and exercise control over entrepreneurs and consumers.

What is the standard against which quality should be judged and who should decide?

The bill effectively entrenches building standards which are contained in the "deemed-to-satisfy" rules of the SA Bureau of Standards—that is, standards applied by building societies, and now banks, to prescribe materials and methods of construction which are acceptable to lend against.

A similar set of prescriptive—as opposed to functional—regulations is contained in council standards and guidelines, which has to be satisfied by builders if they want NHBR approval.

It is government's intention to extend the council scheme to cover all housing in the country (including the so-called subsidy market under R20 000).

"Appropriate standards" for construction in the latter market will be set while prescriptive standards will presumably remain the norm in the above R20 000 bracket. The medium-term effect will be the creation of a dual housing market—on the one hand low-cost, sub-standard informal housing (excluded from mortgage financing), and on the other hand relatively high-cost bondable housing units.

Mortgage financing will be dependent on council accreditation, and the lack thereof in the future will operate as a barrier to the formalisation of the current informal

Provisions included in planned new housing legislation are likely to create distortions in the market, say Paul Hendler and Glen Mills

housing market, which would continue to be seen as problematic.

This process will have a negative impact on affordability in the lower end of the bond market and the fully guaranteed loans market (that is, through provident funds) where innovative housing is often critical for price savings.

The current prescription (by several provincial housing departments and boards) of minimum standards for the top structure, and their insistence that as much of the subsidy as possible be used for this top structure, has resulted in unliveable blocks and unsuitable housing environments (for example, urban sprawl, disintegrating cities, peripheralisation of the poor).

In addition, in order to make cities more liveable we need standards related to the urban design of housing. Yet to date this has not been tackled adequately.

Outside almost every SA town and city there are currently housing schemes with tiny starter units built to prescribed specifications, the mortar on these structures has barely dried and the sheet iron extensions are erected in order to increase the living space and make the "unliveable" (uninhabitable because of limited size) "liveable".

The council and these authorities are attempting to do what the poor can do better (that is, build houses), in the process we are wasting money which could be better spent on things the poor cannot do, namely provision of infrastructure and housing support.

Instead of the prescriptive building code, the level of building standards should be negotiated between suppliers and consumers and specified in a contract. To enable this we need maximum flexibility, achievable through retaining the current system of a mix of functional and prescriptive standards (depending on the source of end user finance).

If legal redress is out of reach of most consumers then government should investigate and formulate a cheaper and more accessible al-

ternative to magistrates' courts. The problem of building quality can also be addressed through registering all contractors in terms of their experience, formal training and competence.

The NHBR could usefully advise and assist emerging contractors, and households engaged in self-help, to build technically safe and efficient housing.

There is a clear role for the council in the inspection of buildings (in co-ordination with local authorities who have traditionally done so but are currently demonstrating uneven capacities).

At present, the most rapid delivery of housing is happening through the "self-help" efforts of homeless households themselves, as they erect informal structures and convert these into a home,

with hundreds and thousands of units arising in a mosaic of seemingly unplanned, yet inherently rational, urban form.

The typical SA informal settlement is a useful example of appropriate usage of resources. As a building type and as a work of architecture it may not be perfect but it addresses many priorities of the urban poor.

These houses, as is well documented internationally and locally, are in a process of transition towards formal brick and mortar structures. Thus users, instead of paying off the costs of their houses through financial instalments (which they perceive as a major burden, and therefore as a "problem"), add value incrementally as the house develops, at an affordable pace.

DD 11/9/97 (123)

Kimberley and Johannesburg were once informal sheet iron settlements, and are now sophisticated urban environments.

As an interventionist tool, the enrolment of houses (as provided for in the NHBR Bill) needs to be approached with caution all markets (including housing markets) require some form of regulation towards equity and equilibrium, but overregulated markets will tend to become cost ineffective, unproductive and slow on output.

Enrolment of houses will over-regulate the housing market and stifle the initiative which drives development. Proposed council standards and guidelines, with existing red tape, will act as a disincentive for builder/labourers, self-helpers emerging entrepreneurs and formal contractors.

If we now lay the basis for a dual housing market, we will be inhibiting—rather than facilitating and enabling—the process of formalisation. Informal markets should be energised by inputs from government, the corporate sector and other stakeholders (as in the Million Houses Programme in Sri Lanka). Strategies for consumer protection and building quality should not hinder this.

That there have been too many instances of shoddy workmanship and dishonesty is a generally accepted fact by both protagonists and antagonists to the NHBR Bill. (But the extent of malpractice in building has not been determined with any degree of scientific accuracy. Our work brings us into contact with many honest and competent builders.)

There is a strong argument for the state to ensure that financial cover is provided for built structures in which previously disadvantaged homeowners have incurred considerable liability to the banks. This coverage will have to be considerably more than the current warranty which carries no obligation to make good defects.

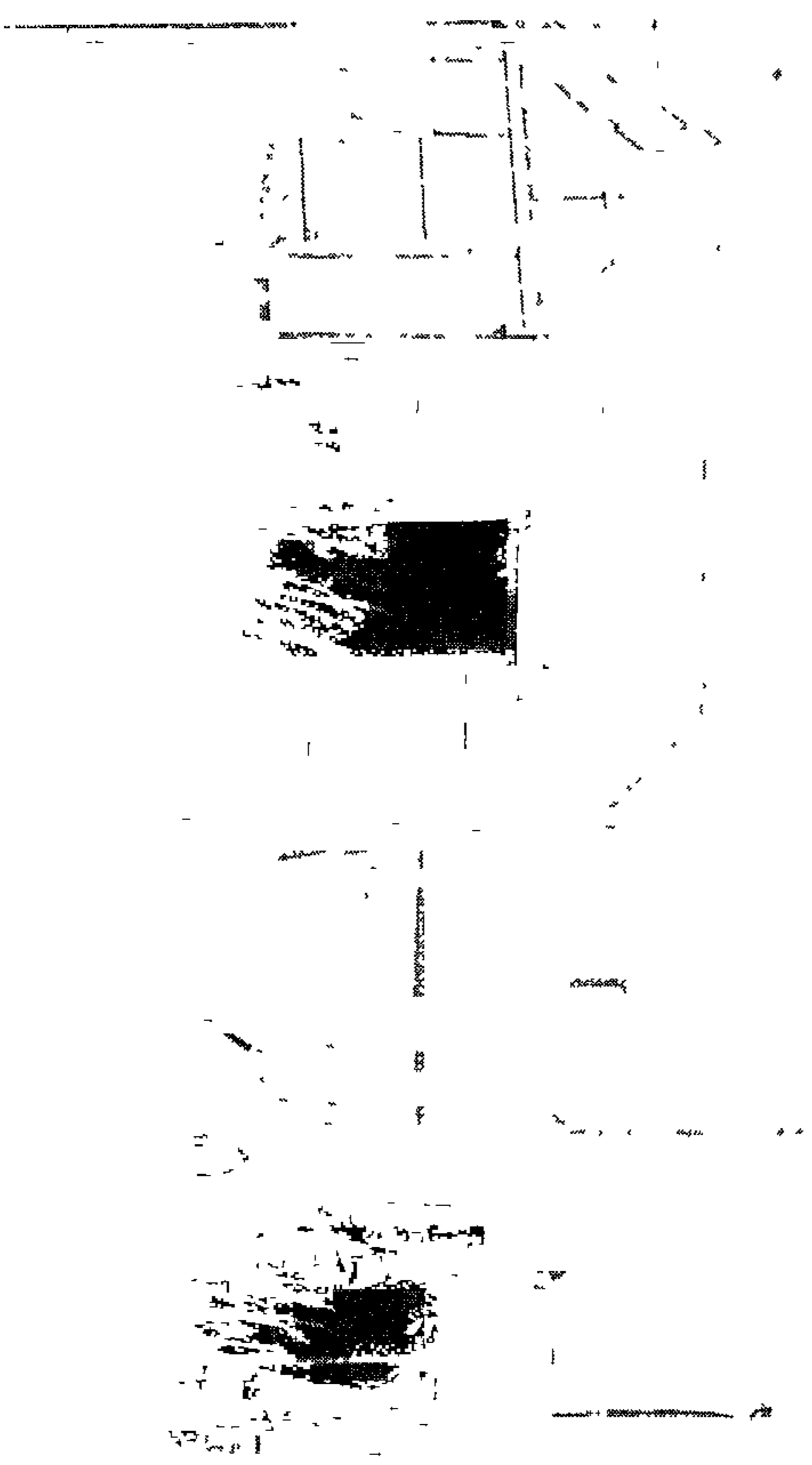
However, financial coverage should be targeted at a specific segment of the mortgage market only. Those segments of the housing market—including the delivery processes of the majority of South Africans—which are functioning and relatively efficient should not be burdened with additional rules and regulations.

An insurance scheme of this type would be aimed at housing for which normal bank insurance is unavailable (tending to be in previously disadvantaged areas), but to be viable would need a wider financing base than currently constituted by these groups.

This appears to be the rationale behind the 1.3% levy being made mandatory for all new housing. As this is a form of redistributive tax it is not clear why the funding is structured through a levy on homeowners only.

If the state were to fund the insurance directly from the fiscus, redistribution would be through the tax base of the entire country, instead of an arbitrarily defined category of home owners.

Hendler is an independent housing consultant in private practice. Mills is a consulting architect in private practice.



The most rapid delivery of housing is happening through the self-help efforts of homeless households themselves as they erect informal structures and convert these into a home

Housing trust to be replaced

Sowetan 12/9/97
(123)

By Joshua Raboroko

THE South African Housing Trust (SAHT) is to be replaced by two home and development loan institutions which, in line with the Government's policy, will aim at speeding up the delivery of affordable homes for poor communities

A revamped Khayaletu Home Loans will lend money for building homes, while the newly-formed Nu-Way Investments will provide loans to buy land, infrastructure and services in the low-cost housing sector

This means that the SAHT will be dissolved when the two institutions are launched within weeks, following the approval of the Housing Minister Mrs Sankie Mthembu-Mahanyele

Nu-Way Investment's managing director Mr Laki Constantinides yesterday said the company was created to spearhead the provision of low-cost houses

The company's strategy is to be recognised as the benchmark in the property development service industry, to deliver houses and service stands, to be privatised and attract foreign investment and to economically empower emerging contractors.

Important milestone

Its budget of R2,9 billion should provide 18 000 units by 2001. It said the 8 246 units completed this financial year was an important milestone towards delivery

Khayaletu has been rescued by the intervention of the minister after the civic organisations threatened to pull out of an agreement to end bond boycotts which cost the company about R160 million. The South African National Civics Organisation (Sanco) pulled out of the deal after it said Khayaletu, a subsidiary of the SAHT, had flouted the terms of the agreement

Khayaletu corporate affairs manager Mr William Mafonya confirmed there were differences, but after discussions Sanco agreed to review the situation with its decision-making structures

Electricity dominates authorities' income

Robyn Chalmers

PAYMENTS for the supply of electricity make up more than 41% of local governments' total income, followed by rates at 20%, a National Electricity Regulator survey has found.

Local government income, excluding capital funding, amounted to R31,6bn in the 1996/97 year, so payments for electricity would account for more than R13bn.

Analysts said the devastating effect of nonpayment of municipal electricity accounts on local government income was clear from this breakdown. The survey found that water payments accounted for 11,8% of local government income, sewerage and refuse collection

8,2%, subsidies 6,4% and other income 12,4%

A major crackdown on defaulters was launched in Gauteng last month, with municipalities cutting the electricity, gas and water supplies of payment defaulters. By the beginning of this month, local authorities in the province had recovered more than R1bn in outstanding municipal payments—nearly a third of the R3,8bn services arrears owed to local councils, mainly by businesses but also by household consumers.

Eskom has estimated that more than 93 000 residential consumers have signed agreements with Eskom to begin repaying their overdue electricity accounts. The pledge by individual consumers was for a total

payment of R\$1m out of the R140m of outstanding residential debt

The regulator's survey also found that the restructuring of local government had caused a variety of financial challenges for the newly formed municipalities. These included a dramatic increase in service responsibility and higher staff and administration costs, combined with a decrease in intergovernmental grants, an insignificant increase in the fiscal base and the loss of experienced personnel.

"These challenges have placed tremendous pressure on the cash flow of municipalities. To date (they) have managed these pressures by using existing reserves, reducing capital expenditure, deferring pay-

ments to creditors, using bridging finance and refinancing their long-term debts," the survey found.

It said a number of short-term interventions had already been undertaken in an attempt to deal with problems facing municipalities. These included monitoring the cash flow situation through "project liquidity", implementing the Masakhane campaign and retaining the current level of intergovernmental transfers.

"It is evident, however, that a fundamental review and restructuring of the local government sphere is required. Rationalisation and rightsizing of municipalities will have to take place prior to the next local government elections," it said.

BP 12/19/97 (123)

Private skills help housing

(123) (CT/BR)
LYNDA LOXTON 16/9/97

Cape Town — The housing ministry was tapping the skills and resources of the private sector and donor agencies to help beef up capacity in struggling provincial housing departments, Sankie Mthembu-Mahanyele, the housing minister, said yesterday.

Her officials were revising the complex housing subsidy manual to make it more user-friendly and to simplify procedures, she said. Financial management training was provided and the new national housing bill would recommend restructuring the provincial housing boards to make them more effective, she added.

The minister was addressing a media briefing where she welcomed the recent report by Henri Kluever, the auditor-general, into the Motheo housing project in Mpumalanga. She said she would welcome a speedy investigation by the public protector.

"The problem identified by the auditor-general relates to how that proposal was evaluated and approved by the Mpumalanga housing authorities," she said. "This is a problem right throughout the country and not just in Mpumalanga."

She also said the private sector was helping the department. "Some sectors of the private sector have come forward to assist us."

She said the government was "trying to trim down departments." Though her department was small, its needs were "huge" and it therefore needed "highly skilled people", she said.

54,6% of SA homes have electricity

Robyn Chalmers

ELECTRICITY consumption grew an average 1,8% a year between 1989 and 1995, with the largest portion of electricity being consumed by factories, a Central Statistical Service census of electricity, gas and steam has found.

Between 1989 and 1995 the census indicated the growth rate of electricity consumption by households was 4% a year, compared with an average 2,1% growth rate for the manufacturing sector. The amount of electricity consumed a year by the mining industry dropped between 1989 and 1995 to 33 612 gigawatt hours (GWh) from 34 963 GWh, while Transnet's consumption fell from 4 915 GWh to 4 039 GWh.

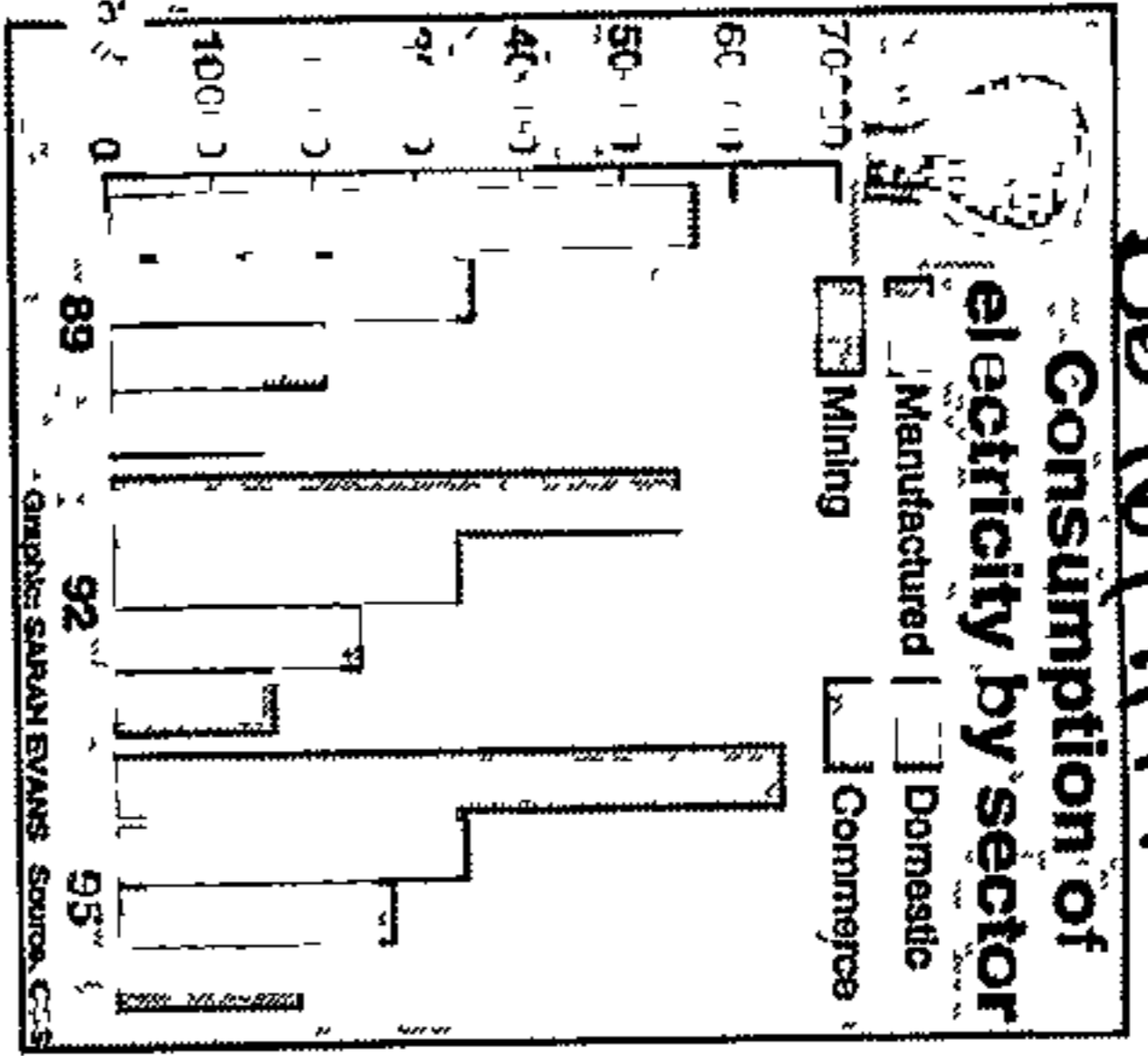
The total amount of electricity used during the period rose to 155 661 GWh from 140 169 GWh.

While KwaZulu-Natal had the largest population at 8,7-million people, most stayed in rural areas and urban Gauteng with its large manufacturing sector consumed by far the most electricity at 54 150 GWh last year. This was followed by KwaZulu-Natal, Mpumalanga and the Western Cape.

The Northern Cape had the smallest population at about 700 000 people and also the lowest consumption of electricity, while the Eastern Cape had the second lowest electricity consumption figures of 6 027 GWh last year.

The census found that Eskom produced about 94% of all electrical energy in SA, and the parastatal had made steady progress with its electrification programme — having made 952 473 new connections between January 1991 and December 1995.

BD 16/9/97



Through an electrification incentive scheme, the census said 319 118 new connections were made during the same period by electricity suppliers in SA other than Eskom, such as municipalities.

(123) (12)

The National Electricity Regulator's 1996 progress report on electrification showed that for the first time in the country's history there were more houses with electricity, at 54,6%, than without (45,4%) on December 31 1996.

“Since 1991, when the electrification drive took off, a total of 2-million new connections have been made. “It can be assumed this changed the lives of approximately 15-million people,” said the report.

Each province was given an electrification target to meet last year, and these targets were exceeded by Eastern Cape, Free State, Gauteng, North West, Northern Cape, Northern Province and Western Cape. KwaZulu-Natal and Mpumalanga did not manage to meet their electrification targets.

Eskom has lit up the future for many

Star 17/9/97

The flick of a light switch is a practice taken for granted by most urban South Africans. But the supply of electricity has only recently been taken to millions of citizens while many more, particularly in rural areas, still wait, reports Melanie-Ann Ferris

As night falls over Johannesburg, the highveld skyline lights up. Yet, within the heart of southern Africa's financial powerhouse are pockets of darkness where people have no access to electricity.

It is an anomaly the Government is committed to eradicating. Government-set targets aim to have 1,75 million more houses - 25 000 a month - electrified by 2 000.

Since 1994, 1,4 million houses have been given electricity. This year 200 000 homes have received electricity, while 307 000 were electrified last year.

Provincial Affairs Minister Valli Moosa's spokesman Mpho Mosimane said government had, at this rate, exceeded all their targets.

But, while the Government has surpassed its initial electrification goals over the past two years, there are still three million people, particularly in the rural areas, who have not been connected.

And estimates are that 19 000 schools and 4 000 clinics in rural areas are without electricity.

The electrification of these institutions is a high priority.

Each year, Eskom spends R1-billion to meet the stipulated electrification targets.

Recently local governments received a further boost when Eskom donated R300-million for electrification during 1998.

The concept of electricity for all is becoming a reality as not only Eskom but local authorities commit themselves to bringing power to the people.

One example is the more than 3 000 households in the Mamelodi and Atteridgeville areas which received electricity from Pretoria Electricity at a cost of more than R10-million at the end of June this year, bringing the number of new connections to almost 11 000 households in the past two years.

Pretoria's Electricity for All campaign was launched in June 1995 when Atteridgeville and

Mamelodi joined the Pretoria City Council.

Its aim is to supply electricity to everyone living in the area before the end of this year.

Despite this bold aim, however, electrification attempts are being crippled not only by a reluctance of people to pay - either through poverty or as a hangover from the payment boycotts of the past - but also the continuing theft of electricity.

The country is currently shouldering a multi-billion rand arrears debt, while millions more are being lost through illegal connections to the power supply grid.

To force debtors to start paying up, local authorities have, over the past few months, launched mass service cut-off campaigns supported by the Government.

They have also given those who cannot afford to pay an

Local authorities cut off those who do not pay

opportunity to register with local authorities for subsidised rates and services.

"We are providing a service and putting the infrastructure in place as part of developing the country. In return, we will expect payment for services.

"It is important to have a well developed infrastructure to attract international development and encourage local economic development.

"So we are not throwing money down the drain, we are putting money into something that will bring economic development to the country," Mosimane said.

National Electricity Regulator (NER) general manager Kevin

Morgan said there are two types of arrears: the boycott of payments and the general non-payment experienced worldwide.

The NER is an independent statutory body that regulates the supply of electricity including generation, transmission and distribution.

Morgan said payment levels at the 420 municipalities country-wide varied for each, and that nationally probably five percent of people were not paying their monthly accounts.

"What we have seen is that there is a general improvement in the quality of supply and service, including more accurate billing and customer services.

Coupled with political support, particularly in Gauteng, this has led to an improvement in the situation.

"We believe that the problem is capable of being resolved, is being resolved and will be resolved," Morgan said.

But one problem that remains is the continuing spate of illegal connections still occurring, whereby electricity is re-routed into people's homes to bypass meters.

One of the measures introduced to counter not only illegal connections but also non-payment is the introduction of pre-paid electricity meters.

This allows a household to buy as much electricity as they can afford, and to pay for it before they use it.

Since electricity now has to be bought in the same way as bread or milk, people are far more conscious of how much they use, how much they pay and the need to make provision for its purchase.

Electricity cards or tokens can be bought from as little as R5 up to R1 000 and have proved successful in a country where many people cannot make financial provision for accounts received several weeks after consumption.

But, in a country where unemployment and poverty are rife,

some question why electricity is a priority.

In "winning nations" such as Japan, Taiwan and Korea, says Eskom spokesman Peter Adams, economic growth could not reach impressive figures before the overwhelming majority of houses there had been supplied with electricity.

"Experience in newly electrified black towns in South Africa shows a similar scenario.

"When people have access to electricity, their quality of life improves, health standards improve and their business instincts have a chance to develop.

"Standards of living improve through access to stoves, hot water, electric irons, televisions, computers etc.

"Women who previously had to spend hours each day collecting firewood for cooking fuel now have time for income gener-

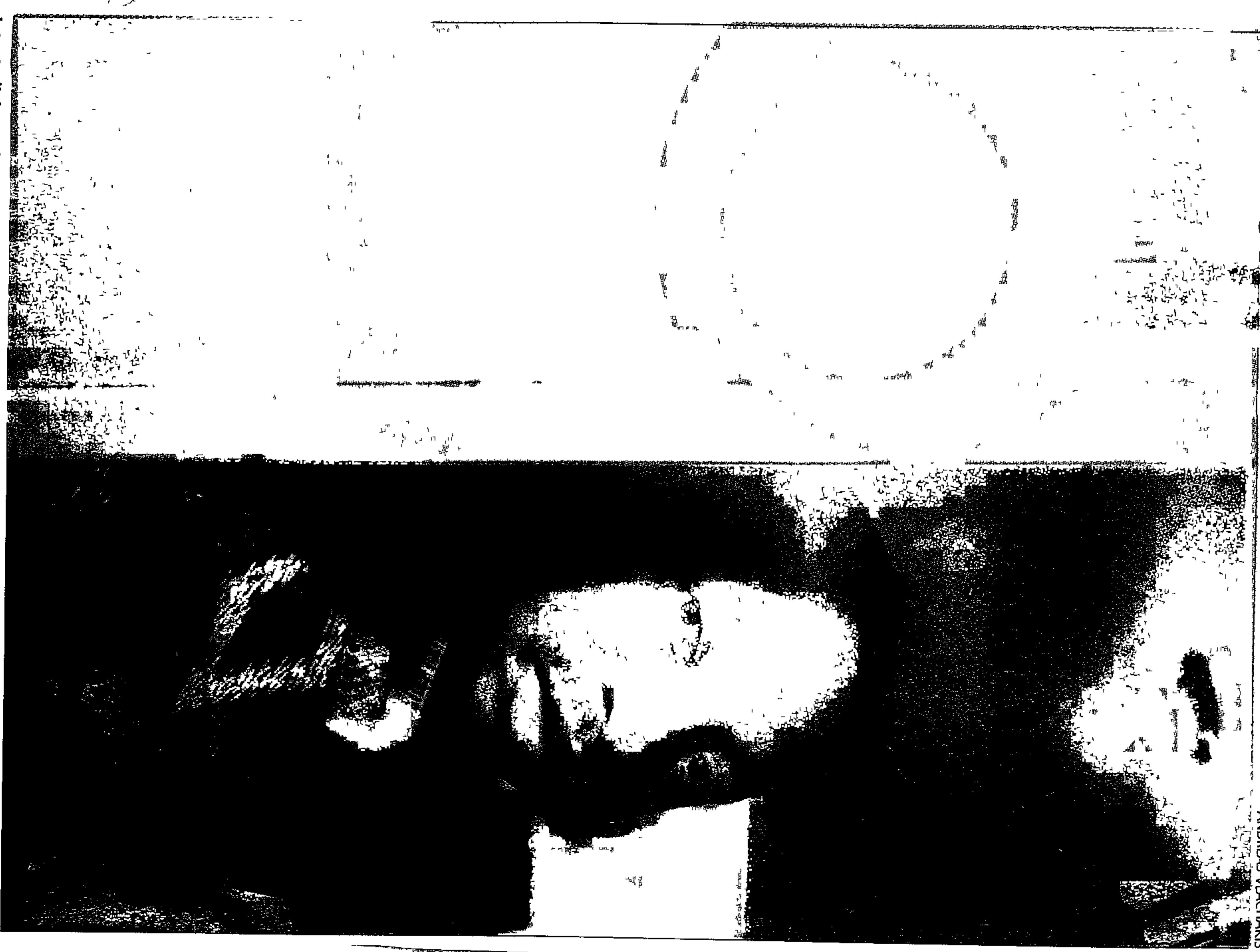
Women can earn money instead of collecting firewood

ating activities and self development," noted Adams.

And, he added, standards of education improved through access to good quality light by which to study and access to electronic teaching aids, while health standards improved through access to refrigerator for keeping foods and medicines fresh and the reduction of cooking fire smoke in the home.

South Africa has a long way to go before the remaining three million households have access to electricity.

But the process has already started and those people who have already benefited show that there is light at the end of the tunnel.



ANDREAS VLACHAKIS

Into the light ... Themba Sibonyane is one of the many residents of Diepsloot Zone Two who has discovered the benefits of electricity.

Minister mum on Cobbett's claims

STAFF REPORTER AND SAPA

Housing Minister Sankie Mthembu-Mahanyele refused to comment today on claims by former housing director-general Billy Cobbett that he had been dismissed after asking auditor-general Henry Kluever to probe irregularities in the Motheo housing project.

Cobbett said he had not resigned, as claimed by Mthembu-Mahanyele. His contract was ended prematurely, after he reported the irregularities, he said.

"As the accounting officer for the South African Housing

Fund, I referred certain information to the auditor-general on April 24 1997

"At my request an investigation was launched which culminated in the report being released yesterday

"My contract as director-general was terminated prematurely following processes initiated by the minister in the immediate aftermath of my reporting this information to the office of the auditor-general."

Cobbett said the state had subsequently met its contractual obligations in full

Kluever's report, tabled in Parliament on Monday, alleges

incompetence and a disregard for proper financial control by the Mpumalanga housing department and board

It also calls for a commission of inquiry to investigate alleged family or other "close relationships" to the Motheo project, headed by Thembi Ndlovu

Newspapers reported that Ndlovu was a close friend of Mthembu-Mahanyele, but Mthembu-Mahanyele dismissed allegations that she was involved in awarding the contract to Motheo

Cobbett is now the director of housing for Cape Town.

Star 17/9/97

(123) (123)

MASAKHANE, RENTS & SERVICE PAYMENTS

Using the carrot, not the stick, to beat boycotters

Midrand shantytown shows how to raise revenue without raising resentment

It was understandable that Provincial Affairs & Constitutional Development Minister Valli Moosa chose Ivory Park as the venue from which to launch the national "Masakhane Focus" drive earlier this month. After all, the Midrand shantytown has had a remarkable surge in payments of rents and services — from just 3% last June to 80% last month (see graph)

But there was irony in the hoopla surrounding Moosa's visit, for Ivory Park has achieved its success largely by ignoring the national and provincial Masakhane campaign

Midrand metropolitan local council executive committee chairman Alan Dawson describes Masakhane as "big advertising agencies, T-shirts, caps and messages over the radio — totally ineffectual"

Ivory Park's homegrown Masakhane programme relies instead on financial incentives, giving residents control over how their payments are spent and maintaining constant, one-on-one communication between local government and residents

The Midrand council has used only the carrot, not the stick. When the Gauteng province pressed local governments for tough action on non-payers last month, Midrand paid no attention. Dawson, an ANC councillor, says "we don't operate according to Gauteng's programme of action, since we've found our programme works a great deal better"

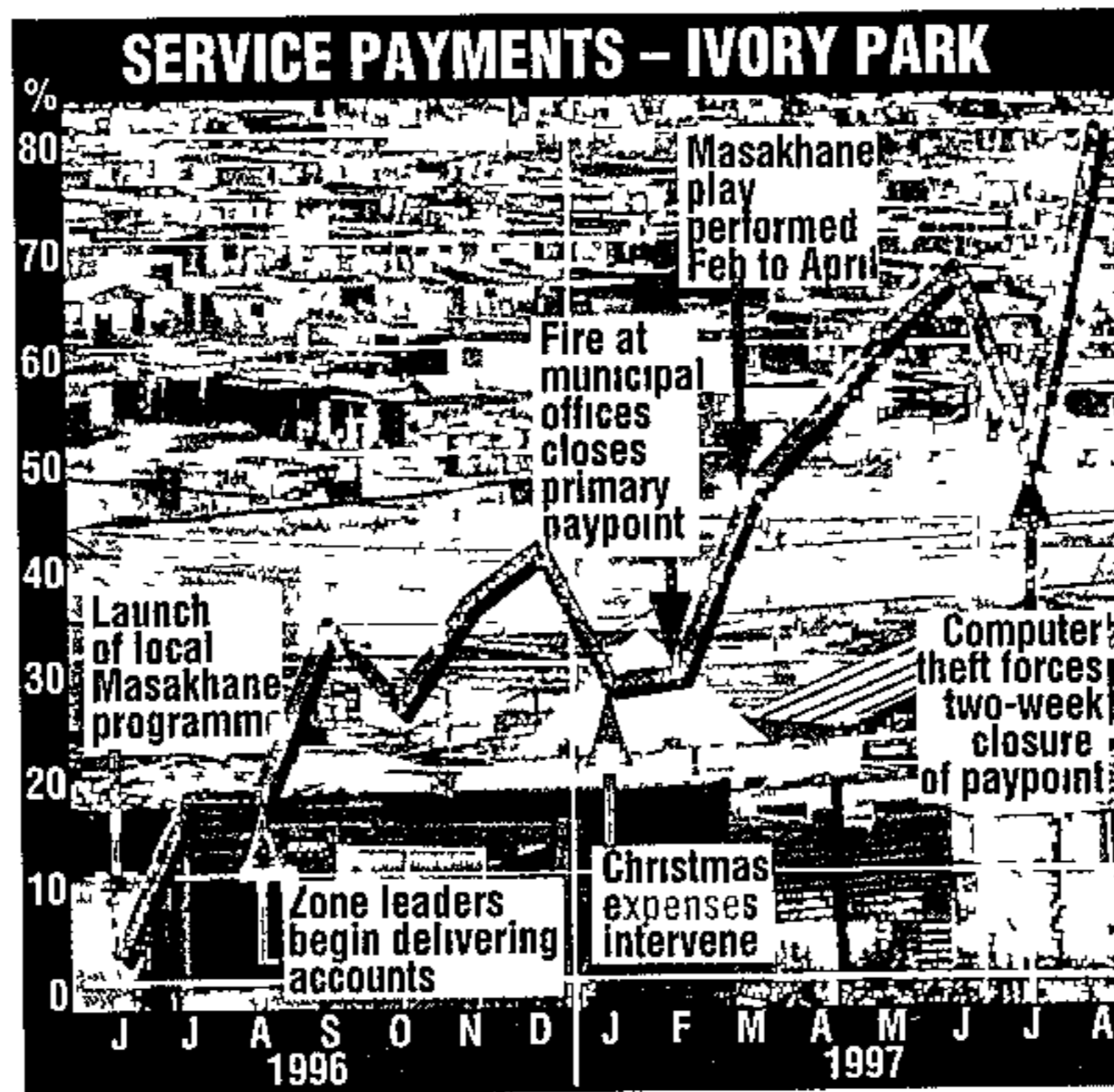
Spearheading the effort are zone leaders such as Johannes Mathekga. During the struggle against apartheid, he helped enforce the rent boycott. Today, he is responsible for prodding the occupants of 1 300 shacks to pay their water, sewerage, refuse removal, rates and rent bills. Every month, he delivers account statements by hand to each household. Residents must sign his ledger to acknowledge receipt of the bill.

To Mathekga, the usual practice in other townships of sending statements by post makes no sense

"One of the reasons the people of Ivory Park pay their services is that they get no chance to say 'I didn't get my account,'" he says. "To post the account is a dangerous thing"

Mathekga not only encourages his neighbours to pay, he puts unemployed non-payers in touch with social workers and even helps arrange meetings with local contractors who might need workers. On any street he can point out which houses are in default.

The formerly unemployed 46-year-old



has good reason for taking such a deep interest in his neighbours' arrears: the more they pay, the more he is paid. The 12 zone leaders in Ivory Park earn 35 cents for each account they deliver if the payment rate in their zone is below 15%. If that rate reaches 90% their earnings nearly triple to 95 cents per account — about R1 250 a month.

Each Ivory Park household pays R35 a month for services, in addition to their metered electricity charges.

The council monitors the process carefully to ensure it doesn't lead to extortion of service-users, says Dawson. To gauge progress, the council has set up a 10-point "Masakhane index" to measure on a quarterly basis the three key ingredients of the

programme: administrative efficiency, service delivery and service payments.

Payments have touched the 80% mark, so that index now measures eight out of 10. Service delivery has lagged somewhat at under seven out of 10, mainly because of a shortage of capital.

The programme provides incentives for people who pay: consistent payers are given trees to plant in their yards. And the best-paying zones receive preferential treatment. Because Mathekga's zone won the award late last year for the highest level of payment, the council will spend all of this year's R2m budget for sewerage system connections in his zone.

"The demand for services is everywhere," says Dawson. "We're talking about 15 000 sites spread over 7 km — where do you start? We start where people are paying."

All rent payments made in Ivory Park are set aside for projects chosen by the people. While taxes on the Midrand business community cover the operating expenses and basic infrastructure projects for Ivory Park, payments by the settlement's residents go into a separate fund that has been described to them as something like a *stokvel*.

Earlier this year, they voted to spend the R2,2m they had accumulated on street lighting.

Of course, in a self-supporting community, trying to run a government budget as a *stokvel* would be a recipe for chaos. But it will be a long time before the shack-dwellers of Ivory Park can afford to provide for their township's needs without subsidies. Even if payments reach 100%, they will cover less than a third of the R18m-R20m Midrand spends on Ivory Park each year. In the short term, such a radical plan may be necessary to bridge the gulf of mistrust between many blacks and their local governments.

Midrand has yet to prove that its success can be replicated. Ivory Park is the only major township within Midrand's borders. But other local governments have begun to show interest. Leaders of Kempton Park, east of Johannesburg, and Sasolburg in the Free State have invited Dawson to give presentations. Mbibane, in Mpumalanga, and Benoni have gone further, getting training in Masakhane a la Ivory Park. This week Port Elizabeth was sending a fact-finding delegation to the township.

Midrand relies heavily on incentives that should easily transcend geography. For example, rule four of its Masakhane programme states baldly "exploit greed" — and Ivory Park has no monopoly on that.

Don Boroughs

New laws will alter face of land development, says Hanekom

By ADAM COOKE

Within a year South Africa could have laws that would dramatically change the way land development takes place, Land Affairs Minister Derek Hanekom said when launching the Development and Planning Commission yesterday.

The commission, whose task it is to shape a new legal and administrative framework for planning and development, has a year in which to produce its findings.

The commission will be tasked with finding ways of swinging the balance in favour of land development instead of constraining it.

Speaking at the launch yes-

terday, director of land development facilitation Steven Berrisford said the aim of the commission was to get to the bottom of the morass of planning and land-development law that had been inherited from apartheid days.

"That legislation was not just very complicated, but it actively discriminated against certain people," he said.

Giving an example, Berrisford said development in the previously white suburbs of Johannesburg had been a very complicated and closely monitored process.

However, in townships, development had never been controlled effectively, and at the same time, industrial develop-

ment had been prohibited.

The commission's findings will inform South Africa's long-term development planning, which is being handled in the interim by provincial tribunals.

Chaired by Pam Yako, past head of the National Land Committee, the commission was warned by Hanekom to take into account the needs of all citizens and not just the most vocal views of land-owning interests.

"Right now our cities, towns and countryside still starkly reflect the patterns of apartheid. It is only by specifically addressing the needs of the poor ... that the commission will be able to have an impact upon the enduring legacy of apartheid," he said.

Star 23/9/97 (123)

Commission launched to shape land development

(123) (S) BD 23/9/97

AN INDEPENDENT commission appointed to unravel inherited planning and land development legislation, and to shape it into a new framework which embraces the needs of all provinces, was launched yesterday by Agriculture and Land Affairs Minister Derek Hanekom.

At a news briefing in Edenvale in Johannesburg, Hanekom said the new body, the development and planning commission, faced an awesome task.

"The commission was established in terms of the Development Facilitation Act and has the task of unravelling the morass of planning and development legislation inherited from apartheid, and reshaping a new legal and administrative framework for planning and land development," he said.

The committee has three main output objectives — to make a provincial analysis of existing frameworks, to make gen-

eral principles for land development set out in the first chapter of the Development Facilitation Act accessible to potential investors and officials responsible for land development and decision making, and to create a draft green paper on planning which incorporates its findings.

Land Development Facilitation Director, Stephen Bernsford, said problems with present legislation existed, especially where provinces had inherited former homelands. "Take not only the complexity of urban area legislation which differs from one province to the next, but overlay that with the laws of former homelands," he said.

He said legislation was unfair, especially with regard to former white suburbs which received more protection than residents in the homelands.

Members of the commission were appointed on September 1 and consist of experts in land de-

velopment and planning and local government representatives.

Hanekom said he was delighted the commission could begin its work, which was long overdue. "I am confident the men and women appointed to the commission are the best qualified and experienced to undertake the task," he said.

Hanekom said the subject matter of the commission's work was of provincial and national importance. "In the light of the crucial implications that its findings will have for local government, I am pleased there is a strong local government profile on the commission," he said.

Hanekom said he had asked the commission to complete its work within a year.

"It is asking a lot, but in the interests of efficient and effective administration, its important to get clarity on all the issues as soon as possible," he said — Sapa

Writing on the wall for water hogs

MTG 26/9 - 2/10/97 (123)

Whether or not Mother Nature inflicts El Niño on South Africa this year, new legislation aims to distribute water fairly, reports Ann Eveleth

Water affairs minister Kader Asmal's move to regulate farmers' water rights this week is just the tip of the iceberg on an innovative plan to turn South Africa's water priorities upside down.

According to National Water Conservation Campaign programme director Guy Preston, Asmal's draft National Water Bill — due to reach Cabinet later this year — includes an internationally unique plan to place "productive" water users like farmers, foresters, mines and factories — who use water to produce goods — at the bottom of the consumer pool.

"Asmal's 'water reserve' concept means that basic human water needs and ecological water needs will be met first. Productive users will get what's left over. And they will have to pay for it," said Preston.

The proposal marks a 180° shift from apartheid-era policy in which basic human consumption rights —

particularly for the rural poor — lagged far behind commercial water rights. It will attempt to ensure that every South African has access to 25, possibly 50, litres of water daily.

The plan also sites the maintenance of South Africa's delicate ecological balance at the foundation of long-term water supply strategies.

"Long-term resources depend on that balance, otherwise you have a loss of vegetation and a loss of the sponge-effect [through which indigenous plants help conserve water] and a further depletion of water resources," added Preston.

This long-term approach contrasts starkly with a growing public fixation on short-term predictions that El Niño — the cyclical climatic aberration caused by warming Pacific waters — will cause drought and/or floods in the coming months.

The predictions have serious implications for the agricultural sector and the economy as a whole, but chief water planning engineer Chris

Swiegers said this week that South Africa is "more prepared than ever before. Our dams are full, some like the Vaal Dam are at nearly 110% capacity, and we have enough water to survive for about five years without good rains."

Two years of good rains, a series of projects to reduce wastage, and early warning of El Niño's rise have helped the department prepare for the worst. "But you can never be too prepared," he added.

This El Niño cycle is the second to hit South Africa this decade, and many more are likely. At the same time, the rising global demand for water is predicted to surpass the available supply in a world water crisis expected to hit by the middle of the next century. "We must stop thinking of bad years as drought and think instead about good years as wet. We are an arid country and we must plan for drought and see wet years as a bonus," argued Preston.

This is the thinking behind Asmal's plan to target all sectors of water consumers on the basis of efficient and equitable use of this dwindling resource.

"By making productive users pay for the water they use, it will become more cost-effective for them to use water efficiently. At the moment we have people growing maize in places they have no business growing it. We have forests growing along river beds, where a tree with its feet in the water drinks two to three times the water it needs," added Preston.

A history of massive subsidies, guaranteed drought relief, a move from labour-intensive watering to mechanised watering, and hundreds of thousands of farm dams that were "little more than evaporation pools", have led many South African farmers into unproductive practices and massive water wastage.

"That's fine when there's no competition over resources. But in a situation of water scarcity, like when Tzaneen Dam in the Northern Province was only 1% full in 1995, there is enormous competition for water use and that can lead to conflict. By paying for water, farmers and foresters will also legitimise their water use," he said.

Economists have warned that predicted water shortages around 2005 could become a source of conflict between countries and communities. In South Africa, the skewed distribution of water resources could see such con-

flict between water-rich and water-poor communities — a situation the government wants to avoid.

As Swiegers points out, however, even the current state of preparedness does not mean rural communities will be immune to drought that strikes unevenly across regions.

"It depends where the water is. We transport a lot of water from one catchment area to another. A place like Gauteng doesn't have its own water, so we transport it there. Rural areas without that infrastructure are the ones who will feel the drought."

Efforts to reduce the amount of water lost during this transport, improvements to groundwater use, repairs to "apartheid plumbing" in townships like Soweto where massive leakage occurs and the removal of alien plants from water catchments are just some of the moves under way to stave off a water crisis.

In addition, said Preston, urban domestic users who consume up to 150 litres per person daily "must pay realistic water tariffs to subsidise the rural poor, because if you don't help them they're just going to migrate and become your water problem anyway".

Asmal on commission, PAGE 35

Irish Aid to pump ⁽¹²³⁾ R7-m in aid for water

Star 26/9/97

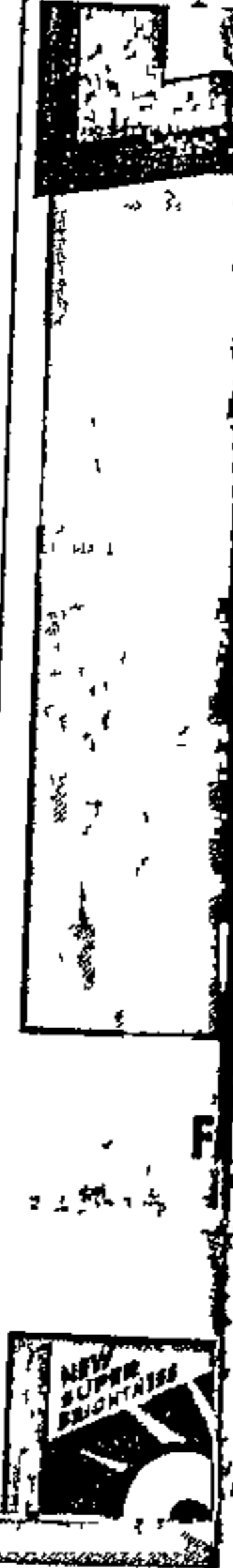
The Irish government and a South African non-governmental organisation have signed an agreement that will see R7-million pumped into the country for rural water and sanitation projects

The agreement was struck between the Irish government and South Africa's largest water and sanitation NGO, Mvula Trust

Addressing a ceremony at the Irish embassy in Pretoria yesterday, ambassador Eamon

Tuathail said the Irish Aid/Mvula Programme would be used to develop 10 model community water supply and sanitation projects in Northern Province, Mpumalanga, KwaZulu Natal and the Eastern Cape.

"The Mvula Trust's policies of community-driven and managed development closely reflect Irish Aid's focus on relevant and sustainable development in South Africa's rural areas," said Tuathail - Staff Reporter



SA on target to meet water supply goal

(123) (8)
Pule Molebetedi

BD 26/9/97
THE water affairs and forestry department was well on the way to meeting its objective of supplying safe water services to 1,7-million people this year, Water Affairs Minister Kader Asmal said yesterday.

Asmal was speaking at the celebration ceremony of the completion of the 100th water supply project by Mvula Trust in Arekwaneng village, Mpumalanga.

He commended Mvula Trust for its success in achieving the goals set out in government's national water supply and sanitation programme. Asmal said the programme formed the base of government's delivery success in water.

European Union (EU) ambassador Erwan Fouéré praised the trust for its innovative approach to community-driven water and sanitation development and applauded the Arekwaneng community for the instrumental role it played in improving its own living standards.

The trust was founded in 1994 with funding from the Development Bank of Southern Africa, the Independent Development Trust, Kagiso Trust and the EU.

The project supplies safe running water to 993 people. It was financed with reconstruction and development programme (RDP) funds allocated to the trust in terms of the collaborative agreement signed between it and the department in 1995.

This was the first RDP project to be completed in Mpumalanga.

Banks grant fewer home loans to poor

(123)

b0 26/9/97

Belinda Beresford

BANKS have failed again to meet their goals for lending to the lowest end of the housing market, achieving only 72% of their target of 50 000 loans, although the trend is improving.

For the year to May 1997, banks provided 144 724 low-income housing loans totalling R3,1bn, the Council of SA Banks (Cosab) said yesterday. The number of loans fell 9,4% compared with the previous period, but there was a 61% increase in their value. The loans include microloans, generally backed by pension and provident fund money, and larger loans through the Mortgage Indemnity Fund (MIF) and those without government backing.

Housing Minister Sankie Mthembu-Mahanyele said she was encouraged by the figures but felt the banks needed to go further. "I am still concerned about the high average loan value. Still, there are people who have income and can afford some credit who are not being reached because of the lack of appropriate finance products.

Also, not sufficient promotion and marketing of these products is occurring and that could partly explain the reason that banks collectively have not achieved their targets," she said.

Mthembu-Mahanyele said the record of understanding between government and the banks on low-cost housing loans was due to expire in May next year. Government was looking for a "bold and quantifiable commitment on behalf of the banks to reaching out to the millions of people who are formally employed but still unable to access housing credit".

The trend towards higher value loans was confirmed by Cosab's figures. Microloans, which apply to the poorest home owners, are generally for R10 000 or less. This category showed a 22,2% drop in the number and a 13,5% fall in the value of loans granted.

In contrast there were increases in the number and value of other loans.

Cosab's figures show a 206,2% increase in the value of non-MIF-secured loans and a 96,3% rise in the number granted. MIF covered loans showed a slower rise — 63,5% in the number granted and 134,1% in value.

In total the banks made 35 879 non-microloans worth R2,1bn in the year under review against 19 796 loans worth R774m previously.

Cosab housing GM Lance Edmunds acknowledged the trend towards higher value loans. "Essentially there are only four major banks fairly heavily into microloans. One had done so well the previous year that it pulled its horns in.... Another ran into computer problems and stopped lending altogether. The other banks have picked up the higher-value loans".

Cosab said in its statement that the target of 50 000 "is not being met because there are not that number of applications a year for loans in this market". It attributed this to a shortage of houses being built for the market, a lack of people qualifying for the loans, and pressure on the banks to cut credit.

The housing minister also called on "other signatories to the record of understanding, such as the construction industry, to reconfirm their positions and commitment to assisting government in low-cost housing delivery".

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(123)

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Belinda Beresford

BANKS have failed again to meet their goals for lending to the lowest end of the housing market, achieving only 72% of their target of 50 000 loans, although the trend is improving

For the year to May 1997, banks provided 144 724 low-income housing loans totalling R3,1bn, the Council of SA Banks (Cosab) said yesterday. The number of loans fell 9,4% compared with the previous period, but there was a 61% increase in their value. The loans include microloans, generally backed by pension and provident fund money, and larger loans through the Mortgage Indemnity Fund (MIF) and those without government backing.

Housing Minister Sankie Mthembi-Mahanyele said she was encouraged by the figures but felt the banks needed to go further. "I am still concerned about the high average loan value. Still, there are people who have income and can afford some credit who are not being reached because of the lack of appropriate finance products.

"Also, not sufficient promotion and marketing of these products is occurring and that could partly explain the reason that banks collectively have not achieved their targets," she said.

Mthembi-Mahanyele said the record of understanding between government and the banks on low-cost housing loans was due to expire in May next year. Government was looking for a "bold and quantifiable commitment on behalf of the banks to reaching out to the millions of people who are formally employed but still unable to access housing credit"

The trend towards higher value loans was confirmed by Cosab's figures. Microloans, which apply to the poorest home owners, are generally for R10 000 or less. This category showed a 22,2% drop in the number and a 13,5% fall in the value of loans granted.

In contrast there were increases in the number and value of other loans.

Cosab's figures show a 206,2% increase in the value of non-MIF-secured loans and a 96,3% rise in the number granted. MIF covered loans showed a slower rise — 63,5% in the number granted and 134,1% in value.

In total the banks made 35 879 non-microloans worth R2,1bn in the year under review against 19 796 loans worth R774m previously

Cosab housing GM Lance Edmunds acknowledged the trend towards higher value loans "Essentially there are only four major banks fairly heavily into microloans. One had done so well the previous year that it pulled its horns in. Another ran into computer problems and stopped lending altogether. The other banks have picked up the higher-value loans."

Cosab said in its statement that the target of 50 000 "is not being met because there are not that number of applications a year for loans in this market" It attributed this to a shortage of houses being built for the market, a lack of people qualifying for the loans, and pressure on the banks to cut credit

The housing minister also called on "other signatories to the record of understanding, such as the construction industry, to reconfirm their positions and commitment to assisting government in low-cost housing delivery".

WORLD experts on water, including the World Bank, say the wars of the next century will be fought over water. Governments everywhere are working against a fate, bred of a shortage of water, of external conflict and internal instability.

This is particularly relevant for Southern African countries. In neighbouring Zimbabwe, for example, the beneficiaries of land reform are clamouring for water rights to make their land rights real. This is threatening stability now, not in the future.

While analysts have warned that South Africa will face serious water shortages in 2030, the real news is that the shortage is already here. Not only because of El Niño, but because so many of our citizens — those least able to afford it — are already paying exorbitant amounts for water every day, sometimes as much as R5 for 25l. In addition to South Africa being a major player in the global economy, substantial expansion and industrialisation is expected over the next few decades.

The new Water Bill, which is available from the department, will make water available for human needs and economic growth by doing away with the inherited system where water use was automatically attached to the land alongside rivers — even if the most productive use for that water was elsewhere. This does not mean that holders of riparian rights will automatically lose them.

New Water Bill is the key to internal stability

The time for action is now, urges Tami Sokutu, Deputy Director General of the Department of Water Affairs and Forestry

At the same time, under the proposed water allocation system, downstream landowners will not be left with merely nominal rights, because the river, by the time it gets to them, is empty — as is the case now in certain areas. In short, the new system will bring fairness and equity to water allocation.

In moving towards a system based on beneficial use of water, the government will take its public obligation as custodian of water resources more seriously. By drawing on the best of overseas law and adapting it according to local priorities, we will secure the continued viability of the water itself.

Protecting the environment is like protecting our golden goose. If we continue with the current approach to water resource management, we will not be in a position to protect or

attract investors since the water, which is central to most economic activities, will be totally degraded or in short supply. Investors will have phantom collateral — empty rivers.

The minister has inherited a range of draconian powers from the past, and if he wanted to "grab" water from privileged farmers, he could do so right now by, for instance, declaring "control areas". He needs no new law to do that. But, by moving away from the arbitrariness of the past, the new allocation system will give water users more certainty. Water will be moved to where it can do the most good and, as circumstances change and new uses become more beneficial than old ones, water will be moved on again.

We are moving from a mystical and static common-law system to a modern and evolving one, one which will

the property clause of the Constitution expressly states that it shall not impede the state from taking legislative and other measures to achieve "water and related reform" and to "bring about equitable access to all South Africa's natural resources".

The legal requirement in the new law for a water reserve to meet environmental needs fulfils constitutional requirements. Protecting the environment represents a giant leap towards protecting water resources to meet the needs of our country.

The Department of Water Affairs and Forestry, through its community water supply initiatives, has already supplied water to more than one million citizens. One million people who now have a basis for more productive economic activity than the daily grind of the long walk for water. The next challenge is to ensure that these people have enough water, not only for physical survival, but for engaging in activities that will enhance rural development and help the economy to grow.

By ensuring that water allocation priorities and procedures are responsive to the evolving realities of the economy in the future, the new Water Act will remove another of the old barriers to growth. The challenge now is for each of us who use water to support the initiatives of the Department of Water Affairs and Forestry by commenting positively on the current draft of the Water Bill. The Bill should be celebrated by all.

Banks under pressure to reduce the cost

Shareen Singh

BANKING institutions would not be able to contribute significantly to the development of small, medium and microenterprises unless the costs involved in small-business loan financing were reduced, banking officials said at the weekend.

The banking officials told a workshop on small business financing that about 34% of the total costs to banks of making loans to small enterprises was spent on training staff to understand the market. Banks were under pressure to cut costs

to prepare for increased international competition, and unless a way was found to share the costs of training and support, they would not be able to make major inroads in the small business market, the officials said.

At the same workshop, Trade and Industry Minister Alec Erwin said fiscal and macroeconomic constraints meant that large-scale interest subsidies were not tenable in SA. He expressed the need for significant private sector involvement in the small business arena, especially from the commercial banking sector.

Some delegates at the conference pointed out that small-scale equity investments yielded lower returns than were generally accepted by equity financiers. They urged government to assist with establishing specialised funds for investments yielding lower returns.

A key issue discussed at the workshop was the management of risk in small business lending and investment, and delegates were unanimous that the insurance industry needed to be involved in finding a solution to this issue. The workshop, organised by the trade

(123) BD 30/9/97
and industry department and the Southern African Labour and Development Research Unit, resolved that investigations would be conducted into areas causing bottlenecks in small business financing and development.

The investigation areas would include the establishment of specialised equity funds for small scale investments and ways of linking this fund with the National Empowerment Fund, the expansion of the development finance sector of the Johannesburg Stock Exchange, training banking staff on the small business sector

and the creation of a specific insurance product to address the issue of risk in small business financing.

Trade and Industry Deputy Minister Phumzile Mhlambo-Ngekka would discuss with respective ministers the role of the Post Bank and Provincial Development Corporations in providing increased access to finance in rural areas.

Those investigations would result in a programme of action being drafted jointly by the trade and industry department, the private sector and small businesses, the workshop concluded.

of loans

Pay up or lose out, municipal debtors warned

Deborah Fine

DURBAN — A senior government official has warned that without a "fundamental improvement" in municipal payment levels and the short-term cash requirements of local authorities, municipalities could "not even begin to consider" addressing historical backlogs in service delivery.

Jacque Manche, chief director of the constitutional development department's local government finances unit, was delivering a speech on behalf of Constitutional Development Minister Valli Moosa at a conference of the Institute of Municipal Finance Officers yesterday.

Manche said recent departmental surveys of 640 municipalities nationwide indicated that the "general financial health of municipalities is not acceptable."

The total outstanding amount owed to local authorities nationwide as a result of nonpayment for services stood at R7,9bn in June this year. Combined with stunted payment levels, this meant an average cash shortfall of about R8bn a year.

Although payment for services countrywide had stabilised at about 70%, further studies had indicated that up to 30% of municipal customers were not regular payers.

It was estimated that up to 1 263 000 municipal accounts remained unpaid each month, meaning that up to R4bn was "unnecessarily tied up in debt", she said.

Manche said that if municipalities were to normalise payment levels and release these funds, this could finance an infrastructure investment programme of between R17bn and R22bn, equivalent to at least twice the annual capital budgets of all local authorities.

In addition, bank balances and investment held by municipalities at present totalled R7,3bn, indicating that sufficient capacity did not exist to cover the outstanding debts of R7,9bn.

Institute president Henne Venter said many municipalities were using their available services and capital funds to finance operating expenditures and the nonpayment of debtor accounts, as well as to offset their inability to attract external capital finance.

No unity govt for Western Cape

Linda Ensor

CAPE TOWN — Western Cape premier Hannus Kriel yesterday ruled out any possibility that the former government of provincial unity between the National Party (NP) and the African National Congress (ANC) would be resurrected.

The ANC in the province has been seeking ways to salvage the unity government, which was ditched by the NP during the last round of negotiations on a provincial constitution.

The move entails the loss of the health, economic affairs, transport and sport portfolios currently held by ANCMECs. Kriel said in an interview

yesterday he would invite one or two ANC provincial MPs to serve on the cabinet, although the ANC has so far indicated it would accept only four or none.

The establishment of a multiparty cabinet could be a stepping stone to creating a "formidable" opposition to the ANC. This could possibly lay the foundation for national alliances formed between opposition parties in the runup to the 1999 elections, he said.

"If it develops, after 1999 you may find new developments taking place — stronger alliances, stronger working relationships and possibly the formation of a new party. On the other hand, Kriel con-

ceded the ANC's nonparticipation in the provincial cabinet was likely to end in its consolidation as a party in opposition.

He also admitted that being out of government would give the ANC the chance to make political capital out of the NP's mistakes in government. The party was prepared, however, to take this responsibility, he said.

"It turned out that more and more they were using their positions in cabinet to make propaganda for the ANC," he said.

Regarding the effect in the Western Cape of the newly formed United Democratic Movement (UDM) of Roelf Meyer and Bantu Holomisa, Kriel said this was difficult to evalu-

ate. However, he did not believe the new political movement would have much effect on the NP's support base.

He predicted the UDM would carefully select a local by-election in the Western Cape in a predominantly white, upper class suburb to test the water. They would probably put up a very good candidate and pour considerable resources into the campaign.

"I doubt whether their first venture will be into the black townships," Kriel said. He also predicted Meyer would disappear from politics ultimately, as Holomisa was unlikely to want to share the leadership when the was bringing in all the support.

Nieuwoudt gets amnesty for training IFP group

Linda Ensor

CAPE TOWN — The amnesty committee of the truth commission has granted amnesty to former military intelligence Lt-Col Anton Nieuwoudt for providing offensive military training to Inkatha Freedom Party (IFP) members in Namibia in 1986.

The 200 IFP members were trained at the Hippo base in Caprivi and United Democratic Front (UDF) Congress (ANC) and United Democratic Front (UDF) members in KwaZulu-Natal. The aim of the training was allegedly to attack and eliminate enemy targets.


Nieuwoudt said he had undertaken the training on the instruction of former SA Defence Force (SADF) Gen Thiem Groenewald, now a Freedom Front MP. Others cited by Nieuwoudt as being involved with the training were Col Jan Breytenbach and Maj Jakes Jacobs.

The amnesty committee decided in chambers to grant amnesty without holding a public hearing as Nieuwoudt's application did not specify offences which constituted gross human rights violations.

Nieuwoudt said in his amnesty application that for a month he had trained the IFP group — led by Daluxolo Luthuli — on information gathering, interrogation, target development and infiltration.

Nieuwoudt admitted that the trainees would have been capable of eliminating ANC targets without leaving clues and were trained in foreign weaponry. This could have resulted in loss of life, although Nieuwoudt did not know of anyone who died at the hands of his trainees.

Nieuwoudt testified that the State Security Council had approved the training.



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Audited results for the year ended 30 June 1997

1997 1998

R7,5-m debt: authorities cut services

Pensioners question high bills they received from the council

By Joshua Raboroko

ESSENTIAL services to more than 4 000 home-owners, including pensioners and squatters in informal settlements in Leandra, have been cut off as a result of non-payment of tariffs.

Local authorities in Leandra, Mpumalanga, yesterday took drastic credit control measures in an attempt to recover R7,5 million in arrears owed to it by residents since February 1994.

Town clerk Mr Elliot Maseko told *Sowetan* yesterday that the residents - the majority of them pensioners and the unemployed - were warned to pay for their water, sewerage and refuse removal, but most refused to do so.

They were expected to pay a flat rate of between R35 and R40 a month for the use of the services. The residents were asked to arrange how they would pay the debts or to explain their problems to the authorities.

Maseko warned about 1 000 people in the informal settlement to pay their dues before the end of the month. Credit control measures would be

introduced should they fail to comply. The council was prepared to call ward meetings weekly to discuss problems with the residents, saying it was not "our policy to cut off services or to evict defaulters from their homes".

However, the majority of those affected by the termination of services have claimed that they received bills ranging from R1 500 to R2 500 for the debts, saying that the bills were high compared to their consumption.

A pensioner, Mr D Mahlangu, said yesterday that he did not understand how the authorities calculated that his debt amounted to R1 500.

He had been paying for utilities, even during the years marred by protests against poor services.

Explanations of his plight to the authorities fell on deaf ears. No court order was obtained against him.

A group of residents, without water and other services, intend to protest against the credit control measures, saying they wanted councillors to explain their decisions.

Maseko said the decisions were taken in line with the principles of the Masakhane campaign.

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ESSENTIAL SERVICES
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LEANDRA

Tax breaks can 'cut housing backlog'

BD 1110197 (123)

DURBAN — SA had the means to build its way out of economic problems such as unemployment and a shortage of housing if construction companies were given the necessary tax relief, Tongaat-Hulett chairman Chris Saunders said yesterday.

Speaking at a breakfast organised by the Democratic Party, Saunders said SA had the demand, labour and materials to make up the housing shortfall. All that was needed was a more realistic approach to the shortage of infrastructure, such as that adopted in the initial reconstruction and development programme.

"We could see a scale of building in this country similar to what has occurred in Pacific Rim coun-

tries .. with determination and the political will it could be fairly simple," he said.

Given the necessary tax relief, companies could build affordable housing and still make a profit. He said the resultant "pull through" effect on the economy would be enormous because once people had homes they would be motivated to buy goods such as appliances and furniture.

Saunders said that he had heard government had "floated the idea" of giving tax breaks to companies that built houses, but nothing further appeared to have happened. He saw tax relief as the solution to the housing shortages and to unemployment, which were at the heart of SA's economic

problems.

He was convinced that the country had the necessary capacity to cut the housing backlog. In the 1960s Anglo American had built 11 000 houses in Soweto in one year for the families of mine workers. There was therefore no reason why 100 000 houses a year could not be built 30 years later, provided the tax incentives were provided.

Saunders said SA's limitless potential as a growth area had not gone unnoticed by the developing world. He warned that if the country did not educate its people and make them more productive to become part of the global economy, it might soon find itself being colonised from the east — Sapa

Housing 'truths' require serious reconsideration

Housing subsidies will trap people in houses which they cannot sell, argue Neil Otten, Susan Rubenstein and Marion Stewart

BD 2/10/97

(1a3)

IN THE wake of a seemingly impenetrable housing backlog standing at around 3-million units, it seems only reasonable that government, the private sector and housing consumers alike began to re-evaluate some hitherto unassailable housing "truths".

The first of these must surely be the accepted measure of housing demand. To date the accepted measure of success in addressing the awesome backlog has been the number of "units" — typically a serviced site with a small top structure — provided via government's subsidy programme. While de-

ivery is accelerating, progress against the backlog has been disappointing.

One response to the predicament is evident in new housing legislation which is being piloted through Parliament, and in which an explicit and central role is envisaged for local government in housing delivery.

Housing strategic planning undertaken by the authors on behalf of several metropolitan and local governments in response to this challenge has caused them to question both the definition of demand and the response of the housing industry to this definition.

It is important to remember that, at the local government level, housing can be seen to play two major "roles". On the one hand housing, as a social responsibility, aims to ensure citizens enjoy a minimum level of health, safety and security. On the other hand housing, theoretically at least, plays a critical role as a source of income and thus sustainability to local authorities through the collection of rates.

However, a large number of local authorities face an urban reality in which housing "plays" neither role effectively. Impoverished communities,

for whom subsidies have bought sites and top structures, primarily on the urban periphery, continue their marginal existence. Poor access to social facilities, transport infrastructure and economic opportunity mean that this housing has largely failed to provide "health, safety and security" and contributes to intractably low income which, in turn, mean the local authority is unlikely ever to recover the real cost of the provision of basic services.

The only thing that has changed is that the family occupying this new "unit" is now trapped in ownership of a house

in an area in which there is, quite literally, no housing market. A house paid for by a one-off subsidy is not likely to be saleable for a price that is nearly equivalent to the original capital investment in the foreseeable future. What is the breadwinner of this household to do if he or she later finds a job 50km away?

The most likely outcome is that this unit will be sold for a fraction of the value of the capital investment — a transaction unlikely to find its way through the hallowed portals of a deeds registry — and the hapless seller will move to rejoin the queue of folk away.

On arrival he will find his name entered on a national database of housing beneficiaries and discover that he is not entitled to further assistance. He will then invade a piece of land and build a shack — thus ensuring that, at some point, the local authority will again be forced to respond to his need. This need should be more accurately understood and a more appropriate response to it found.

It is our view that this lies in a housing strategy based on the World Bank definition that housing demand is "the willingness and ability to pay for a set of attributes or services which are provided by the physical components of lot and housing structure".

Acceptance of this definition forces us to confront the harsh realities of both affordability and the commonly accepted minimum housing standard of a serviced site of 250m² and a free-standing top structure.

Is it not finally appropriate to begin to wonder whether this uniform, non-negotiable standard is actually appropriate for the huge diversity of families in need of housing? It is easy to see how such standards meet the twin political objectives of being seen to deliver and being seen to hold a minimum "line" of no compromise. It is also easy to

see how they meet the needs of an industry set up to churn them out of their computers.

How do they work for beneficiaries? Are we forgoing (due to lack of alternatives) young couples into owning a piece of land and a structure which they cannot afford? Can we then complain when they fall behind in their service payments? Do people like this couple rent a backyard shack precisely because they are then free of long-term commitments and can invest in other priorities such as education or a vehicle?

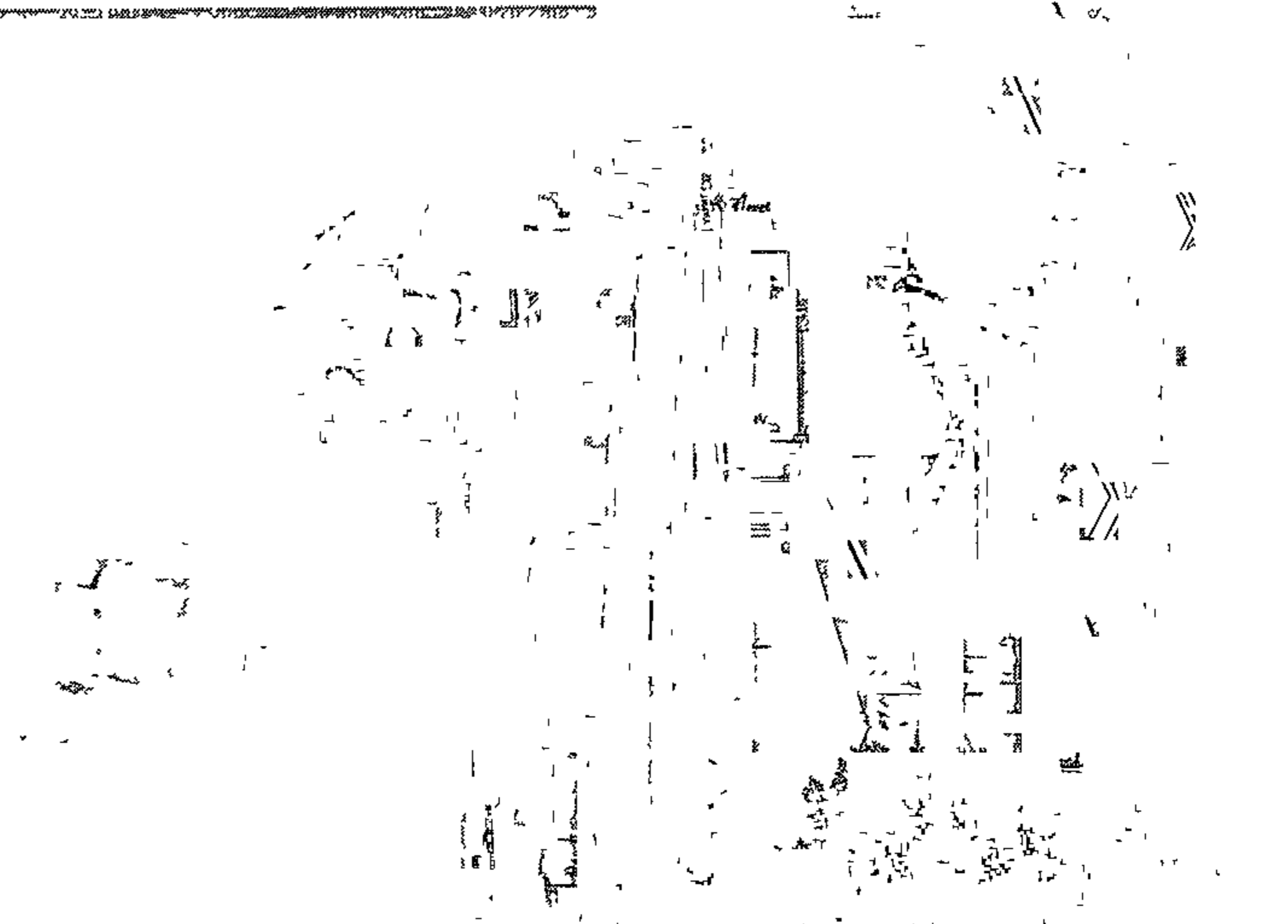
In short, is it possible that, as with all housing sectors, the so-called low-income sector is also not monolithic and also seeks a wide variety of housing product from flats to duplexes to free-standing structures for both rental and ownership?

Finally, is it a heresy to suggest that, for many people, the priority is a short-term commitment to a serviced site whilst they attend to their real priorities, which are access to social facilities in the form of clinics, schools and perhaps even adult educational opportunity which might lead to a job which they are free to grab wherever that might take them?

At the moment the housing industry seems to be responding to the needs of every family eligible for a subsidy with a variation on the standard unit. The top structure might grow or shrink but the pattern remains the same. Sadly this is despite a variety of opportunities for creatively provided by national housing policy.

It is our perspective that a vibrant housing industry depends on the availability of a range of product and the movement of people through that product.

Apartment land ownership legislation has meant that the vast majority is inexperienced in housing mobility. If you were lucky enough to gain access to urban land and a house you held onto it for dear life.



Housing in Alexandra, Johannesburg

Perhaps it is this legacy that leads to the fixation with providing people with room for expansion as opposed to encouraging families into starter units which they can vacate as their circumstances change.

For those families who can afford virtually nothing for themselves — perhaps the trade-offs extend beyond the choice between far roads and the top structure — perhaps the priority is less the stand, the services and the top structure, and more access to goods and services that will improve their

life chances and those of their children.

In all events it seems as though a more careful and rigorous segmentation of the low-income market is long overdue. A concerted move away from the treatment of this market as an amorphous mass requiring a soulless, single solution can only benefit both the industry and the communities for whom "a better life for all" has, for the most part, yet to materialise.

Neil Otten, Rubenstein and Stewart consult in the field of housing and social services

MEC attacks housing department

807/10/97 (123)

Vuyo Mvoko

GAUTENG housing MEC Dan Mofokeng lashed out yesterday at "irresponsible statements" attributed to national housing department officials saying four more provinces had been "ordered to freeze" low-cost housing projects

Mofokeng also called on Housing Minister Sankie Mthembu-Mahanyele to take disciplinary action against the housing acting director-general Neville Karsens and the department's spokesman, Mandy Jean Woods

Woods said later Mofokeng's statements were based on a report that was not entirely accurate

Mofokeng was speaking at the Gauteng housing department's hon-

ouring of international housing day. He condemned "irresponsible statements that send wrong signals to the people", saying "You can't talk about applying brakes when people live in informal settlements."

MECs now had to explain the situation to both the people who needed the houses and the developers, he said

Mofokeng pointed out that MECs were elected representatives, saying, "It is questionable whether the department can in fact make a unilateral decision on freezing low cost housing projects" The matter had "not been subjected to the normal decision-making processes of the meeting of the minister and all MECs"

A newspaper report that raised Mo-

fokeng's ire yesterday said four more provinces had been "ordered to freeze" their low-cost housing projects because of overspending

The report was a follow-up to a recent national housing department call on all provinces to freeze their future financial commitments

At the time of the announcement, Karsens said the freeze, which was expected to last several months, was a bid to improve management of overspending in some provinces and to get an understanding of the provinces' financial commitments to low-cost housing projects

Yesterday, Woods said the call did not prevent provinces from approving projects. Provinces had been asked

only not to commit funds to those projects, she said. It had been made clear that present and past projects were not affected

The effort was in line with the medium-term expenditure framework to improve the government's cash-flow management, Woods said

Mofokeng, who said Gauteng needed about R18bn to address its housing backlog, also attacked the department for not responding to the Gauteng department's submission of a "detailed" three-year plan and budget. The department's actions in that regard were "annoying, disgusting", he said.

Woods would not comment on the statement, saying she would first have to investigate it



Gauteng housing MEC Dan Mofokeng was the keynote speaker at yesterday's celebrations of international housing day, the United Nations Habitat II. He said his department would meet its target of 243 000 houses by 1999.

Picture ROBERT BOTHA

Government housing finance company 'making a positive

Shareen Singh

THE government-owned National Housing Finance Corporation would have granted about 215 000 home loans valued at R443m in just more than a year as a public company, CEO Johan de Ridder said yesterday.

Housing consultants said the figures indicated that low-cost mass housing delivery had gained speed and there were positive signs from both government and the corporation that the housing crisis was being "actively

addressed".

De Ridder said there was an 18- to 24-month lag in the delivery of housing but it was possible to make up for lost time. As long as government continued granting 250 000 to 300 000 subsidies a year, it could achieve its housing targets. For the corporation the challenge was to continue making it possible for families in the target market to gain access to credit.

According to the corporation's first annual report released yesterday, by the end of the first financial year to

March it granted five loan facilities totalling R115m to institutions. This was expected to translate into 118 000 home loans. Subsequent to the year end facilities of R125m had been granted and a further R200m was being considered. This would translate to about 215 000 home loans in total.

The corporation is 100% owned by government and provides loans via intermediary institutions to those who have limited access to credit.

De Ridder said the loans were used to improve accommodation such as

squatter dwellings or to supplement subsidies granted by government.

He said that with the assistance of the corporation, nonbank finance companies were expected to provide about R650m in credit facilities this year.

The corporation's clients processed about 20 000 new loan applications for housing every month, "making this form of housing finance delivery the most significant in terms of broad impact in the market", said De Ridder.

In the period to end March the corporation reported net income of

R42,4m. Retained income was R23,4m on revenue of R67,5m, representing earnings a share of 60c.

The company paid R10m into a general risk reserve fund to provide against significant unforeseen losses. Operating costs stood at R6,03m, including staffing costs.

A dividend had not been declared in line with company policy to allow for maximum utilisation of funds in pursuit of its mission.

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impact'

Tomorrow: Ross Herbert examines the decision by France to reshape its policy toward its former African colonies

INSIDE

On Friday: Our weekly news feature which keeps you up to date with the Truth and Reconciliation Commission

Historic watershed in the lives of many

Water is of fundamental importance to human survival, yet millions in South Africa have never had access to clean, running water. But, while efforts are being made to bring water to those who do not have it, the country is fast becoming one of the many water-stressed countries around the world, due to wastage and abuse.

THEMBA HADEBE

(123) Star 8/10/97



Stories by Melanie-Ann Feris

In a small rural village, a 50-year-old woman gets up at the crack of dawn each morning - winter and summer - to make her daily 6km trek to the nearest communal tap. She will collect her ration of water and return with a 20-litre plastic container balanced on her head.

Sometimes she is not early enough and has to stand in line for hours, awaiting her turn. When she returns home the water has to be used sparingly for household chores, the daily meals and for her grandchildren to drink.

She cannot remember a time when she did not have to shudder this burden. But, she is not alone, there are millions of people in South Africa in communities who for decades have been denied one of the most basic human rights by their government.

During the apartheid years, water or more particularly the absence of water, was used as a "tool of human subjugation".

In 1996 the ministry of water affairs stated that: "In South Africa the control along racist lines of access to land has in effect been the control of access to water."

"This has been deliberate and calculated with the result that millions of people have been deprived of their right to life, health, economic activity and development through denial of access to water."

Before 1994 the development of South Africa's water resources has been linked more with supporting the progress of the country's wealthy sector than with alleviating the position of the poor, particularly in the rural areas.

By the end of the 19th century most of the water used in South Africa was for white commercial agriculture.

With the introduction of apartheid and the division of South Africa into homelands and the tri-cameral parliamentary "own affairs" administrations, it became clear almost all

the vast investment into the construction of water transfer schemes would serve the white sector, the rest would have to fend for themselves.

The government used elaborate financial mechanisms including the Development Bank of Southern Africa to engage in some development of water, but these investments were unevenly distributed and totally inadequate.

By 1994 it was estimated 75% of existing water schemes in rural areas were out of order.

Today, the need for water is recognised as a basic human right which is enshrined in the country's new constitution.

Committed to the need to bring about much needed change, the Department of Water Affairs put into operation detailed plans outlining its intention for water.



Cool and clear .. Lena Khutswa from Modderspruit now has metered water available on her doorstep, thanks to development taking place in the town.

As a direct response to the challenges it faced, a basic service provision White Paper was drawn up to ensure that all South Africans gain access to a minimum of 25 litres of water per person per day at a maximum distance of 200m from each household.

On May 3 this year the department passed its thousand days milestone during which one million people - a thousand a day - have benefited from the availability of clean, running water for the first time

in their lives.

But, in a country leading the way in technical advancement such as its use of nuclear power, cellular telephone networks, and vast inter-catchment water transfer schemes, more than 12 million people are still without access to adequate water supplies. A further 21 million also lack basic sanitation.

Initially the Government intended on meeting this demand within seven years, it has

now conceded it will take much longer and has extending the delivery date to the year 2007.

Kalinga Peipola says: "Subject to the availability of resources, we expect to spend about R1-billion a year over the next 10 years to bring water to the people just over 1 020 water supply and upgrading projects have already been implemented at a cost of R3-billion.

"Millions more in foreign aid is being

others, creating the skills needed to implement and maintain the huge number of projects being undertaken.

"We are not only providing communities with water but are also training them in skills such as general administration, bookkeeping and leadership skills to help themselves. Once water has been provided they can start thinking broader to such things as the provision of schools and roads."

The department has embarked on a water law review programme that will see two new bills, the Water Services Bill and the Water Resources Bill, in place soon.

Minister of Water Affairs and Forestry Kader Asmal says the Water Services Bill will set a regulatory framework within which municipalities, water boards, the department and other service providers will deliver water services.

"There has been broad acceptance of this bill by all involved in water services as it is seen as a positive step towards co-ordinated regulation of water and sanitation services.

"Also it is seen as a tool to institute fast tracking mechanisms for water service delivery," Asmal said.

The Water Resources Bill will regulate the management of resources including abstraction control through licensing, protection of water resources, water pricing, conservation and the creation of decentralised institutions.

It will introduce new measures such as temporary licences for water allocation instead of the current allocation of water in perpetuity, allocation of water for environmental requirements which is currently not being done, and the allocation of water on the basis of beneficial use.

"Instead of the riparian system", inadequate legislation and administration has in the past allowed agriculture, mining and industry to abuse the country's water resources, now central to the new law will be a requirement for all sectors to use water efficiently.

The Water Resources Bill is expected to be passed next year and the Water Services Bill be

end of this year.

TRACKING THE CHANGES

Foul rivers will have to be cleaned

Reductions are that by 2025 South Africa will have exhausted its available water resources and will have joined the growing number of water starved countries in the world.

But, while conscious efforts are being made to encourage water conservation, there are still millions in rural areas who have never had clean, running water.

In South Africa the lack of basic services, including adequate running water, is a key aspect of poverty, poor development and even death - the infant mortality rate in arid rural areas is devastatingly high and is largely attributed to diseases bred through the shortage of water.

But it is not only the shortage of water that causes death - pollution of available water resources results not only in the spread of killer diseases like diarrhoea and typhoid, but also the death of aquatic fauna and flora.

One example of a water source being crippled is the Jukuskei River which over the years has earned the dubious title of being the most polluted river in the country. With E-Coli counts reaching as high as 6 million for every 100ml of water, it makes the river water ideal for the spread of cholera.

It is also being threatened by industries who find it cheaper to dump waste into the river than have it disposed of through legitimate waste companies.

Despite its state, the river could in future be counted on as a viable water source if water consumption and wastage is not curbed. Already South Africa has less water per person than countries such as Botswana and Namibia.

Claus Triebel from the Department of Water Affairs believes that the heart of the problem lies with the price of water does not reflect its value.

Despite its state, water in Jukuskei can be used

In a recent Engineering Week report he said that everyone knows that water is scarce, but because it is relatively inexpensive it is not treated as a valuable resource.

He said that value, psychologically at least, seems inextricably linked with price and therefore pricing structures were crucial.

But he added that in a real world things were not quite so simple, as fair access to water needed to be achieved.

The answer seems to lie in education and the use of water efficient technology to change wasteful habits.

Apart from this large amounts

are also being spent on implementing the department's National Water Conservation Campaign, which encompasses the Working for Water programme aimed at ridding the country of invading alien plants, sucking up thousands of litres of valuable water.

Apart from clearing the country's water catchment areas, the programme is providing jobs for close to 8 000 previously unemployed people.

Another programme is the 20/20 Vision for Schools Educational Programme already involving 1 500 schools. The programme which places emphasis on pupils and staff conducting water audits in their schools and homes is regarded as the biggest environmental education initiative for schools ever run in the country.

The department has come a long way in its efforts to make "every drop count" through these initiatives and newly drafted legislation, but does it have the manpower to ensure that the laws are adhered to?

Kevin McCann, project co-ordinator for the Eskom Endangered Wildlife Trust National Crane Project, believes that initially this will be a problem but that the battle will eventually be won.

"Nine times out of ten a problem is solved by just having the laws available to back you up."

The small town of Modderburg nestled among the purple hills of the North West province has no proper roads, sewerage system or even proper housing. Yet it stands at the forefront of technology in South Africa.

Lena Khutsa (68) lives here. Sitting under a mulberry tree outside her shack, she tells of the days when the town still fell under the old Botswana regime, when services were non-existent and people had to walk for kilometres to fetch water.

Water pumps, apart from being few and far between, were also cumbersome to operate, especially for the elderly.

"There were no children to fetch water for me. Now it is much easier. I just put my token in and the water flows. Now I can even plant my own garden because the water is close by," she says.

Her property is one of several in the town that has benefited from the installation of a prepaid water meter system. When the meters were installed in May, the town became the first place in South Africa to make use of such a water system.

This system allows people to buy water according to their own needs and financial constraints before it is consumed, contrary to other systems

in use countrywide which still see people being billed after the water has been consumed.

With this system water can be bought from as little as R10.

"We slaughtered five cows and 200 chickens and the minister (Kader Asmal) and a lot of other ambassadors came to witness the inauguration of the system in May," said Patrick Thubisi, chairman of the town's Reconstruction and Development Programme (RDP) forum.

"Every week we have visitors who come to see the system and learn from us."

Although the system is not yet fully operational, several

benefits have already been evident, including a 65% reduction in water consumption by the community, due mostly to less water wastage and water control as a result of the prepaid meters.

Another benefit is the almost R10 000 in water payments collected from the community in the first three months alone.

This figure is increasing monthly and is viewed in a positive light against the background of non-payment for water in neighbouring towns like Bapong.

Bapong, across the road from Modderburg, receives a bulk water connection from


the nearby Eastern Platinum Mines. Here 80% of the houses have unauthorised connections and no one pays for the water consumed.

Despite the benefits of the prepaid system, many Modderburg residents are resisting the new technology in favour of the old water pumps because of scepticism about its effectiveness.

"People think we are cheating them with water, but they will soon change their minds when they see the others using the meters."

"They know that if they waste water they are wasting their own money," said Thubisi.

Meter system brings huge benefits

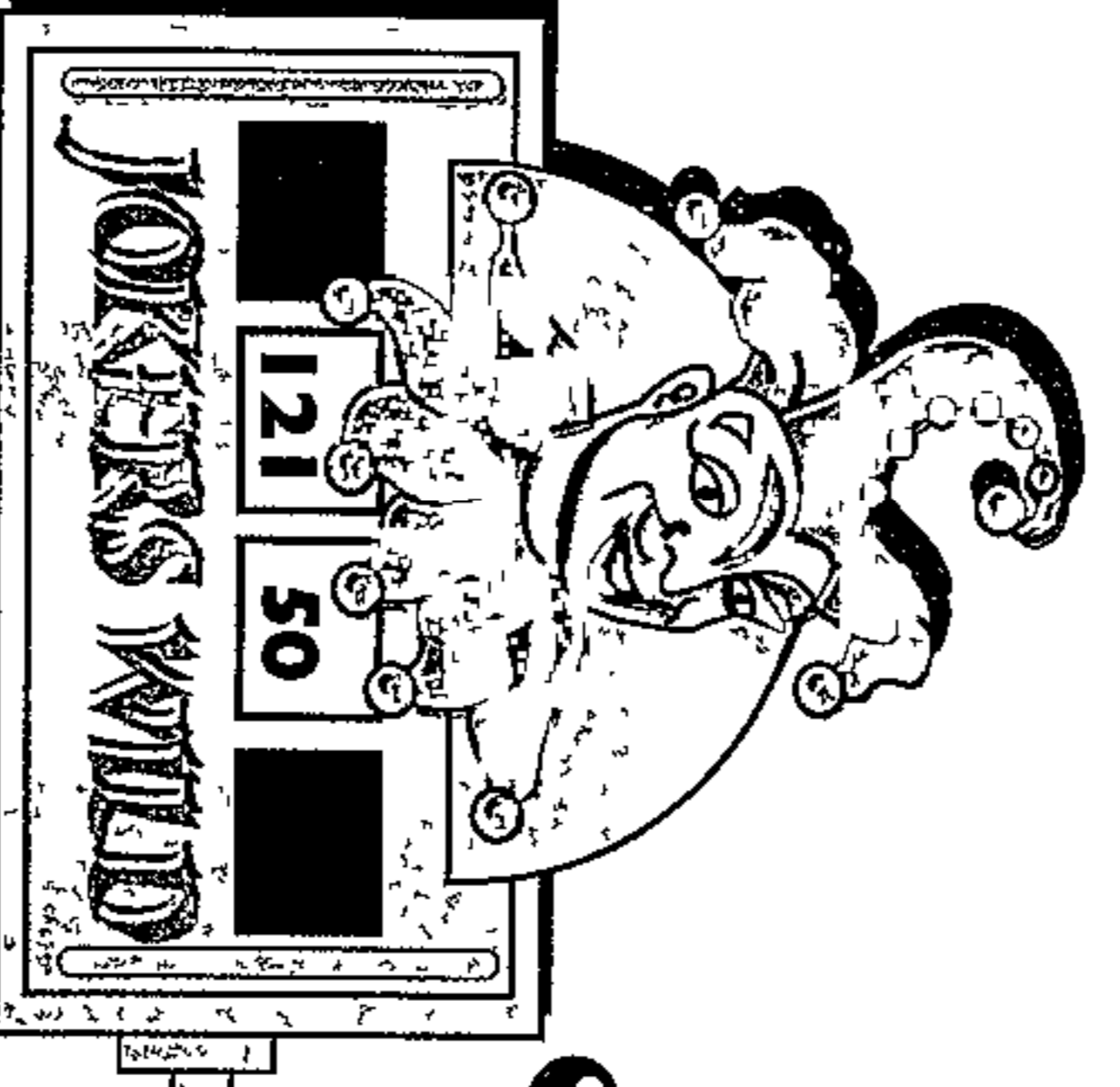


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One Star

WEDNESDAY, OCTOBER 8

Housing freeze deemed shocking

(123)
BD 8/10/97
Business Day Reporter

THE freeze order being imposed on new provincial housing commitments was "astonishing" in that provinces which had overcommitted potential expenditure were acting in terms of national housing policy, Prof Gaye le Roux, director of the Quantity Surveying EduTech Centre, said this week.

Le Roux, former deputy chairman of the now defunct Eastern Cape Housing Board, said the provinces had been driven by "the fear of potential short-falls on funding". However, the over-commitment did not involve actual expenditure or payments, but concerned "merely approvals on budget".

The statement follows a letter by the housing ministry to all provinces last month informing them they should not make further commitments until an accurate reconciliation of their cash flow and current level of commitments compared with their allocations from the national housing subsidy scheme had been made. The ministry said this "in no way means that provinces cannot continue with projects for which funding has already been approved".

The situation has been complicated by inaccurate reports on the ministry's directive Gauteng housing MEC Dan Mofokeng has criticised "irresponsible

statements" attributed to housing officials and called for disciplinary action against acting director-general Neville Karsen and spokesman Mandy-Jean Woods. Woods said Mofokeng's statements were referring to a report which included "factual inaccuracies".

Le Roux said that before the end of the 1996/97 financial year, provincial housing boards were required to over-commit their potential expenditure, based on annual budget, by 50% to ensure the allocation of adequate funds for the following financial year.

"Approvals in principle are one aspect of the housing delivery process. Actual cash flow is another, with at least half a financial year (elapsing) between the two. The provinces acted in accordance with national housing policy. Is this freeze simply further evidence of bureaucratic ineptitude?"

Le Roux said statements from political platforms put further pressure on provinces to speed up delivery of low-cost housing. Some provinces were branded as scapegoats for nondelivery.

The ministry repeated this week that the housing department had informed provinces that they may not approve new monies until a letter of allocation had been received. This did not mean government had decided to freeze subsidies.

'R2,8-billion spent on housing in two years'

Star 9/10/97 (123)

A total of 332 847 housing board-approved houses had been built or were currently under construction throughout the country between March 1994 and August 31 1997, Housing Minister Sankie Mthembi-Mahanyele said yesterday.

Replying to a question by Jac Rabie (National Party), Mthembi-Mahanyele said provincial housing boards had approved 41 281 individ-

ual housing subsidies between April 1 1995 and March 31 1996.

She said 111 739 individual housing subsidies had been approved between April 1 1996 and March 31 1997.

Mthembi-Mahanyele added that provincial administrations had spent R2,8-billion on housing programmes over these two financial years - Sapa

Housing department faces staffing crisis

Robyn Chalmers

THE housing department is facing a staffing crisis, with 18 people — of whom two were chief directors — having left since March.

A third chief director is understood to have accepted a voluntary retrenchment package. This means only one chief director — Frik Barnard, who oversees the housing sector performance portfolio — is left.

Housing support chief director Beet van Rooyen has vacated his position for health reasons and former human settlement chief director Tanya Abrahamse-Lamola has moved to the land affairs department.

Corporate services chief director Johan Jooste is understood to have taken a voluntary retrenchment package, although he declined to comment. Housing funding director Dawie Strauss is also believed to have taken a package.

Analysts said the departure of so many top managers was likely to affect significantly the management of the low-cost housing programme.

Acting housing department director-general Neville Karsens said that of 221 posts, 55 were vacant.

"The 18 staff members who left the department since March did so for personal and promotional reasons. The department (has) created a new organisational structure and the process to

fill vacancies takes time."

Sources said while a number of staffers had left for health reasons or had been promoted elsewhere, morale had slumped particularly following the public spat between former director-general Billy Cobbett and Housing Minister Sankie Mthembu-Mahanyele.

The cabinet last week approved Mpumi Nxumalo-Nhlapo's appointment as director-general following the departure of Cobbett in May.

Housing ministry spokesman Mandy Jean Woods said negotiations on Nxumalo-Nhlapo's contract were under way. Nxumalo-Nhlapo, who is Gauteng's housing chief director, could not be reached for comment yesterday.

BD 14/10/97 (123)

Affluent blacks tell of 'new SA' trauma

NEW YORK — Newly affluent SA blacks are struggling "socially and emotionally" as they climb the ladder of success, reports Suzanne Daley in *The New York Times*.

Daley, who interviewed nouveau riche South Africans, writes that they generally enjoy the trappings of their new status and, given a little power, are not above using it.

However, those who played no part in the fight for equality spoke of guilt feelings about benefiting from the sacrifices of others.

Well-to-do blacks still faced small humiliations as they adapted to a new

lifestyle and negotiated the minefields of situations like taking out a mortgage and talking to neighbours who assume they are servants.

Some likened work to "a battlefield where they are patronised and ignored by white colleagues".

Members of this new social class are not comfortable, either, with friends who have done less well and typically want to borrow money.

However, prosperous lawyer Enos Banda told Daley, finding new friends was not easy. There are so few wealthy blacks that he sees the same people at every party he attends. — Sapa.

Water reserves to outlast El Niño

PRETORIA — The El Niño weather phenomenon should not dry up SA's water reserves, thanks to the best storage levels in 77 years at major reservoirs, the water affairs department said yesterday.

It said water delivery was not expected to become a problem for at least two to three years, which matched El Niño's life expectancy.

"It is therefore evident that the emergence of El Niño does not necessarily bode us all that is evil," the department said.

"It is fortunate that it hits us at a time when storage levels are excellent."

The department said SA experienced above-average rainy seasons during 1995/96 and 1996/97, and the current storage state at major reservoirs was the best on record since 1920, it said.

El Niño, which is expected to cause a warming of the Pacific Ocean, generally negatively affects SA's summer rainfall.

It was therefore expected that run-off from catchment areas would also be below average.

The department said the long duration of a warm spell caused by El Niño between 1990 and 1995 was regarded as exceptional.

Also, the 1982/83 drought caused by an unusually strong El Niño affected SA at a time when storage levels were low — at about 48%. The current storage level was 90% of capacity.

"No problems are foreseen in water delivery from major water systems for the next two to three years, by which time the Pacific Sea surface temperatures may be back to normal or even below normal," the department said. — Sapa.

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Samwu slams plan for water privatisation

Deborah Fine
THE SA
80 16/10/97

Municipal Union (Samwu) has joined the African Congress League, Trade Unions of SA (ANC) Youth Congress and the SA Communist Party (SACP) in condemning moves by the council to allow a private consortium to deliver water and sanitation in the area by way of a 30-year concession.

The council announced last week that the services would be taken over by the Metsi A Sechaba Consortium backed by British firm Biwater. The council, however, will continue to regulate and monitor the services and tariffs provided by the consortium.

"It is a complete disgrace that a few members of the Nelspruit council have unilaterally pushed the privatisation process through, despite Cosatu and SACP opposition and a split in the ranks of the regional ANC over this issue," Samwu said yesterday.

The project has, however, received the blessing of both Provincial Affairs and Constitutional Development Minister Valh Moosa and premier Matthews Phosa.

The union said international experience indicated that the privatisation of water had resulted in job losses and massive increases in service tariffs. "Across the world communities have gone to the extent of rioting in the streets against the privatisation of basic services."

Samwu, together with Cosatu, would discuss measures to involve municipal workers in an anti-privatisation campaign at Samwu's 5th national congress.

Samwu members were also expected to pass a resolution that unless privatisation was halted, municipal workers countrywide would embark on mass action. Cosatu, Samwu and SACP were planning a stayaway on October 27.

In addition, Samwu was arranging a community meeting in Nelspruit on Sunday to "expose the lie that privatisation will provide adequate services for communities."

Freeze 'to hit housing delivery just before

Robyn Chalmers

THE freeze on new financial commitments for housing will lead to a significant downturn in housing delivery just before the 1999 elections, housing analysts warned at the weekend.

This comes amid Gauteng housing and land affairs MEC Dan Mofokeng's attack on the finance department and state expenditure for "renegeing" on commitments of financial allocations

BD 20 | 10 | 97 (123)

to the housing department. Mofokeng said the department was promised R3bn in the current year, but was allocated R2,4bn

In addition, Mofokeng said, the national housing department and the provincial departments were not allocated new money because of the rollover of funds unspent in the previous year. "What this completely ignored is the expenditure pattern in any mass delivery programme. Low levels of expenditure in the first year is typical in

programmes of this nature"

Mofokeng warned that the target of delivering 1-million houses by 1999 would not be met unless government allocated R4,6bn in the next financial year and R5,2bn the following year

Analysts said future delivery problems would be compounded by the housing department's recent order for all provinces to freeze their future financial commitments and would wreak havoc on housing delivery figures. Act-

ing director-general Neville Karsen said at the time the freeze, expected to last several months, was a bid to improve management of overspending by some provinces and to get an understanding of the provinces' financial commitments to housing projects

One analyst said that in terms of a typical project cycle, about 6% of funds were spent in the first year, between 60% and 70% in the second year and the remainder in the third year. "Apart from the de-

livery downturn which looks likely to happen in April or May 1999, small and big companies have geared themselves up for significant delivery and will be hard hit"

Quantity Surveying EduTech Centre director Gaye le Roux said recently the freeze order was "astonishing" in that provinces which had overcommitted potential expenditure were acting in terms of national housing policy

Mofokeng noted that funds allocated to provincial departments

were for both old commitments and the new subsidy programme

As a result, not all funds allocated from 1994 were used to finance implementation of the new policy

"In order to meet the target, a total of R12,5bn based on an average R12 500 subsidy allocation should have been allocated to housing by 1998/1999. The current rate of allocation and the proposed housing allocation will not enable the completion of 1-million houses by 1999," he said

Election

Single housing-subsidy scheme on way

Star 2/10/97 (123)

By Jovial Rantao
Political Correspondent

Cape Town – Draft legislation which provides for the phasing out of racially based housing-subsidy schemes initiated by the National Party government has been tabled in Parliament.

The housing bill will regulate the phasing out of subsidies granted to the white, coloured and Indian communities by the tricameral parliament.

The bill provides for a single, national system of housing subsidies. The bill will be debated

in Parliament today

Titus Mafolo, chairman of Parliament's housing committee, said the bill would remove elements of discrimination in the Government's housing-subsidy policy and bring the financing of housing provision in line with the constitution.

He said the racially defined benefits would be phased out a year after the bill became law.

The bill also provides for the scrapping of the R9,7-billion local-government housing debt and the introduction of a social compact between the Government,

business and communities to speed up housing delivery.

Once approved, the bill will also enable the Government to prohibit shoddy workmanship in the construction of houses, through the establishment of minimum national standards.

These would include the minimum size of house that could be built for a family

Provision has also been made for a national housing code with guidelines for minimum standards determined by the minister of housing.

BD 2110197

Another housing dept departure possible

Robyn Chalmers

ACTING housing department director-general Neville Karsen, the most senior person in the department, is understood to be negotiating a voluntary retrenchment package

Should he and Housing Minister Sankie Mthembu-Mahanyele reach an agreement on the package terms, he will be the fourth senior person to have left, or who is about to leave, the

department since March

Effectively, out of four chief directors only one, Frik Barnard, will be left

Karsen declined to comment on talk of his departure

A total of 18 people have left the department since March, but he said there was no crisis

"At present, 25 vacancies are being filled, including some senior positions. The voluntary severance measures are part of the initiatives for the rightsiz-

ing of the public service. The process is being well-managed"

All other departures had been for personal reasons and there was no lack of commitment among the staff

On the recent appointment of Gauteng housing director Mpumi Nxumalo-Nhlapo to replace Billy Cobbett as housing department director-general, he said Nxumalo-Nhlapo had "excellent credentials and a proven track record"

Legal advice to be sought on scrapping apartheid-era housing subsidies

Jacob Dlamini and Robyn Chalmers

CAPE TOWN — Parliament's housing committee is to seek advice on the legal status of a recent decision to scrap all housing subsidy schemes issued by the previous government.

The continuing payment of subsidies approved by the apartheid government has been a bone of contention for the housing ministry. It has been forced to spend a significant — albeit diminishing — share of its budget on

former government projects, with the Western Cape spending a large proportion of its allocation on such schemes.

Housing Minister Sanku Mthembu Mahanyele said that between March 1994 and July this year, the Western Cape had spent R787m in total. Of this, R400m had been spent on projects initiated under the house of representatives' housing policy.

"We have been talking to the Western Cape about phasing out old-dispensation projects. These were inherited by every province. But they are taking

their time ... We won't tolerate it. We are not here to promote old apartheid policies and priorities," she said.

The decision to scrap the schemes was taken during a discussion on the housing bill, expected to be passed by the National Assembly today, and followed concerns that the old schemes continued to benefit white, coloured and Indian home owners unfairly.

The bill, designed to facilitate sustainable, integrated housing development, provides for a national housing development board to be established.

(123) BD a1101974

The decision means the minister will introduce a new national housing programme and nullify within a year every subsidy granted under previous acts. The move — likely to be implemented in the next financial year — will affect about 1-million households.

Housing department officials warned, however, that the committee's decision would violate contractual obligations that beneficiaries of the old schemes had entered into when they were allocated subsidies.

Committee chairman Titus Matole

said it was unlikely that the decision would be branded illegal as the old schemes were racially discriminatory, but legal opinion would be sought to determine what would happen to individual contracts.

Beneficiaries would be assessed to see if they qualified for subsidies. Those with a monthly salary of more than R3 500 would be taken off the schemes as they qualified for bonds.

Matole accused the National Party-controlled Western Cape of lacking the will to end discriminatory practices.

subsidies

New era in housing policy dawns ⁽¹²³⁾

22/10/97

Nod for bill that will replace 41 pieces of racially based legislation with one act

By JOVIAL RANTAO
Cape Town

Draft legislation which will replace 41 pieces of racially based legislation from the statute books with one act, ushering in a new era in housing in South Africa, was unanimously approved by Parliament yesterday.

The most important aspects of the housing bill, which will now be referred to the provinces via the National Council of Provinces for consideration, are.

- A call for the National Housing Board to be abolished and replaced by an advisory body to be called the South African Housing Developmental Board
- It allows for the R9,7-billion local government debt to the National Housing Board to be written off
- It obliges the minister of housing - one year after the enactment of the law - to phase out housing subsidies granted under the previous government.
- It allows for the establishment of a national housing code
- It provides for the establishment of a national housing databank and information system to assist with developing, implementing and monitoring national policy
- The bill also compels the housing minister to determine a national housing policy which will include national norms and standards in respect of housing development.

Introducing the bill for a second reading, Housing Minister Sankie Mthembu-Mahanyele said the draft legislation would allow all citizens and permanent residents to have

access to permanent residential structures with secure tenure, privacy, protection against the elements, potable water, sanitary facilities and a domestic energy supply

"Housing development in terms of this government's housing policy and this draft bill will take place on the basis of holistic and integrated development planning, promoting the process of racial, social, economic and physical integration in urban and rural areas

"This bill closes the door on a sad past and opens the window for the progressive realisation of everyone's right to have access to adequate housing on a basis which is consistent with our new democracy," Mthembu-Mahanyele said

A crucial facet of the bill was that it prescribed fundamental principles binding on all three spheres of government in respect of housing development. The principles, described by the minister as a "housing bill of rights", would create certainty among all role-players regarding the fundamentals of the Government's housing policy.

According to provisions in the draft bill, the national Government must establish and facilitate a sustainable national housing development process. Provincial governments would be expected to do everything in their power to promote and facilitate the provision of adequate housing within the framework of national housing policy.

Municipalities would be expected to ensure that inhabitants under their jurisdiction would have access to adequate housing on a progressive basis

Bill 'will speed up housing delivery'

(123)
Samantha Sharpe

CAPE TOWN — The next six to 12 months were critical to the success of government's housing programme and the construction of a million homes by 1999, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

Speaking at the Institute of Housing of SA's annual conference, Mthembu-Mahanyele said while statistics showed the outlook for increased delivery was good, it was critical that the housing delivery process continued to pick up steam.

She said provinces and municipalities were key players in government's housing delivery chain because they were best positioned to identify the housing needs of people living within their jurisdictions.

The draft housing bill, which was presented to the National Assembly for its second reading yesterday, would for the first time define the roles of provinces and municipalities with respect to housing delivery, thereby streamlining the delivery process.

"Provinces will be required to do everything in their power to promote and facilitate the provision of adequate housing within the framework of the national housing policy, Mthembu-

BD 22/10/99

Mahanyele said.

"Municipalities will have to take all reasonable and necessary steps within the framework of the national and provincial legislation and policy to ensure that inhabitants of their areas have access to adequate housing on a progressive basis.

"Firstly, we have to focus on getting 1-million subsidies released in time to allow for 1-million houses to be built or under construction by 1999," she said.

"Secondly, we have to ensure that there is an increasing flow of applications being received by provinces from developers. This is because it is only by delivering projects at scale that the target of 1-million houses can be met, given the current time and capacity constraints in the various sections of the housing delivery chain."

Mthembu-Mahanyele said government would have to speed up the time it took to approve individual subsidies, with every project having to have individual subsidy applications approved before it could be completed.

"We also have to ensure that there is enough built infrastructure and land available for low-cost housing projects. If there is no bulk infrastructure in place or no land available for housing projects, delivery will be impaired."

Housing bill provides for compulsory standards

Jacob Dlamini

CAPE TOWN — Housing Minister Sankie Mthembu-Mahanyele said yesterday that a clause giving her powers to determine a national policy and standards for housing development that would be binding on the construction industry had been inserted into the housing bill

Speaking during a parliamentary debate on the bill, which was approved by the National Assembly, Mthembu-Mahanyele said government could not allow the poor to be victims of unscrupulous developers who failed to take affordability and sustainability of new houses into account

Her department had produced a document detailing the average costs for land and infrastructure which should be paid out of the R15 000 subsidy for the building of a minimum 1 000 sites. According to the document, R6 352 of the subsidy should go towards land purchase, stormwater drainage, sewerage reticulation, roads and other associated costs, while R530

should cover conveyance costs, social support and the selling of the site

She said this meant the total cost of providing a site with essential services should be R6 900. However, in many instances the cost of a serviced site had been set unreasonably at R10 000.

People could also no longer be allowed to fall victim to municipalities demanding payment for services people could not afford.

The bill, designed to repeal apartheid-era legislation and to serve as a housing bill of rights, would provide for a system to ensure sustainable funding of housing development. This would be done through sound financial planning and political accountability by provincial governments and housing boards, she said

The bill contained measures which would abolish the National Housing Board, write off the R9,7bn local council debt to government, establish a housing code and establish a data bank and information system

See Page 5

Do-it-yourself housing the better option

(123)

Thousands of people across the country are building their own homes, writes **Ferial Haffajee**

M+CJ 24-30/10/97

Whizzing south on the Golden Highway out of Johannesburg, newly built houses seem a sad symbol of the Reconstruction and Development Programme

Hundreds of new houses stand like lonely soldiers, watching over a development dream that seems to have gone wrong. The pastel paint daubing cheap bricks can't hide the fact that many of the houses built for the poor since the 1994 elections are a sorry affair. They're tiny, often no different to the regimented matchboxes constructed by successive apartheid governments. Many new occupants have added shacks to homes that are too tiny to hold complete families.

But just a little off the Golden Highway, Canana has been founded. In April 1994, people who lived in the backyards of Sebokeng occupied their own promised land and baptised it Kanana.

They measured neat plots of land, pegged and allocated them and paid municipal workers who were on strike to help them install water pipes when local authorities refused to recognise their tenure. "Everyone of us wanted to vote with a piece of land in his or her hand," says Pule Raboroko.

The self-help continued. Kanana's residents started to save — "one cent, 10 cents, one rand a day" — and then lent the money to one family at a time to build their own homes. In just five days earlier this year, Anna Mpheleki and the artisans of the community put up her home, after she took a loan of R9 000 from the community savings scheme, called uTshani. It's got four and a half rooms, all in solid brick.

"I'm a pensioner. There is no other money, but sometimes my sons send me some," says Mpheleki, who must still add the toilet, handbasin

and sink to the bathroom and kitchen she shows off proudly.

Although there's much to be done on her new house, the little touches show great pride. Lace curtains flutter against unplastered walls, pictures of Orlando Pirates and posters of Jesus have been hung and a highly polished sideboard occupies pride of place.

Around the country, thousands of people are building their own homes. Most of these shock troops of a hidden housing revolution have done so with no government support. The non-governmental organisations that support this people's housing movement point to example after example of finely built homes, often far bigger, prettier and more solid than those being built by developers, who must squeeze a profit from the R15 000 subsidy government provides for first-time homeowners.

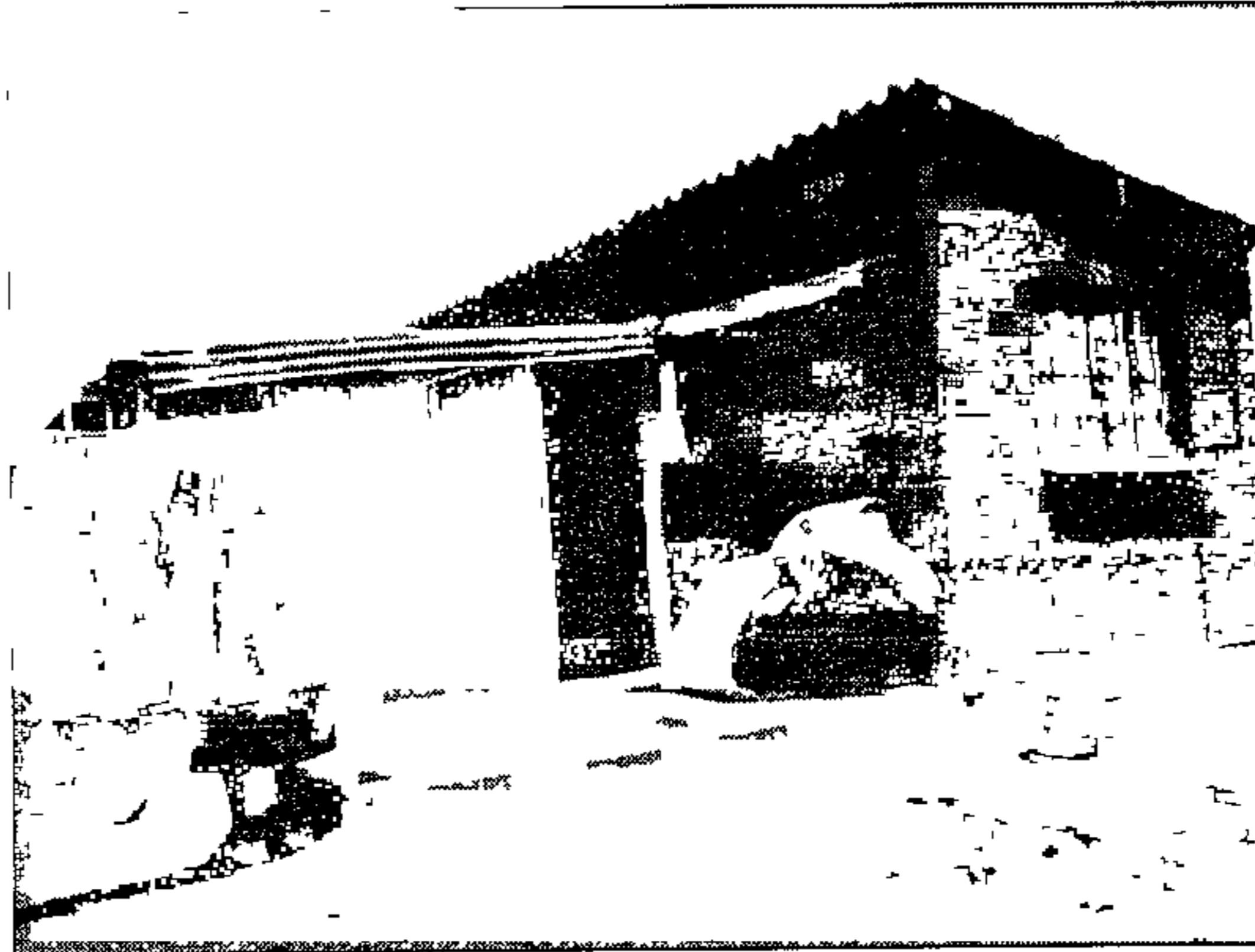
In over 800 housing groups in 30 regions around the country, those who are saving to build on their own have a name for contractor-built RDP houses. The regimented rows built up close to each other are called *wezanyawo*, a Sotho term which means "where your feet show", suggesting that the homes are so small your feet stick out through the windows when you sleep.

The people of Kanana believe instead that God and government should help those who help themselves. "I saved and saved to get the deposit to build my house," says Doris Pilane, adding "but it's going to take me 15 years to repay the loan unless I can get my subsidy." If Pilane's subsidy could be paid to her, the loan would be paid off right away and she could easily complete her house.

But therein lies the rub. South Africa's housing policy was private-sector designed and driven. The sub-



Home sweet home: Doris Pilane (above) is proud of the house she built herself, while residents of state-provided housing (left) are squeezed into tiny homes. PHOTOGRAPHS: SIDDIQUE DAVIDS



sidy system has clear procedures to funnel subsidies to contractors, who were expected to provide the million homes government has committed itself to in its first term. But there is only belated recognition from government and business that those who build their own homes need support.

With few subsidies and little other help from government before now, the numbers of houses built by homeless people are not breathtakingly high. But the measure of their success isn't just in the numbers.

"There is a very important peace and development dividend where people have taken responsibility for themselves," says Ishmael Makabela of the National Housing Board.

Housing Ministry representative Mandy Jean Woods says this kind of housing ups "the happy factor" among communities because it is

genuinely empowering. Last year government pledged R10-million to the Homeless People's Federation, the NGO training communities that want to build their own homes.

In Kanana and elsewhere, most people have learned skills. At the local housing centre, women make bricks, others have produced a scale map of their community, which provides the blueprint for the sewerage system they are now installing. "The consultants told us that sewerage would cost R10 970 a house. Then we went to the hardware shop and asked how the pipes would work," says Raboroko. Kanana's residents have laid their own pipes at a fraction of the cost.

But despite renewed government support for people who build their own homes, a visit by former housing minister Joe Slovo, who liked what he saw, and the Minister of

Land Affairs Derek Hanekom's intervention to secure Kanana's residents' right to the land, building is at a standstill.

They're in dispute with the local council, which wants to demolish the homes and re-peg their plots in line with old red tape and regulations.

Housing groups around the country are battling with local councils who still believe that development is the domain of consultants and private companies only. Newfound accounting skills mean that consultants' budgets are not accepted willy-nilly. "Why do we need a social facilitator at R250 a day and what's this local authority inspection fee?" questions Raboroko.

Some provincial governments are blowing with the winds of change and releasing subsidies straight to communities that build on their own. Comments Raboroko: "What is heartbreaking news is that in the Western Cape, which is ruled by the National Party, and in KwaZulu-Natal, ruled by the Inkatha Freedom party, they're giving people their subsidies. But in Gauteng, an African National Congress government is refusing."

The provincial governments of the Western Cape, Eastern Cape and KwaZulu-Natal are the only administrations releasing subsidies to communities that build their own homes.

There are other examples. South Africa can look to, say housing experts. Sri Lanka's homeless built a million houses between 1984 and 1989. Indonesia's poor run their own high-rise communities and in Karachi, the poorest of the poor have planned and laid out their own city, down to the last house and child-care centre.

Residents of Kanana and Karachi meet regularly to exchange ideas. And while the authorities dilly-dally about how to change rules and regulations, there is one certainty: people continue to save and build, be it by selling tomatoes or welding windows to sell to their neighbour's.

In Kanana, people tend patches of lush green lawn, dig foundations and dream. "We want to show we are not lousy land-grabbers. We don't only build houses, we build communities," says Anna Radebe, as she goes on her rounds collecting for the housing scheme.

Construction bodies cautious about clause

Robyn Chalmers

CONSTRUCTION bodies have reacted cautiously to the insertion of a clause into the housing bill giving the housing minister powers to determine a national policy and standards for housing development.

SA Residential Developers' Association executive director Hendrick Kekana said he was concerned about the clause and its "sudden and unannounced" insertion.

Housing Minister Sankie Mthembi-Mahanyele said during a parliamentary debate on the bill earlier this week that government could not allow the poor to be victims of unscrupulous developers.

Her department had produced a document detailing the average costs for land and infrastructure which should be paid out of the maximum R15 000 subsidy for the building of a minimum of 1 000 sites.

Kekana said the association

would like to have been informed about the content and intention of the clause beforehand to allow the organisation to study and comment intelligently on it.

"That way we would have been able to buy into it, or at the very least debated and perhaps resolved any reservations we had."

Building Industries Federation of SA executive director Ian Robinson said the organisation had generally applauded the housing bill,

but was more cautious about the new clause.

Robinson said it had to be ensured that the powers conferred to the minister by the clause were used wisely after consultation with the construction industry. "The minister is not doing this (consulting) enough at the moment," he said.

On a mass production basis of 1 000 houses, Robinson said it was possible in ideal conditions to produce a serviced site for about R7 000

— as outlined in the housing department document.

"But this depends on soil conditions and the topography of the area," Robinson said meeting government's target of 1-million houses by 1999 was becoming increasingly impossible.

Kekana said his association still reserved the right to comment once it was in full possession of the facts, which the membership would want to debate and analyse.

BS 27/10/97

123 (123)

Minister (123)
gives details
of Cobbett's
'handshake'

BD 29/10/97
FORMER housing direc-
tor-general Billy Cobbett
received an all-inclusive
severance package of
R396 558,53 when his
contract was "redeter-
mined" on June 30 this
year, Housing Minister
Sankie Mthembu-Ma-
hanyele said yesterday.

Cobbett earned a
monthly package of
R42 153, made up of a
R25 299 salary, a motor
finance scheme worth
R9 044, a housing al-
lowance of R877, a ser-
vice bonus of R1 961, em-
ployer pension fund con-
tributions of R4 301, and
a medical aid contribu-
tion of R672, she said in
reply to a question from
William Mnsi (DP).

The severance pay-
out is equivalent to just
over nine months of Cob-
bett's monthly package.

Cobbett left his post
after an argument with
Mthembu-Mahanyele
over his decision to ask
the auditor-general's of-
fice to investigate the
controversial Motheo
housing development in
Mpumalanga. Mthembu-
Mahanyele said Cobbett
had resigned, but Cob-
bett was reported as say-
ing he was fired.

Mnsi said Mthembu-
Mahanyele's reply clear-
ly indicated, despite as-
surances to the contrary,
that Cobbett "did not
jump, but was pushed".

The fact that he left
the ministry with all-in-
clusive severance com-
pensation left little room
for doubt, Mnsi said.

Recent hearings by a
commission of inquiry,
appointed by Mpuma-
langa premier Mathews
Phosa, revealed that
Cobbett had warned
Mthembu-Mahanyele of
problems with the
scheme, Mnsi said.

There is now no
longer any reason to be-
lieve that she is a trust-
worthy controller of
their money" — Sapa

Clause is scrapped in controversial Identification Bill

Jacob Dlamini

CAPE TOWN — Parliament's home affairs committee yesterday approved the scrapping of a clause in the controversial Identification Bill which would have compelled property owners to report people living in their homes to the local authorities or risk having their municipal services cut off.

Democratic Party spokesman

Dene Smuts said the clause would have allowed municipalities to conduct a census without regard for citizens' rights to privacy.

The threat to privacy has caused the bill, which is likely to come before the National Assembly next week, to come under heavy attack from civil-liberty organisations and private citizens.

The bill makes it compulsory for citizens over 16 to apply for a new

identity document or risk prosecution. The bill also compels people applying for identity documents and passports to give fingerprints.

Opponents of the bill argued recently that those opposed on principle to giving their fingerprints should be allowed to voice their objection without fear of prosecution.

The committee agreed yesterday that while fingerprints would remain a standard requirement, con-

scientious objectors would be allowed to claim "lawful cause" as a reason for their objection.

The committee also introduced an amendment which removed a requirement forcing people to produce their identification document "without delay" if asked to do so by the police. Committee chairman Desmond Lockey said this smacked of the old pass laws and apartheid-era policing.

The bill grants banks and insurance companies the right to use home affairs' new National Identification System, which is set to come into effect in 1999, to procure information on individuals.

Although opponents objected to this, saying it would violate rights to privacy, the committee argued that it would be information available on a common voters' roll, which was open to the public anyway.

I ordered tavern attack — witness

CAPE TOWN — Evidence on the 1993 Heidelberg Tavern attack by an amnesty applicant to the truth commission was contradicted by a commission witness yesterday.

Luyanda Gqomfa had said that he had been in charge of a six-member unit ordered to attack three targets, including the suburban tavern in Cape Town.

He said the order had come from Azanian People's Liberation Army (Apla) commander Sichumiso Nonxuba, who is now deceased.

Yesterday former Apla special operations director Sipho Bulelani Xuma, in a written statement to the commission's amnesty committee, said that he had ordered the attack, and not Nonxuba.

In a rifle and hand grenade assault on the tavern on December 30, 1993 four people were killed and six wounded.

Xuma said he had given the order to Gqomfa and Zola Mabala and Vuyisile Madasi, who have applied for amnesty for the attack.

Xuma also said Madasi, not Gqomfa, had been the unit commander.

"Suffice it to say that the Heidelberg Tavern was attacked as a result of orders given by me in my capacity as Apla's head of special operations," Xuma said.

"According to intelligence reports prior to the attack we had learnt that Heidelberg Tavern was a regulation 'relax-inn' for some SA Police members", he said. — Sapa.

Von Lieres 'not biased'

THERE was no substance to the suggestion that attorneys-general upheld an active role in former Witwatersrand attorney-general Klaus von Lieres and Wilkau told the truth commission yesterday.

"We discharged our functions dispassionately and objectively under very difficult and trying circumstances," he said in his submission on the final day of public hearings on the role of the legal system in apartheid.

"The conduct and execution of our functions

does not permit the inference that the prosecution was either biased in favour of the state or against the state and it is a pity that this widely held perception exists. I look forward to the (truth commission) finally laying this ghost to rest," he said.

Questioned about political interference in certain cases and in the carrying out of his duties, Von Lieres said each case was decided on its own merits.

However, cabinet ministers did make representations to the attorney-general from time to time "to ask us to rule in favour" of the state or to drop prosecutions, but this had never influenced his decision on whether to prosecute. Commissioner Yasmin Sooka chastised Von

Lieres for not accepting responsibility for his actions and for not explaining properly to the commission what went wrong in matters which gave rise to human rights abuses.

Von Lieres replied that he had never said the system was wonderful. "Obviously things went wrong" because incorrect or insufficient evidence was provided. I am not saying everything went right with us. We also made mistakes.

The attorneys-general had to act within the parameters of the law. "There wasn't much else that we could do. If we were unhappy, then we didn't prosecute the case," Von Lieres said.

"I am sorry that I wasn't able to give the public a better service," he said. — Sapa.

Victim rejects amnesty plea

KIMBERLEY — A victim of a 1993 hand grenade attack by two African National Congress members told the truth commission yesterday the men should not be given amnesty.

Lawrence Mbatha and Walter Smiles, now SA soldiers, are seeking amnesty for the attack on the Bophuthatswana consulate in Kimberley.

Their amnesty applications were opposed by lawyer Jeanne Nel, who was injured in the attack. Nel said in an affidavit to the amnesty committee she had suffered brain damage.

Nel said the men did not make full disclosure of all relevant facts to the commission, and the attack could not be associated with a political objective. — Sapa.

'Hare-brained'

plan to dam

Doring River

Water 'too salty for irrigation'

PIETER MALAN

A "hare-brained" plan by the Northern Cape provincial government to grow grapes in the Karoo by building a dam on the Doring River has been met with disbelief by water experts.

After being furnished with a glowing report about the economic advantages of building the dam, Northern Cape Premier Manne Dipico referred the matter to Water Affairs Minister Kader Asmal, asking for permission to go ahead with the scheme.

Called a "hare-brained" idea by some, the Northern Cape government wants to build a dam on the Doring River at a place called Aspoort in the Tankwa Karoo between Ceres and Calvinia.

Jenny Day, director of the Freshwater Research Unit at the University of Cape Town, said very little was known about the water chemistry of the Doring River, apart from the fact that the water became very salty in summer.

This means that the river is probably not suitable for damming, because the water would be too saline for irrigation purposes.

Dr Day said the fact that the soil in the area was too saline for agriculture and would have to be flushed for several years before it would be arable, cast further doubt on the Northern Province's plan.

The Doring River, and its major tributaries, rise in the Cedarberg mountains north of Ceres, flow through the Northern Cape for a few kilometres, before turning west into the Western Cape again where the river links up with the Olifants River just south of Klaver.

According to a report presented to

Mr Dipico earlier this year, at least 4 000ha of arid Karoo soil could be placed under irrigation if a dam is built on the stretch of river passing through the Northern Cape.

The plan is to produce table grapes and citrus fruit for the export market through an ambitious scheme where by first-time farmers from "previously disadvantaged communities" would be settled on the land.

The investigation, headed by High Court Judge Appie Steenkamp, suggested that up to 5 000 job opportuni-

'The river may not be suitable for damming as the water is too saline for irrigation'

ties would be created through the scheme. They also recommend that "one or two small towns" be established to house those working on the scheme.

Marietta van Vuuren, spokeswoman for the Steenkamp Committee, said as soon as Water Affairs Minister Kader Asmal gave his approval for the proposed scheme, a second phase of investigations would start. These would centre around the "completion and implementation" of the scheme.

But a spokesman for the Department of Water Affairs and Forestry said Mr Asmal had requested a report from his own officials comparing a number of possible schemes on the Doring and Olifants Rivers.

It is understood that the water affairs investigation will compare the

advantages and disadvantages of:

■ The Aspoort scheme - the dam favoured by the Northern Cape government.

■ Damming the Doring River in the narrow gorge where it flows through the Nardouws Mountains - an option that could put an end to the Western Cape's lucrative white water rafting industry.

■ Building a dam in the upper Olifants River south of Citrusdal.

■ Increasing the size of the Clanwilliam dam by raising the dam wall.

But any of these schemes - if given the go ahead - is bound to be hugely controversial, especially if the Doring River is affected.

The Doring is one of the last rivers in the Western Cape in which the flow has not been restricted, and therefore offers the last refuge for several endemic and endangered migratory fish species.

These include the Clanwilliam yellow fish, the Clanwilliam sand fish and two minnow species.

Several interest groups have also expressed concern over the fact that very little is known about the proposed plans and that no proper public participation process has been undertaken to gauge opinion.

Graeme Addison, national executive of the SA Rivers Association, the controlling body for the white water industry, said the association knew very little of the plans - even though it would have a tremendous impact on association members.

He said the association was, in principle, opposed to building more dams and that the country should rather invest money in looking at alternative ways of providing usable water, for example, desalination of the sea.

(123) (123) (123) ARU 1/11/97

State joins hands with private sector to build homes

(23) 3/11/97

Robyn Chalmers

THE National Housing Finance Corporation is set to launch a R100m fund to invest in joint development initiatives with the private sector this year, and is also setting up a national housing development foundation.

The corporation already has a number of funds under its management, including the R100m housing equity fund, the R100m housing institutions development fund and the roughly R150m rural housing loan fund.

Corporation CE Johan de Ridder said at the weekend that

the joint venture fund was targeted at developers.

It aimed to stimulate the initiation of scale housing projects and expand private sector involvement in the low and moderate income housing sectors.

It would also create leverage for government to directly influence the location, nature and design of products while investing in projects which piloted new delivery, tenure and finance approaches.

Once a management contract had been signed, De Ridder said the National Urban Reconstruction and Housing Agency would

act as agents of the corporation on the joint venture development fund only.

The corporation would continue to oversee the fund and provide treasury, investment and financial advice for proposals.

The housing equity fund targeted retail lenders and aimed to increase alternative lending capacity to provide housing finance to those not able to access conventional mortgage finance.

By the end of last month two deals worth R4m had been approved by the fund.

Two projects worth R40m had been approved by the housing

institutions development fund and two or three more were expected to be announced by next month.

The fund, which focused on facilitating the establishment of social housing institutions, was negotiating with five local authorities to set up social housing institutions.

De Ridder said the rural housing loan fund aimed to improve the housing situation of rural people by raising access to loans.

By the end of October the fund had begun supporting three newly established retail lenders and recently made its first project-

related loans for end-user finance to the Great North Credit Company in Northern Province and King Finance in the Free State.

Loans of R40m had been made by the fund by the end of last month and, together with applications in the pipeline, it was expected the fund would have loaned R75m to nontraditional lenders and nongovernmental organisations by the end of December.

De Ridder said the corporation as a whole had granted loans valued at R287m which would result in 235 000 home loans and 500 social housing units in just more than a year as a public company.

Expropriation bill to be enacted

BD 4/11/97

Robyn Chalmers

THE Gauteng government is to enact legislation which will give it the power to expropriate property at market-related rates with the aim of boosting its low-cost housing programme, it was announced yesterday

In a separate development, Gauteng housing and land affairs MEC Dan Mofokeng proposed a 27% hike in government's top subsidy allocation to R19 000 from R15 000, saying inflation was eating into the present allocation.

A department spokesman said the Land Administration Amendment Bill empowered the province's premier to expropriate assets in the public's interest. "There will be a lengthy process involved ... it won't just be random expropriation," he said.

The bill stated that once the property or a real right in property had been identified, the owner would be served notice, the date of expropriation set and market-related compensation offered

Should the owner find the compensation offered inadequate, a written statement to this effect had to be sent to the premier. Any disputes would be referred to mediation or arbitration and then go to the provincial high court should no common ground be found.

The spokesman said the amendment bill also reduced the risk of legal suits against the provincial government by developers

who had in the past signed land availability agreements with the province without recording them.

In terms of the proposed amendments, these agreements would be registered against the title deed of the property and their original agreement would go to the deeds office.

"The amendments will increase the availability of land, directly affecting the delivery pace of the Gauteng government's ... housing and farmer-settlement programmes," he said

Recent figures released by Housing Minister Sankie Mthembi-Mahanyele showed that Gauteng had an estimated shortage of more than 760 000 houses.

On the issue of subsidies, Mofokeng said his department had proposed a R19 000 subsidy allocation which was discussed at a meeting attended by the nine provincial housing MECs and Mthembi-Mahanyele.

Mofokeng said the proposal had been influenced by the inflation rate which had directly affected the price of building materials and the cost of labour

"Since 1994, inflation has . . . affected the size and quality of housing," he said.

Mofokeng said that because the increase was a proposal to the national ministry, he had requested that the ministry investigate its effect on the housing-subsidy budget as well as its effect on the subsidies available.

Call for housing partnerships

CT(BR) 5/11/97 (123)

RAVIN MAHARAJ

Durban — Local government authorities and the private sector had to forge partnerships with the National Housing Finance Corporation to pioneer new finance approaches for individuals who had limited access to conventional bank finance and credit facilities, Peter Miller, the KwaZulu Natal housing minister, said yesterday.

Miller told the Gauteng-based organisation that it did not exist only for the benefit of that province, but was there for the entire country. "It's time for the Gauteng-only mentality to be broken."

The development funding

institution was set up by government last year as one of five national development financial development intermediaries, alongside the Development Bank of South Africa, Khula Enterprise Finance, Industrial Development Corporation and the Land and Agricultural Bank.

It aims to mobilise finance for housing from sources outside the state and acts as an intermediary in funding housing lenders who lend to individuals in the low-income group, and housing institutions that provide housing on a rental or alternative tenure basis.

Miller said housing partners should create housing trusts, associations and section 21 compa-

nies which would be able to access National Housing Finance Corporation funding for the benefit of individuals who "wanted to get on with the business of creating a roof over their heads."

"The organisation is there to grab by the scruff of the neck and use as a medium to solve the massive housing backlog in KwaZulu Natal and the other provinces."

Miller said R815 million had been allocated to housing in KwaZulu Natal this year. About 59 000 housing opportunities had been completed, but there was a massive backlog, even though the provision of housing in the province had taken off at an "exponential rate."

NEWS

China's Baosteel offers low-cost housing

CT (BR) 6/11/97

(123)

ADELE SHEVEL

Johannesburg — Baosteel, the People's Republic of China's largest modernised steel manufacturing enterprise, yesterday launched a R46 million plant in Boksburg that will manufacture low-cost lightweight housing components

The plant would manufacture housing components that could be assembled by hand, the company said at the launch of the scheme yesterday

The plant would employ more than 1 000 people and may be the first of several investments, depending on its success

Sun Di Peng, the president of the Shanghai Baosteel Business Development Corporation (SBBDC), said the group intended to get involved in building projects in South Africa. Baosteel recently created the SBBDC to manage the diversification and multinational growth of the 14 companies in the group

Speaking at the inauguration of a demonstration village, Sun said the company wanted to become involved in construction projects through partnership arrangements with banks,



OPENED WINDOW Shu Guangsheng, deputy minister of trade and economics for the People's Republic of China, at the opening of the Baosteel housing project in Boksburg PHOTO LINDSAY YOUNG

financial institutions and property developers

Despite China's size and population, and the progress made in certain scientific and technological areas, it was a developing country like South Africa, said Sun

He said this was the most significant Chinese trade delegation

to visit South Africa

"More than just a fact-finding mission, substantial business is being generated during this visit, such as the Baosteel project"

A trade delegation of senior Chinese government officials and representatives from 50 leading companies, under

deputy minister of foreign trade and economics, Shu Guangsheng, were present at the launch

"The purpose of the visit is to strengthen mutual understanding between China and South Africa and explore new channels of doing business with South Africa," Shu said

Integrate housing for rich and poor ⁽¹²³⁾ expert

BD 10/11/97

Deborah Fine

THE introduction of small, but compulsory numbers of low-cost houses into all new middle to high-income housing developments had proved an effective means in the US of furthering racial and economic diversity in wealthier neighbourhoods without causing "white flight".

This was according to US urban expert and former New Mexico mayor, David Rusk, who was invited to SA by the Gauteng government to speak at the province's recent conference on the local government green paper

Rusk said that the "most intractable social problem" in the US remained the concentration of poor, mainly black and hispanic residents in inner city ghettos.

Targeting these areas with increased public funding to alleviate the concentration of poverty had not proved successful as newly successful black residents had tended to move out of the ghettos into the surrounding suburbs

The concentration of poverty had thus escalated not because there were more poor people in the ghettos, but because there were fewer and fewer nonpoor residents living in the area.

What had proved more a suc-

cessful, albeit slow, programme was the integration of poor residents into middle-income communities, although Rusk conceded that the process had been "politically difficult"

Experience had shown that integration worked best between peoples of different races but with equivalent economic status. The US had achieved "no success" in maintaining the presence of middle-class white residents in areas which had become dominated by poorer black communities

In addition, many middle-income black and hispanic residents had also tended to flee poor neighbourhoods, leaving local municipalities with an increasingly shrinking tax-base from which to maintain standards and subsidise poorer households

To overcome the concentration of poverty and at the same time diversify traditionally white communities without causing "white flight", the Montgomery County in Maryland, for example, had introduced the "moderately-priced dwelling unit" ordinance which stipulated that any future, privately-built, residential projects would have to contain mixed-income housing in the same development, even in the county's most affluent neighbourhoods

The developments had to be broken down into 85% higher-priced houses, 10% affordably-priced homes and 5% modestly-priced homes which would be purchased by the county's public housing authority to house welfare recipients and other subsidised households

Rusk said that although the ordinance had been adopted amid "great controversy", it had been "very successful" because the 85-10-5 ratio had assured more affluent residents that the neighbourhood would not evolve into a lower-income community, or cause increases in crime and other social disruptions

In SA's case, however, where the poor were in the majority rather than the minority, he said economic progress for most black South Africans would have to be achieved through the incremental development of black communities because this country did not have "enough of a middle class to integrate the poor into"

While a policy as modest as the Maryland law would obviously have very little effect on the vast majority of lower-income black residents, it would be an effective instrument for advancing a non-racial society and at the same time prevent "white flight"

Housing projects given go ahead

Robyn Chalmers

PROVINCIAL housing boards had approved 944 low-cost housing projects between March 1994 and September this year, Housing Minister Sankie Mthembu-Mahanyele said yesterday.

At the launch of the Alpha School of Building Skills, Mthembu-Mahanyele said that 50% of these projects were being built by emerging contractors. "It is interesting to note that less than 20% of subsidies already allocated have gone to the 10 biggest developers in low-cost housing," she said.

Mthembu-Mahanyele said she had seen many projects launched in the past three years, some of which had been good and others not so good. Some builders felt nothing about offering people homes which were no bigger than bus shelters, or building homes in which they deliberately cut corners on costs to make a bigger profit, she said.

"This shoddy workmanship is not limited to those builders who have just begun working in our industry or who are small operators. Even some within the established building and construction industry sector take the blame."

In as far as was possible, Mthembu-Mahanyele said she would not allow the delivery of small, shabby houses as this created more problems than solutions. It was for this reason that a draft bill giving statutory recognition to the National Home Builders' Registration Council had been circulated.

It was also the reason for the new Housing Bill, which allowed the minister to set minimum standards for infrastructure and top structures.

The Alpha school, which cost R1m to build and R500 000 a year to operate, will build up the skills of emerging contractors. The school is jointly managed by Alpha, civic organisations, local government and the Dobsonville Chamber of Commerce.

Nonpayment confused with poor lending

Robyn Chalmers

A CULTURE of nonpayment in the low-cost housing market generally does not exist despite default rates of 10% to 15% on the 300 000 loans extended in the early 1990s, says the National Housing Finance Corporation.

Corporation CE Johan de Ridder said yesterday that the so-called culture of nonpayment was being confused with poor lending practices and inadequate risk

management approaches.

"Getting (lending) wrong is often — though not always — a reflection of a 'culture of non-service' of the lender rather than of the attitude of the borrower," he said.

De Ridder said several banks were still struggling with large-scale defaults in the low-cost housing market as a result of loans made between 1988 and 1993. Given the turbulent time in SA's history, the remarkable fact was not that 10% to 15% of the

300 000 loans went bad, but that 85% to 90% remained good.

"This is not to say that this level of default is acceptable or sustainable, but should be seen in the context of circumstances in SA at the time. It would also be wrong to assume that this would re-occur given the changes in SA."

The high default rate was in the face of strong political pressure to join bond boycotts, that most were first-time borrowers, there was shoddy construction

and the economy was in decline

De Ridder said the corporation's nonbank lender clients, with a client base of more than 150 000 moderate borrowers, had a weighted annualised bad debt of about 3% at June 30 this year. The arrears rates were about 1,2%.

This experience suggested that the so-called culture of nonpayment did not generally apply in the lower-income market.

Lenders which had proved to be successful in the low-cost housing

market had several key characteristics. The lenders' collection methodology — whether borrowers repaid by cash or by deduction from a payroll — made a material difference to the risk.

The lenders' default procedure was also vital. Rather than asking defaulters to travel to a regional credit office during office hours, which many could not do, best practice lenders employed telephone agents to phone borrowers immediately on default.

Successful lenders tended to make an effort to build customer loyalty through increased credit after repayment of a loan, non-credit benefits and competitions.

De Ridder said there was increasing doubt over whether traditional housing finance instruments — such as the 20-year variable rate mortgage — were appropriate in the low- and moderate-income market. There was evidence that this sector preferred short-term commitments.

Practice

(123) BD 12/11/97

Public-private partnerships urged

POLITICAL CORRESPONDENT

(123) ARG 13/11/99

Local governments should team up with private enterprise to ensure service delivery, says a senior Development Bank official.

Monhla Hlahla of the DBSA, who heads the Department of Constitutional Development's municipal investment infrastructure unit, made the call while giving evidence in Parliament on the green paper on local government.

Ms Hlahla said municipalities faced problems including backlogs in infrastructure, lack of creditworthiness, cash flow difficulties, growing pressure for service delivery and "limited success" in the Masakhane campaign

She told the portfolio committee on constitutional affairs that the time was over when municipalities could rely only on the bureaucracies and rates income systems which they inherited.

There were several options for public-private partnerships, with a range available between the extremes of management contracts and wholesale privatisation "With service delivery we are challenged to stop trying to be politically correct," she said

The commitment of local authorities to such new partnerships would determine their success or failure. Public-private partnerships were a way to improve the creditworthiness of local authorities

New agreement aims to end five-year bond

Robyn Chalmers

GOVERNMENT, civics and SA Housing Trust subsidiary Khayalethu Home Loans have forged a new agreement to end the five-year-long bond boycott of 15 000 houses after the civics pulled out of the previous arrangement, it was announced yesterday.

The new agreement comes after the intervention of Housing

Minister Sankie Mthembi-Mahanyele and an apology by Khayalethu MD Siza Khampepe for any "misunderstanding or misinformation" which prompted the pullout.

SA National Civics Organisation (Sanco) secretary-general Mbongeni Ngubeni said a number of issues had led to the pullout, with a major problem being the lack of transformation within

Khayalethu. At the time of the pullout in August this year, Ngubeni said Khayalethu had not honoured the terms of the original agreement which related largely to the re-evaluation of defective houses and rectification of defects.

Khampepe said Khayalethu had made positive progress on the agreement, which was signed in July last year. It had granted 1 794 new low-cost housing loans

with a value of almost R67m and had spent R4,5m on rectifying defects. It had assessed more than 13 300 houses and rectified defects in 1 335 of these.

Khampepe said Khayalethu acknowledged the importance of Sanco's participation in the agreement, because of its contribution in the past.

Ngubeni said negotiations had been held between representa-

tives from Sanco, Khayalethu, the Mortgage Indemnity Fund and Mthembi-Mahanyele to resolve the impasse.

"A major outcome of the negotiations was the recognition by all parties of the need for government to be a signatory of the new agreement," he said.

All parties, especially Sanco and Khayalethu, acknowledged that the implementation of the

original agreement had taken longer than expected and they agreed to honour the terms of the agreement.

"No organisation can afford to undermine the agreement, as the situation of payment has improved substantially," said Ngubeni. Between 3 500 and 5 000 of the 15 000 boycotting homeowners had resumed payment by August.

boycott

13/11/97

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National roadshow to kick-start delivery

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Water law changes 'violate property rights'

BO 14/11/97 (123)

Linda Ensor

CAPE TOWN — Proposed changes to water laws constituted a gross violation of one of the most basic rights of property enshrined in the constitution, Democratic Party (DP) leader Tony Leon said last night in his first foray into the Western Cape platteland

Former National Party supporters in the hinterland, mainly young, white Afrikaners, were showing increasing support for the DP, Western Cape provincial leader Hennie Bester said

before a public meeting in Citrusdal. He urged Afrikaners to regain self-confidence and build their own culture and participate in political debates and activities.

Leon attacked the proposed water law as expressing government's "urge to control every aspect of our lives". The DP rejected the argument that the right to water could be separated from a right to land. Farmers would be hampered as the law included the concept of water as being in "public trust", with government as sole custodian.

Chamber calls for halt on new labour law

Samantha Sharpe

BD 14/11/97

CAPE TOWN — The Cape Chamber of Commerce and Industry has called for a moratorium on further labour legislation to allow for a period of economic consolidation and growth.

Speaking at the chamber's annual general meeting yesterday, chamber president Ali Gierdien said government's macroeconomic strategy was an ideal vehicle to growth and employment in the country.

He said trade unions had to realise

short-term job losses was the price of efficiency in providing services in the public sector and global competitiveness in the private sector

However, the result would be to rapid economic growth and job creation on an "unprecedented" scale.

"The president has called for a job summit which has been deferred because of the tension that exists between labour and business. I believe the only way out of this impasse is to declare a moratorium on further labour legislation," Gierdien said.

Land restitution claims soaring

PRETORIA — The number of claims for land restitution had risen by almost 5 300 since September, the commission on the restitution of land rights said yesterday.

Chief commissioner Joe Seremane said in Pretoria that 22 404 claims had been received countrywide, four of which had been finalised

Most of the claims were lodged in the Western Cape (6 737), followed by KwaZulu-Natal (6 304) and Gauteng (4 427) Only 339 claims had been received in the Northern Cape A total of 19 032 claims were in urban areas, compared with 3 372 in rural areas, Seremane said

The most recent claim to be finalised was that of the Ratsegaa community, which last week received clearance to return to their ancestral land near Koster in North West. Their

land claim was the first to succeed in the Gauteng/North West region.

The Ratsegaa community consists of more than 2 000 people who are currently living in rural areas, in Soweto near Johannesburg and around Mabopane outside Pretoria.

Their forefathers bought the land in 1890 In 1963, the community was forcibly removed under the apartheid laws of the former government. The land, totalling more than 4 000ha ended up in the hands of five farmers

Seremane said the first successful claim in KwaZulu-Natal was that of the Cremin community, which was driven from their land in the Klip River district in the 1960s.

Seremane said the court had ordered that the land be bought back from the deceased owner's estate and subdivided. — Sapa.

Water law changes 'violate property rights'

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PEANUTS

By Charles Schulz



Real power is eco

Big boost ⁽¹²³⁾ *Sowetan 17/11/97* for housing

By Shadrack Mashalaba

THE DELIVERY of low-cost housing is expected to accelerate following the launch of the Social Housing Foundation (SHF) by the National Housing Finance Corporation (NHFC) in Johannesburg on Friday

SHF, according to NHFC, will assist in capacity building and housing delivery through mobilisation of funds for organisations involved in low-cost housing delivery

According to the NHFC, about 50 SHFs will be established in the next five years throughout the country

SHF will achieve its objective through its strategic objectives which involve the creation of a culture of understanding around the concept of social housing which is new in South Africa

It will also facilitate and invest in the growth of sustainable housing organisations, and act as a centre for dissemination of information and exchange of international experience in the field of social housing

The organisations' activities are

Netherlands to assist S Africa

aimed at non-governmental organisations and institutions promoting housing, local government structures and retail lending organisations

Speaking at the SHF launch on Friday, Housing Minister Sankie Mthembu-Mahanyele said many people were still struggling to gain access to housing and the initiative by NHFC to start SHF will alleviate the constraints

"SHF will be a catalyst for debating issues and laying a foundation for the establishment of the second White Paper which will take us into the next century," said Mthembu-Mahanyele

NHFC chairman Eric Molobi said SHF would provide assistance for the creation of more similar structures across the country and develop policy to advance change in the area of delivery

Netherlands deputy minister of Housing Dr Dick Tommel said his country would be assisting South Africa in the establishment of further SHFs, a concept started in his home country

White paper to set stage for new housing policy

(123)

Robyn Chalmers

THE housing ministry was revising the subsidy implementation manual to make way for rental and social housing, and was also revising the outdated Rental Control Act, Housing Minister Sankie Mthembu-Mahanyele says.

Speaking at the launch of the Social Housing Foundation on Friday, Mthembu-Mahanyele said a

second white paper on housing was also under consideration which would set the stage for policy for the decade following 1999.

She said there were indications that the current white paper, though based on sound fundamentals, was lacking in certain respects — notably in the area of social housing. "I believe that the reversing of current housing trends, which tend towards urban sprawl

and single land use dormitory towns, is achievable through social housing.

"Many of the world's best functioning cities locate the poor within the city limits, where most of the employment opportunities and social services already exist."

Through social housing, there was a real possibility of renewing dead city centres and bringing vibrancy to city life.

Mthembu-Mahanyele said it was important, however, that post-construction management and administrations were in place. Appropriate legislation and monitoring systems had to be established.

The housing department was undertaking a revision of the subsidy implementation manual to accommodate various housing delivery options. These included the

institutional subsidy which would be more amenable for use in rental and social housing.

A revision of the Rental Control Act would also be undertaken to find a more appropriate legal framework to regulate tenant and landlord relationships.

At the launch, an agreement was signed between Mthembu-Mahanyele and the Netherlands.

In terms of the accord, housing

institutions in both countries would co-operate towards improving housing delivery in SA through the input of Dutch technical expertise and assistance.

Social Housing Foundation advisory board chairman Zohra Ebrahim said the foundation, established by the National Housing Finance Corporation, aimed to assist in providing capacity building and technical support.



Housing Minister Sankie Mthembu-Mahanyele, top, and Netherlands deputy minister Dick Tommel at Friday's launch of the Social Housing Foundation held at a newly built housing complex in Jeppe. Pictures TREVOR SAMSON

Eskom threatens to cut off defaulters

Robyn Chalmers

ESKOM has concluded an agreement on the payment of bulk and residential electricity arrears and has threatened to implement a wave of cut-offs against entrenched defaulters, spokesman Peter Adams said at the weekend.

Adams said it had been agreed by the National Electricity Regulator, local authorities, the SA National Civics Organisation and Eskom that a debt repayment contract would be offered to bulk users, such as municipalities, and residential users. This applied to users that paid directly to Eskom without going through a third party.

In terms of the contract, electricity accounts from July this year would have to be paid in full and arrear accounts between July this year and July 1995 would have to be paid off over six months. If defaulters stuck to this

agreement, arrears accumulated before July 1995 would be written off. This is the second such agreement forged by Eskom.

Adams said Eskom had imposed a moratorium on cut-offs in October to allow people to catch up with payments, but would send warning notices to electricity defaulters this month.

"What normally happens is that a lot of people are jolted by the warning notices and we are expecting a significant number to resume payments as a result. However, there are still major problems with payments generally and we have resolved to begin cutting electricity supply to persistent nonpayers soon," he said. This was expected to start next month.

Adams said the number of cut-offs was normally governed by staff availability as a lot of resources were required to effect wide-ranging cut-offs

Eskom had agreed to allocate further resources if this became necessary.

He said there was an improving payment trend in some areas, notably Soweto where about 123 000 customers paid directly to Eskom. An estimated 76% of these people had agreed to make some form of payment to Eskom by October, against 60% in March. In terms of total Soweto billings, more than 75% had been paid by October against 43% in March.

Deborah Fine reports that the Johannesburg council has not paid its electricity bill to Eskom as the council's Development Bank of SA loan has not yet come through.

Council sources said the council had negotiated with Eskom to pay off a significant portion of the estimated R300m bill as soon as the first tranche of the loan comes through, and then repay the rest on a monthly basis.

BD 17/11/97

Private sector must have services role, Uruguayan minister tells SA

Deborah Fine

PRIVATE sector participation was essential if governments were to provide and sustain basic services and infrastructure as well as promote economic development, Uruguay Public Works and Transport Minister Lucio Caceres said on Friday.

He visited SA last week to address an SA Institute of International Affairs conference on strengthening co-operation and trade between countries in the southern hemisphere, and also to hold talks with his SA counterpart, Public Works Minister Jeff Radebe, and transport ministry officials.

Outlining his address to the conference, he said that changes in the global economy had resulted in the southern hemisphere's developing economies increasingly introducing more value-added goods as opposed to raw materials to the northern hemisphere.

Southern hemisphere countries such as New Zealand, Australia, Singapore, Chile, Argenti-

na, Uruguay, Brunei, Thailand, Malaysia, Brazil, Paraguay, SA, the Philippines and Indonesia had all significantly increased their gross domestic product and Human Development Indexes since the 1970s. As a result of these new economic dynamics, opportunities for co-operation between southern hemisphere countries had opened, with new trade and transportation network possibilities appearing in trade trends.

Caceres said that co-operation did not involve only economic issues, but included the sharing of information, expertise and technology to solve problems specific to the hemisphere and not experienced by the north.

Commenting on private sector involvement in services delivery and the provision of infrastructure, he said "efficiency has no ideology" Where services could not be afforded or provided cost-effectively and effectively by the public sector, the private sector should be allowed to step in, although on a regulated basis, to increase the quality of delivery and

free available funds for subsidised essential services.

"Uruguay would not have the water, electricity, gas, sewerage, telephone, public transport, road and rail networks it has today had it not been for private investment.

"And it is a well-known maxim that you cannot have economic development without the necessary infrastructure," he said.

Uruguay boasts the highest per capita income on the Latin American continent, a 95% electrical coverage rate, and an extensive road network of 70 000km for every 174 000km².

It has six times as many telephone lines as the Latin American average, as well as the highest telephone to population ratio. In addition, health coverage reaches 95% of the population, and the doctor-population ratio was the highest in the region.

Caceres said the biggest challenge facing his country was to ensure that these high levels of services delivery were maintained and sustained well into the next century.

25 (123) 17/11/97

Govt 'serious about houses'

By Pamela Dube
Political Reporter

THE Government was on track to deliver on the promise by the African National Congress to build one million houses by the year 2000, Housing Minister Sankie Mthembu-Mahanyele said yesterday

Refusing to engage ANC Women's League president Mrs Winnie Madikizela-Mandela on her statement that the Government could not deliver one million houses "within a million years", Mthembu-Mahanyele said "There are those who volunteer ideas. But those in the market know and understand the process"

Mthembu-Mahanyele said despite the problems the ministry had faced in the three years in office, 400 000 houses had been built or were under construction

In 1995, physical delivery was not obvious as many housing subsidies went to support stock of household owners from the previous government

This year had seen more progress with subsidies at a rate of about R200 million a month. In addition the National Housing Finance Corporation

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a Government housing finance organisation launched last year - had also distributed R103,2 million to 23 681 families.

Mthembu-Mahanyele estimated that by next year 890 000 subsidies worth R15 000 each would have been disbursed to low-income families

In addition the time required to approve housing projects, identify suitable land and develop infrastructure had been drastically reduced - from 24 months to seven months on average, she said.

She hailed as a victory the end to the policy by banks of "red-lining" certain areas - whereby no credit was extended to suburbs in which more than 50 percent of homeowners defaulted on repayments. This had resulted in more than R7 billion being released by banks to homeowners in the 580 areas previously "red-lined", she said.

She admitted that her ministry had received complaints from homeowners, mainly around the quality and structure of the houses. In some cases the ministry had to intervene as "fly-by-night" contractors were cheating people by providing units of low quality

Govt housing plans to use different forms

Robyn Chalmers

Bd 18/11/97

(1a3)

NEW forms of tenure such as rentals, share block, deed-of sale and freehold would play a much larger role in SA's future low-cost housing programme, Housing Minister Sanku Mthembu-Mahanyele said yesterday.

Giving a review of policy and progress, she indicated that problems facing the housing programme — such as capacity constraints — were being addressed, and almost 400 000 houses were either built or under construction by September.

"There will be no rollovers (on the

housing budget) at the end of (government's) financial year. Negotiations for next year's budget have just started (but) we are aiming to get 5% of the national budget by 1999," she said.

Disputing recent claims by ANC Women's League president Winnie Madikizela-Mandela that government would not be able to deliver a million houses "in a million years", Mthembu-Mahanyele said the programme was "on track".

She said the programme took a long time to get off the ground because of the lack of capacity in housing-related sectors, the slow recovery from the economic

recession, high interest rates and escalating housing costs.

Mthembu-Mahanyele said a number of actions had been taken to accelerate delivery. These included the establishment of a national capacity-building programme at provincial level and the reduction in lead time in housing delivery to seven months from 24.

Joint ventures to enable the mass delivery of homes for rental and ownership were being promoted, people were being encouraged to build their own homes and task teams were being put in place at provincial level to break delivery logjams

At least 800 000 subsidies were expected to be reserved by provincial housing boards by the end of the 1997/98 year and more than 2 100 institutional subsidies had been reserved so institutions could provide subsidised housing in various tenure forms.

Mthembu-Mahanyele said the variety of tenure forms, such as rentals, were expected to increase greatly following the cabinet's approval last December of the second ministerial task team report.

Reuter reports Mthembu-Mahanyele said middle-class black South Africans were undermining government's plans to

build houses

"In some areas there have been running battles between provincial governments and communities who have refused to allow us to put up low-cost housing," she said. "They feel .. their houses are affected by the low-cost projects because their value is reduced."

"This has got nothing to do with colour. The majority of the people involved are black middle class. It's a question of class more than colour — that's where the divisions are starting to emerge," she said.

She warned that she would not let anyone block the construction of houses

BUE

Housing minister lashes middle class blacks

JOHANNESBURG. Middle class black South Africans are undermining the government's promise of a million new homes in the first five years of democracy, Housing Minister Mrs Sankie Mthembu-Mahanyele said yesterday.

"In some areas there have been running battles between provincial governments and communities who

have refused to allow us to put up low-cost housing," she told a news conference.

"They feel their houses are affected by the low-cost projects because their value is reduced.

"This has nothing to do with colour. The majority of the people involved are African middle class. It's a question of class more than colour

— that's where the divisions are starting to emerge," she said later.

At least three communities around Johannesburg have tried through protests and court action to prevent low-cost homes being built next to their suburbs.

Most argue the schemes undermine the value of their homes and bring crime to their neighbourhoods.

Mthembu-Mahanyele warned, however, that she would not let anyone block construction to house the seven to 10 million people who live in wood, tin and plastic shacks.

Mthembu-Mahanyele said the government had so far awarded 600 000 housing subsidies and that 400 000 houses had been built or were under construction. — Reuter

(123)CT 18/11/97

WS

Housing minister praises banks for softer loans policy

MPHO MANTJUI

(123)

CT(BR)18/11/97

Johannesburg — More than R7 billion had been released by banks to new home owners in the 580 areas previously not provided with credit, Sankie Mthembu-Mahanyele, the housing minister, said yesterday

Mthembu-Mahanyele praised banks for ending the policy of "red lining" certain areas where credit was not extended because more than 50 percent of home

owners in those areas had defaulted on repayments

She said a team had been assigned to look into better management of cashflow systems in provincial housing departments "We are trying to adjust and bite what we can"

Business had a role to play in the country's transformation process by seeking to integrate cities and towns, she said

"Certain groups in our society need to move out of their

cocoons to embrace a non-racial society They should stop resisting change"

Mthembu-Mahanyele said the number of houses presently under construction was the highest in the history of South Africa She estimated that her department would have disbursed about 890 000 subsidies of R15 000 to low-income families by next year

She said that to date R246 million had been committed to build 213 500 houses In addition,

R103 million had already been disbursed while R119 million worth of projects were in the pipeline.

Statistics showed that the outlook for increased delivery was very positive, she said

Responding to Winnie Madikizela-Mandela's claims that the promised one million houses would not be delivered, she said that 400 000 houses had been built or were under construction and that this indicated the one million houses would be built by 1999

24 housing support centres set up in SA

Robyn Chalmers

A TOTAL of 24 housing support centres have been set up around the country to provide people access to affordable building materials as well as advice and information, the housing ministry says.

A further 31 initiatives are in the pipeline in areas where subsidies have already been approved and people need support to build their own houses. The ministry said R150m had been set aside in the current financial year for the establishment of such centres.

Housing support centres have been on the cards for a number of years as part of government's housing policy, but have been slow to get off the ground. Housing Minister Sankie Mkhembi-Mahanyele said housing support centres and other such initiatives had not yet become widespread primarily due to inadequate institutional capacity at provincial and local level.

In addition, she said appropriate policy guidelines and operational procedures were still being formulated in a partnership approach involving all key stakeholders. Most of the support centres set up to date were located in the Free State followed by the Western Cape, the Northern Cape and Mpumalanga.

Housing support centres formed an integral part of the housing ministry's long-delayed peoples' housing process, which involved encouraging individuals, families or groups of people to take the initiative to organise the planning and building of—or actually to build—their own houses.

The minister said critical factors which would affect the success of the programme included access to urban and rural land with secure tenure and services and access to housing subsidies. The mobilisation of savings along with opportunities for employment creation were also key criteria.

Cape MEC may face court action

Linda Ensor

CAPE TOWN — Court action would be taken against Western Cape local government MEC Peter Marais by the provincial affairs and constitutional development ministry unless he came up with a proposal for the composition of district councils along proportional lines within seven days, sources said yesterday.

Last Wednesday, Marais was given 14 days to submit a new proposal after his previous one was turned down on the grounds that it was illegal in terms of the Local Government Transition Act. The longstanding dispute over

the composition of the Western Cape district councils, which comprise representatives of town and rural councils, concerned the degree of representation of rural councils. In terms of the act, district councils had to be constituted along proportional lines but Marais, concerned that the interests of rural councils and farmers would be inadequately dealt with, initially proposed a 50/50 formula. This was rejected as contravening the proportional rule. Larger towns also objected on grounds that, as they contributed the lion's share of the district council's budget, they should have more votes.

was that rural councils get 33% plus one of the seats on district councils, which would give them the power to veto budget proposals. This was also rejected. "The ball is now in Marais's court," said African National Congress MP Fatima Chochan, a constitutional affairs portfolio committee member. "There is room for a political settlement as we are ready to accommodate Marais's wish for the participation of interest groups on the district councils provided this is within the law. She did not believe district councils would neglect rural areas as this was one of the main reasons they were set up

ANCL League wants youth to vote

Pule Molebeleli

THE Northern Province African National Congress (ANC) youth league has reopened its campaign to reduce the voting age to 16 in order to increase the bargaining power of "this important" sector of society.

In a document entitled "Lower the voting age" the league said it

Consortium earmarks R72m for water project

Louise Cook

WATER Affairs and Forestry Minister Kader Asmal has secured R72m funding from a private-sector consortium to supply water to previously disadvantaged farmers.

The consortium is headed by Rand Merchant Bank (RMB) and the money

has been earmarked for the Koeke-douw Irrigation Board in the Ceres/Prince Alfred Hamlet area.

The water project is expected to provide about 1 050 permanent and 450 seasonal jobs.

Inca, a specialised infrastructure development financing corporation, is a 50% co-financier of the project.

IN A VARIETY OF

Privatisation of electricity industry 'vital'

Robyn Chalmers

BD 19/11/97

(123)

THE privatisation of the electricity supply industry should be regarded by government as a priority, Eberhard von Koerber, executive vice president of engineering group ABB in Europe, the Middle East and Africa, said yesterday.

Von Koerber, who has held talks with government and business leaders in SA, said it was vital that large parts of the electricity sector be handed over to the private sector as soon as possible.

The distribution sector should be the first to be privatised into a deregulated environment. Government's concept of setting up a number of regional electricity distributors was a solid one, but they should be opened up to the private sector rather than being managed by Eskom and municipalities. "As opposed to stifling employment opportunities, this will create new avenues of investment for black entrepre-

neurs, where local capital can be used." The global trend was towards splitting the transmission, distribution and generation functions and opening them up to the private sector in a phased manner. Government was unlikely to meet the electrification needs of the population unless it went the private sector route.

COMMENTARY

Lenders hone housing finance strategy

The problem in low-cost housing financing is not so much a culture of nonpayment as a 'culture of nonservice' by lenders, says National Housing Finance Corporation CE Johan de Ridder

MOUNTING arrears in the banks' low-income mortgage portfolios have set alarm bells ringing in some quarters. Does this confirm Reserve Bank Governor Chris Stals's fears that most South Africans are overborrowed, and are being forced into default by a weakening economy?

Or, worse, does it signify that the so-called culture of nonpayment persists in lower income groups, which could effectively close the door to formal credit for these groups?

The National Housing Finance Corporation was set up just more than a year ago to broaden access to credit for housing for low and moderate income families. Our experience to date suggests that the so-called culture of nonpayment does not apply generally in the market which we seek to serve.

Rather, our observations about credit extension in the low and moderate income market suggest that, while it is not easy, it can be done successfully.

The difference between success and failure seems to hinge on how it is done; or to put it another way, success and failure is often more dependent on the service approach taken by the lender than on the attitude of the borrowers.

Lenders who do not actively seek best practice methods and approaches in this marketplace do not deserve "credit" in public perception any more than defaulting borrowers deserve further loans.

The history of low income housing finance in this country has been particularly vexed. Several banks still bear the pain of large scale defaults in the affordable

housing market in the early '90s despite some success of Servcon in selling off properties in possession in township areas, they still own large portfolios which, in some cases, they cannot access to sell — in part due to a failure of the process of law.

However, this negative experience has to be seen in perspective from the roughly 300 000 low income mortgage loans made in the heady years of 1988-1993, the remarkable fact is not that about 10% to 15% went bad, but that 85% to 90% remained good. This despite strong political pressures to take part in bond boycotts in some areas, despite the fact that most were first-time borrowers unaccustomed to such obligations, despite shoddy construction by fly-by-night contractors in an unregulated industry, and despite the severe economic downturn in 1992-1994.

This does not imply that default rates of 15% are "normal" or even acceptable, when average bank mortgage arrears run closer to 3%. It simply points out that, given the turbulent circumstances of our recent past, more than four out of five low income first time borrowers were a good risk.

Now to the present. There is mounting international evidence that the poor can and do repay

market-related credit, and that appropriate credit can be a vital tool in alleviating poverty. A worldwide movement has formed around this insight, led by luminaries such as Mohammed Yunus of the Grameen Bank in Bangladesh, Yunus, and a growing number of other successful lenders in other countries, have found new and better ways to lend to the poor. An analysis, by the World Bank-led C-Gap group, of 11 micro-finance institutions across the world found an average arrears rate of less than 5% on a combined client base of almost 5-million low income people.

Existing nonbank lender customers of the corporation, with a client base of more than 150 000 moderate income borrowers, had at June 30 this year a weighted annualised bad debt experience of about 3%.

This was achieved on portfolios of wholly unsecured loans with an average size of R4 000. The arrears rates (60 days or more) were 1.2% at the same date. These clients are currently providing close to R100m per month in loans to 25 000 customers, of which our surveys indicate roughly half is used for home improvements.

Our clients' experience is not unique, however. We have come across numerous examples of

lenders, large and small, who are successful businesses in this market. These include retailers which have made a big business out of providing credit to finance purchases by low and moderate income people — from clothing and furniture to building materials.

This is not to deny the recently publicised bad experiences of certain private label credit card suppliers. However, these suppliers aimed mainly at the higher income ranges, showing that if a nonpayment culture exists at all, it is certainly not limited to the lower income brackets.

Yet these bad experiences prove a point not the self-evident observation that it is easy to lose money in lending if you get it wrong, but rather that getting it wrong is often (though not always) more a reflection of the "culture of nonservice" of the lender than of the attitude of the borrower.

The phrase "culture of nonpayment" as applied to credit (opposed to rent and service payments) is in many ways inappropriate, since — as the successful lenders show — there is no evidence of a generalised hardened attitude over credit obligations.

Rather, as the Reserve Bank fears, there is a preference for overborrowing applicable to the middle and higher income ranges,

which may weaken the capacity to honour credit obligations. The culture of nonpayment is increasingly being used to disguise poor lending practice and inadequate risk management.

From our observations across a wide range of credit providers to consumers in the low and moderate income ranges, there are several key characteristics of success.

□ Collection methodology
 Repayment by deduction from payroll reduces the reasons for nonpayment to the risks of loss of employment or temporary loss of income because of strike or short-pay. This payroll-based approach reduces cost as well, as no cash handling and few, if any, debt collectors are involved. There are strong grounds for requiring employers to give deductions on home loans as the single biggest contribution they can make to providing housing assistance short of a cash grant.

However, there are good examples of cash collected credit as well. A secure collection infrastructure need not be the lender's own. There are emerging examples of using existing infrastructure, such as supermarket chains, or post offices, as payment points. □ Bank loyalty
 Successful lenders tend to make an effort to build customer

loyalty — by offering a larger loan following successful repayment of a first loan; by giving noncredit benefits such as membership of a club; by regular competitions which award prizes to paying customers, and so on. Borrowers' attitude to repayment may adjust according to how well they feel they are being treated.

□ Product design

There are increasing questions marks over whether traditional housing finance instruments, like the 20-year variable rate mortgage, are appropriate at all in the low and moderate income market. There is some evidence that the market preference in this sector is against long-term loan commitments; and low incomes are not able to absorb large interest rate swings in our increasingly volatile financial markets.

Common features of successful lenders' products include: simplicity, fast turnaround time to approval and disbursement; a fixed instalment; a fairly short-term (up to five years); and flexibility (enabling early settlement with little or no penalty or difficulty).

□ Default procedure

Best practice lenders have rooms of telephone agents who phone borrowers, immediately on default, and in a friendly manner and in their home language. Remind them to pay. Later nonpayment leads to escalating action, but a proactive, people-friendly approach seems to pay dividends.

The mission of the corporation is to work with best practice credit providers — both banks and non-banks — to widen that access to housing credit to all in SA able to afford, and willing to repay, credit.

CJRB
 RD 19/11/97

Banks lauded for high rate of housing loans

Robyn Chalmers

THE extension of 56 000 loans into the low-cost housing market by July this year — against an agreed target of 100 000 loans — was a solid achievement by banks, said Standard Bank credit assistant GM Ayanda Mjekula.

Mjekula said recently this level of lending into a high-risk market was achieved despite the fact that attempts to "normalise" the market had still not made it possible for banks to exercise rights in terms of mortgage contracts.

"Banks still cannot realise money from the sale of mortgaged homes when borrowers default, to settle the loans involved. This has also been achieved despite the many dysfunctions around the capital subsidy dispensation and the provincial housing boards," he said.

In terms of the record of understanding signed between government and banks in July 1995, it was agreed banks would extend 50 000 housing loans into the low-income market each year. They had not yet met this target.

Putting the banks' cases forward, Mjekula said they had already been warned by the Reserve Bank that they

BD 20/11/97 (123)
were out of line to grant 100% loans with the reduced capital ratios on mortgages secured by urban homes.

The International Monetary Fund had threatened to limit its facilities to any country that put pressure on banks to fund risky social investments, and more than 70 banks had entered the local market in the past five years.

New entrants did not want or need to cross-subsidise from a more to a less profitable area of the market, and neither did the plethora of fund management companies which were targeting union, pension and provident funds.

Mjekula said the only way the big five banks could compete was for them to ensure they did not cross-subsidise either, yet there was a tendency to regard the big-banks as having the sole responsibility to provide housing finance in the low-income market.

"What does this mean . . . when we are trying to house the nation? It means that we have a crisis that is not recognised as such," he said.

He said high expectations around housing had to be better managed, as housing would always be restricted by the limits of grant funding allocated from national budgets.

Working to turn promises into bricks and mortar

ST(01)23

1/97

(123)

MPUMI Nxumalo-Nhlapo, the new director general in the Department of Housing, has a tough job on her hands

Not only does she have to ensure government delivers on its commitment to build one million houses by 1999, but she will have to rebuild public confidence in the Housing Ministry in the aftermath of the controversial R190-million Motheo rural housing scheme in Mpumalanga, which claimed her predecessor Billy Cobbett

Cobbett "resigned" (but he insists he was fired) following his decision to report allegations of procedural irregularities regarding Motheo to the auditor general

Although she comes in at the end of the Motheo issue (and she declines to comment on it), the findings of the Dreyer Commission into the controversial scheme will have an impact on her department, particularly in so far as procedures are concerned — and she may well be forced to review this

She is well aware of the difficulties and challenges of her new job, but her advantage is her experience as chief director of housing in Gauteng, a position she held for two-and-a-half years

"I am excited about the challenges this new position will afford me and I believe that my hands-on experience in implementing housing policies at a provincial level will be particularly useful," she says

Nxumalo-Nhlapo is armed with an honours degree in Urban and Regional Planning

MPUMI NXUMALO-NHLAPO

- ▲ TITLE Director-General in the Department of Housing
- ▲ AGE 31
- ▲ EDUCATION Waterford Kamhlaba, Swaziland, Honours in Urban and Regional Planning and a post-graduate degree in Town Planning, University of Coventry, UK
- ▲ QUALITY TIME Reading (mostly work-related), tennis

and a post-graduate degree in Town Planning from the University of Coventry

She is also certified in Local Government Management and Management Development

Her work experience includes working for the Coventry City Council, the London Docklands Development Corporation and the London Borough of Southwark.

She plans to be much more hands-on on housing delivery

"I will continue overseeing policy and its implementation, but to meet the target of a million houses by 1999, we must fast-track the delivery of houses," says Nxumalo-Nhlapo.

According to Housing Department statistics, close to 400 000 subsidy-linked houses were built or are under

construction between March 1994 and the end of September this year while over 670 000 subsidies were approved

Provinces have spent about R1.1-billion of the allotted R2.2-billion for housing in the current

financial year and it is expected that nearly the full amount will be spent by the end of the financial year

All these factors, according to Nxumalo-Nhlapo, have contributed to the upsurge in housing delivery, and she is confident the target of 1-million will be met

"I am encouraged by the achievements to date. Unless some unprecedented national disaster occurs, the targets will be easily met"

In retrospect she says that setting targets was good in that it forced government to kick-start the housing process and address the estimated 3-million housing backlog

"The targets helped central government focus and motivated it to join the housing process, but post-1999 we must start focusing on product differentiation instead of just numbers"

"The question we should be asking is whether the product is appropriate for the needs of the people."

"The current houses are what can be delivered given the R15 000 subsidies," she says

Nxumalo-Nhlapo sees emerging contractors playing an important role in the delivery of houses

"The risks associated with low-cost housing are not appropriate to big developers and so we see a larger role for the emerging sector," she says

Nxumalo-Nhlapo, who has always been passionate about the housing issue, is an avid reader (mostly of work-related material) and a tennis player

Thabo Kobokoane



Picture: RAYMOND PRESTON

EXCITING TIMES . . . Mpumi Nxumalo-Nhlapo is enthused by the housing challenge

Servcon forges less than half of repayment

(123) BD 24/11/97

Robyn Chalmers

SERVCON, a joint venture between banks and government to deal with repossessed properties and bond defaulters, has forged repayment agreements with only 10 000 of the 22 500 clients on the banks' books since July 1995

The housing ministry said that in its recent policy and progress review that a number of people who had signed agreements with Servcon had already defaulted again.

Servcon MD Denis Creighton said the biggest cause of default was poor affordability levels due, often, to the loss of jobs.

Bond boycotts which had been encountered were due mainly to alleged product defects.

Creighton said that while people were gradually coming around

to the understanding that they needed to resume payment on their bonds, a percentage continued to dodge this responsibility.

In addition, certain areas, mainly the more volatile townships, were still inaccessible to Servcon's officers.

"The people who have not taken advantage of the payment normalisation programme face normal legal action, including evictions.

"Up to now, the legal action has taken a long time to be imple-

mented and in a number of areas the legal process has failed due to community action," the ministry said.

Servcon's payment normalisation programme offers defaulters a number of options.

They can buy their property back in a subsidised instalment programme if the property can be afforded, or they can reschedule their debt if the property has not been repossessed.

The third option is a "rightsizing" programme for those who

cannot afford the property they are occupying.

This programme enables the occupants to continue to live in the property and pay rent they can afford after which they will be helped to find other accommodation with government paying relocation assistance.

Housing Minister Sanjiv Mthembu-Mahanyele said the rightsizing option had not yet taken off because of the lack of available, affordable accommodation. In a bid to overcome this prob-

deals

lem, the banks and government had agreed to form a sister company to Servcon called Thubalisha Homes which would procure alternative rightsizing stock from developers and builders.

Mthembu-Mahanyele said to assist with this process, government had given a R50m grant to Thubalisha Homes which had now been registered and was in the process of appointing a board and staff. She said a number of projects had already been earmarked for rightsizing.

UN recognises SA housing project

20 25/11/97 (123)

Josey Ballenger

A LOW-COST, public-private housing venture in Northern Cape has become the first SA project to be recognised by the United Nations (UN) as a "no regrets" case study, and it is expected to save the Kutlwanong community R395 600 a year in low energy bills

UN "no regrets" projects are those that not only reduce greenhouse gas emissions, but also make sense from a financial, social or other policy perspective, said Lilia Abron, president and founder of US environmental and civil engineering firm Peer Consulting, which developed the project

Peer's trademarked 50m² "Eco" house is designed to maximise sunlight in winter months with its north-facing position and specific window size, while roof overhangs shade the house in the summer when the sun is higher in the sky. Its insulated cavity wall system consists of a steel frame base with polystyrene as the primary insulating material, and the insulated ceiling is made from products easily obtainable in SA, Abron said.

The Eco house is designed for cross-ventilation — something important for households which burn carbon dioxide-emitting coal, paraffin and wood. Low-income communities in SA typically use the cheapest — but most unsafe, environmentally costly and unhealthy — energy sources

Assuming an energy saving of between 60% and 80% of the household

heating bill, Abron said the Kutlwanong project would achieve carbon dioxide reductions between 582 600kg and 776 800kg annually in the 2 300-home community, which amounted to a savings of an average R172 for each household. This would release scarce financial resources and reduce the high incidence of respiratory disease, cardiac arrest and lung cancer associated with the air pollution, she said.

Nearly 200 homes have been built so far and Peer plans to finish the balance in the next two years. The US energy department and Agency for International Development contributed \$76 000 and \$500 000 respectively, with 70% of the investment footed by Peer. The homes are available to the community through government's R15 000 housing subsidy

The initiative is also the model for SA's first recognised Activities Implemented Jointly (AIJ) project — a R2,8m SA-Dutch housing scheme spanning four townships in the Eastern, Northern and Western Capes and Gauteng.

Under the UN Framework Convention on Climate Change, AIJs are pilot projects in which industrialised countries reduce global greenhouse gas emissions by transferring "cleaner" technology to developing nations

SA's national climate change committee, an advisory body to the environmental affairs and tourism department, approved the AIJ project proposal last Friday.

Mvula Trust aims to grow its capacity in sanitation

Robyn Chalmers

THE Mvula Trust will significantly expand its capacity in sanitation while remaining a niche player in facilitating and financing potable water projects, says new executive director Horst Kleinschmidt.

Mvula, which was set up in 1993 to fund projects which would help poor and disadvantaged South Africans gain access to safe water and sanitation, is SA's largest nongovernmental organisation involved in this area.

Kleinschmidt said yesterday that for the next four to five years Mvula's focus would be on promoting the delivery of water and sanitation projects with the involvement of communities. He recently took over from Piers Cross, the trust's founding executive director, who resigned last month to take up a post with the World Bank in Delhi.

The organisation recently completed its 100th water supply project — a R543 000 scheme in Mpumalanga which would service a community of 334 households. Most Mvula schemes

had cost between R500 000 and R800 000, Kleinschmidt said.

"Mvula now has a proven track record and our focus over the coming few years must be on not only retaining, but building our capacity and significantly increasing the number of projects we focus on. The need is huge," he said.

Recent government statistics showed that about 10-million South Africans did not have convenient access to safe water, and up to 20-million were without adequate sanitation.

Kleinschmidt said the Mvula Trust board had recently decided that the organisation would become a permanent entity. The founders of the trust, set up shortly before the new government was elected, stipulated an initial life of only four years.

He said close relations had been forged with the water affairs and forestry department and they were working together on a number of schemes, including two long-term water projects in Eastern Cape and Northern Province.

BD 25/11/97 (123)

'Housing benefits important'

DD 26/11/97

(123)

Robyn Chalmers

GOVERNMENT cannot meet SA's housing needs alone, and companies can play an important role due to their ability to support employees' involvement in the process, says Housing Minister Sankie Mthembu-Mahanyele.

At yesterday's launch of the National Business Initiative's (NBI's) guide for SA employers in facilitating housing delivery, she said more was being done by companies than many people realised, and much more could be done if companies would take the time to develop effective policies.

NBI executive director Brian Whittaker said housing remained a key element in SA's socio-economic transformation.

"While inroads have been made since 1994 into the housing back-

log, it is important to mobilise the resources of all sectors if the trend is to continue and accelerate," Whittaker said.

The NBI had found that 92% of its 150 member companies provided benefits to their employees which improved their ability to gain access to housing.

If this trend could be further developed, refined and expanded, employers could make a significant contribution to help meet SA's housing challenge.

The guide said there were significant benefits to employers getting more actively involved in housing.

Good housing benefits helped attract quality staff and companies which already provided housing benefits could save money by implementing new approaches.

A sound housing policy would

improve a company's long-term relationship with labour and political and social pressure could be avoided by companies implementing housing policies before government was obliged to legislate to alleviate housing backlogs.

It said an examination of existing housing policies revealed a total of 15 programmes which companies could incorporate into their overall housing policy packages.

These could be grouped into four categories — awareness, affordability, access to goods and services, and availability.

Issues addressed under these categories included education, advice, consumer protection, payroll benefits, housing subsidies, investment and savings schemes, mortgage loan schemes, small loan schemes and access to government subsidies.

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y to indicate how much
ent hoped to raise from
of the company
the year ended March
reported a 19% rise in
ofit to R159m and a 27%
in turnover to R577,6m.

The company has embarked on a five-year programme to spend R2,3bn on infrastructural improvements and redevelopment at its Johannesburg, Cape Town, Durban, Port Elizabeth and East London airports.

Transport department director-general Ketso Gordhan said while price was an important component of the sale, government would also be look at which potential partner could add the most value to its assets.

Areas where value could be added included the retail, prop-

erty development and security functions of the company.

"We were pleased with the submissions we received. The bidders put a lot of work into ensuring they put forward well-researched submissions," he said.

Transport and General Workers' Union general secretary Randall Howard said he was satisfied with the process and stakeholders had reached consensus on most of the strategic issues. Randall said it was a precondition of the partial privatisation that all employees' jobs were secure.

SA broadcasts 'flood' Africa

Kevin O'Grady

BD 27/11/97

COMPLAINTS had been received "at the highest level" about the extent to which SA broadcasters were "flooding" Africa with SA and imported programming, Posts, Telecommunications and Broadcasting Minister Jay Naidoo said yesterday.

Launching his ministry's broadcasting green paper, Naidoo said the draft policy envisaged greater co-operation with other African broadcasters, with SA as a hub for the industry. But expansion had to take place with "a bit of humility" and less arrogance. Unless initiatives involving other African countries were undertaken with respect for the countries' broadcasters, traditions, languages and cultures, the notion of an African renaissance would be "consigned to the dustbin".

The purpose of the green paper — open for comment until the end of January — was to set a policy framework for the organisation, orderly expansion and regulation of broadcasting in SA.

The document suggested there was room in SA for advertising revenue growth and for an equipment-manufacturing base for the rest of Africa. There were also opportunities to form partnerships with other African countries. However, there was a need to put in place a market structure that provided for access to a variety of services and programmes by all South Africans, diversity in ownership and content, fair competition and choice.

There was a need for a stable funding structure for the SA Broadcasting Corporation, for promoting local programming and for financing signal distribution. But there was limited scope for government to make a financial commitment beyond the current levels and creative solutions were needed.



Labour Minister Tito Mbowehi speaking at the release of the Employment Equity Bill in Pretoria yesterday.

Picture TYRONEARTHUR

Water affairs might have to trim projects — Asmal

Kevin O'Grady

THE water affairs department would have to start reducing its provision of community water schemes unless it could be guaranteed increased allocations in government's three-year budget plan, Water Affairs and Forestry Minister Kader Asmal said yesterday.

Addressing a briefing on his ministry's achievements since 1994, Asmal said R880m had al-

ready been set aside for next year but he was concerned that the necessary allocations would not be made in 1999 and 2000.

"If we do not receive (the increased capital allocation), we will have to close down capacity built up since 1994," Asmal said. If that happened, the department would be unable to carry out its undertaking to provide water and sanitation for 6,5-million people between now and 1999.

When the African National Congress came to power in 1994, more than 12-million, mainly black, people had no access to clean, safe drinking water and more than 20-million people had no proper sanitation facilities, Asmal said.

Since then, 1,5-million people, most of whom were poor and lived in rural areas, had received water at a cost of about R2bn and plans to provide water to another 6,5-million by

1999 were underway.

The department had played its role in job creation, using R150m set aside by government for a poverty relief programme in the Working for Water project, removing water-hungry invasive plants in catchment areas, Asmal said.

The project had already created 9 000 jobs and the new injection of funds would create a further 40 000, 55% of which would be for women.

SA secondary mortgage market viability probed

(123) BO 11/12/97
Robyn Chalmers

THE National Housing Finance Corporation and the US Agency for International Development (USAid) have launched a study into the feasibility of a secondary mortgage market in SA.

Corporation senior GM David Porteous said at the weekend the findings would be released this week. The study would focus on the need for security at the lower end of the housing market.

"In the corporation's mandate it was noted that the issue of securitisation should be further explored, and we have now decided to look into it," he said.

The corporation had entered into a technical co-operation agreement with Fannie Mae, the largest secondary market institution in the world. A delegation from Fannie Mae would be in SA this week to provide consulting advice on various aspects of secondary market development.

Porteous said a secondary market could be created by an institution, such as the corporation, buying up home loans from banks. The issue of securitisation would arise if this was financed by reselling the debts to investors.

There are a limited number of secondary mortgage markets in the world, with the US leading the way with a market that is now into its fourth decade.

James Jones, chairman and CEO of US-based World Mae, said recently that developing international secondary markets in real estate was an increasingly attractive notion for investors.

The potential for a global secondary market in mortgages was "outstanding" as the worldwide gap between the demand for housing and its supply was widening, especially in nations with stabilising economies and growing middle classes.

Tailored securitisation vehicle planned for SA

Robyn Chalmers

BD 3/12/97

(123)

A NEW special-purpose vehicle was planned which would implement a form of mortgage securitisation appropriate to local conditions, National Housing Finance Corporation senior GM David Porteous said yesterday.

Porteous said the corporation had assembled a top team to look at the legal, systems, product and funding issues surrounding the launch of the proposed vehicle, and private sector partners were being sought.

"Securitisation may be particularly appropriate for the low- and moderate-income market in SA as it allows lenders with the ability and infrastructure to make relatively small housing loans available on a large scale, without carrying all of the risk," he said.

A report commissioned by the corporation and the US Agency for International Development has found there is significant potential for the creation of a secondary home loan market. In a secondary loan market, a standardised loan is originated by a lender such as a bank, which on-sells it to a secondary market institution. This institution may then package the loans purchased and sell the packages to investors in a process called securitisation.

Porteous said there was a "black hole" in the housing finance market for employed people requiring loans of

between R10 000 and R40 000. This was despite more than 50% of SA's households earning less than R3 500 a month and many needing this sort of finance. The black hole was largely due to the risk and the cost of making these loan amounts available.

Corporation CEO Johan de Ridder said that given the urgency of finding mechanisms to make housing credit available on a large scale, the corporation was looking to find a package of initiatives to meet the need for housing finance. He said the corporation had engaged the technical advisory services of Fannie Mae, a US-based privately owned corporation which was the largest source of home mortgage funds with on- and off-balance sheet commitments of \$870bn.

Teresa Clarke, director of ABT Associates, which did the research report, said key elements in the establishment of most international secondary mortgage markets was a need for greater liquidity, increased access to funding at a cheaper cost and to give capital markets greater stability.

Clarke said if SA went the securitisation route, management information systems would have to be upgraded; documents standardised, transfer tax and stamp duty either scrapped or reduced; and legislation restricting securitisation practices to banks and the corporation be done away with.

NEWS

More housing help for poor

ET 4/12/97 (123)
THE housing ministry today is expected to announce details of changes to the housing subsidy scheme which could mean bigger benefits for people in low-income groups

At present people meeting certain criteria and earning up to R800 a month qualified for a non-repayable capital subsidy of R15 000

Those earning between R801 and R1 500 could get R12 500

The cabinet yesterday approved the merging of the two lowest income categories

The housing ministry has found that

about 90 % of those who apply for subsidies are in the category earning less than R800

Only a small percentage are in the next-from-bottom category

This has led to the change

The capital subsidy may be used to pay for a serviced site, and the balance to pay for a "top structure" in housing parlance, meaning a basic dwelling

Housing Minister Ms Sankie Mthembu-Mahanyele has said the government is on track to have awarded a million housing subsidies by 1999 — Parliamentary Bureau.

New deal on housing aid gets the nod from cabinet

CLIVE SAWYER

POLITICAL CORRESPONDENT

(123)
ART 0/12/97
Families earning less than R1 500 a month will now qualify for the maximum government housing subsidy after a cabinet decision to merge the two lowest income categories.

Previously only those earning less than R800 a month qualified for the maximum benefit of R15 000, with the bracket between R801 and R1 500 getting a reduced benefit.

Housing Minister Sankie Mthembu-Mahanyele said about 37,1% of households qualified for the full subsidy under the old scheme, while 23,9% qualified for the lesser subsidy.

She said the change would be financed by reducing the number of subsidies that could be financed from the fixed budget allocation for the 1997-98 financial year and subsequent financial years.

About 318 492 subsidies could be financed out of the 1997-98 housing budget allocation in terms of existing policy.

Developers in the Government's housing subsidy scheme would be allowed to revise project approvals on the basis of agreement with beneficiaries. This would enable developers to add value to housing projects or reduce mortgage bonds. Projects already completed were not affected.

Merging the two categories would make life more affordable for people living below the breadline, she said.

2/News

Banks might soon blacklist municipalities

(123)
New 6/12/97

By WILLEM STEENKAMP

Municipalities defaulting on billions of rands in debt may soon find themselves blacklisted by all of South Africa's major financial institutions, leading to widespread collapse of local government. Municipal authorities face a nightmare financial future with the formation of a powerful forum by major lending institutions.

This forum has been tasked to develop a database of defaulting municipalities so that a local authority which defaults on one member will not be able to access loans from any other. This will effectively cut off access to finances needed to supply services and pay municipal officials, and may bring many of the struggling municipalities to their knees.

This follows the recent announcement by the ministries of finance and constitutional development that provinces and municipalities in dire financial straits will not be bailed out by the Government.

Local authorities' debt to financial institutions soared by 193% from September last year to more than R3,6-billion in September this year. This

forced the Council of South Africa Banks to assess the implications of the growing debt.

Nico van Loggerenberg, a general manager at the Council of South African Banks, confirmed the new hardline approach that will be followed by financial institutions. "A high-powered forum which represents all the major money-lending institutions has been formed and we are investigating the compilation of a database where defaulting municipalities will be listed."

Under the new dispensation, local authorities have to supply and meet the demand for services from previously disadvantaged communities. In many instances the income base for local authorities has remained the same because of the culture of non-payment. The nine provincial governments have a total shortfall of R6-billion after Minister of Finance Trevor Manuel cut back the budget for provinces.

In the Western Cape, which has a shortfall of about R1,2-billion, the cutback on the budget has had a huge impact, with thousands of medical staff and teachers being retrenched.

Auto-flush
ousted by
waterwise
user-flush (123)

Star 6/12/97

The Department of Water Affairs has declared war on automatic flush urinals which waste millions of litres of water even when not in use. In a year of heightened water consciousness thanks to El Niño, these urinals still flush the equivalent of two buckets of fresh water every 90 seconds, day in and day out. They are common in public toilet facilities.

The problem is that the cisterns are supposedly adjusted to fill slowly over a period, but frequently are not adjusted and flush more often than necessary.

An estimate by the National Water Conservation Campaign is that one such urinal can pour



WATER WARRIOR: Minister of Water Affairs Kader Asmal

away 3,1 million litres of water a year. Even with water conservatively priced, this could amount to a cost of R4 730 a year.

A special clause has been written into draft national water supply regulations which will give municipalities two years to ensure that auto-flush urinals are replaced by a user-activated system. These regulations are likely to come into being once the Water Services Act is enacted, probably within the first half of next year. This act empowers Water Affairs Minister Kader Asmal to promulgate water-saving regulations that are currently in their draft form.

SABC under fire for filling newly created posts

By JACQUIE GOLDING-DUFFY
NATIONAL MEDIA EDITOR

The South African Broadcasting Corporation has come under fire in some quarters for four senior appointments it made recently.

Two of the appointees had jobs created for them with special portfolios: a special adviser to chief executive of television Molefe Mokgatle, and a senior general manager for television.

Mokgatle's special adviser is Australian Malcolm Long, who is being assisted by a former SABC employee, Johnnie Henderson. Henderson has been labelled an "old-guarder" by some staffers who argue that as a former programme scheduler for the SABC, his contribution to overall broadcast policy and his assistance to the chief executive is limited. However, the SABC counters that Henderson has "an abundance" of experience that will be useful to Mokgatle.

Henderson left the SABC last year but no details are available about his departure or the package he was paid. He has been re-employed in a "part-time" position, according to the SABC. The corporation says Henderson is "close to retirement". He could not be reached for comment.

The other post created was that of senior general manager for television. The appointee is Rob Stevenson, who was the former general manager for news. According to SABC head of group communications Enoch Sithole, Stevenson is "assisting with the workload of the chief executive". He adds "A lot of chief executives have large portfolios and cannot cope with the workload. Assistants make the job more efficient and easier flowing."

The other two senior posts that have been filled are those of acting channel head for SABC3 and a channel head for SABC1. According to the SABC, appointing an acting channel head at SABC3 was neces-

sary because channel chief Louis Raubenheimer was involved in the Millennium 2000 project, where broadcasters across the globe will be working towards having worldwide satellite transmission.

Former head of human resources Theo Erasmus has been appointed as SABC3 channel head. Criticism has been levelled at Erasmus for his lack of television experience and broadcast knowledge. He was also the acting head of SABC1 after Mokgatle's promotion to chief executive of television. With a background in human resources, Erasmus is poorly equipped to manage an entire television channel, insiders say.

The new channel head for SABC1 is Eric Nhlapo. He was involved in the drafting process of the commissioning procedures for independent film-makers and, at the time, some independent producers accused him of "foot-dragging".

Bureaucracy

The SABC recently cut back on staffers in an attempt to streamline its operation in line with recommendations by US consultants McKinsey.

Two of the new appointments go "against the grain of ridding the corporation of bureaucracy", said one staffer, referring to the posts of special adviser and senior general manager for television. The staffer refused to be named for fear of reprisals.

The SABC was unable to detail the tasks of the special adviser and that of the senior general manager, adding fuel to the belief that the appointments are unnecessary.

The corporation has also been accused of not advertising some of the posts in line with the Labour Relations Act. But the counter-argument from some SABC personnel is that the intentions of those opposed to the appointments are "malicious" and their criticisms are aimed at creating rifts between staffers.



Call to speed up water, electricity deregulation

Lucia Mutikani

ED 3/12/97 (123)

GOVERNMENT should speed up deregulation of the electricity and water industries to ensure greater transparency and competitive prices for consumers, utility consultant Drew Stein said at the weekend.

Stein, a director with Deloitte & Touche Consulting Group, said SA had been talking about deregulation of the utilities sector for years, but progress had been slow so far.

The first step in deregulation was to pull out the natural monopoly, the "transmission" system, and place it into its own corporate structure.

"The reason for this is that the natural monopoly needs to be open and transparent so that all the users of the system are treated equally," said Stein.

"It appears that in the current structure, with transmission being in Eskom, it is extremely difficult for any one wishing to use the system to be sure there are no cross subsidies and that the transmission system is operating as a neutral carrier.

Referring to electricity utilities, he said the key to deregulation was to ensure that the structures inhibiting the process were broken into their various natural components.

On bulk water, he said it was unusual that central government was still involved in management. Governments all over the world were departing from the operational side of the water industry after regulation and solid control mechanism had been established. "I believe the SA water industry will follow the same route," said Stein.

Most importantly, government needed to establish acceptable robust governance procedures and policies. Each corporate structure should produce a statement of corporate intent on an annual basis.

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Most importantly, government needed to establish acceptable robust governance procedures and policies. Each corporate structure should produce a statement of corporate intent on an annual basis.

Woman in at deep end

AFTER A MONTH as director-general in the Ministry of Housing, Mpumi Nxumalo-Nhlapo is firmly in the driving seat of one of the more difficult positions in Government

When asked why she applied for the potentially controversial job – there is still confusion over whether or not her predecessor resigned or was fired – she says, without hesitation “Because I actually thought I could do it”

Now that she is in the hot seat, she is finding that housing delivery is not as daunting as outsiders think, despite the multi-million rand scandals and public dispute between Housing Minister Sankie Mthembu-Mahanyele and previous DG Billy Cobbett

“We are well on our way to reaching our target of one million houses. It’s just that we are not good at communicating our successes,” she maintains

She is confident that now that a “system” is in place and the spending patterns are already established, the momentum to build houses will be sustained

The only potential obstacle would be the Ministry of Finance not providing the necessary funds, but that is unlikely, she believes

As the former chief director of housing in the Gauteng provincial government (when she left she was acting head), Nxumalo-Nhlapo says she experienced a lot of frustrations about things the Government was not putting into place

Being in her previous position for two and a half years also meant that she got to know the issues well the constraints, needs and the key people in the sector

Nxumalo-Nhlapo says the current target is to “fast-track” the building of houses to make inroads into the backlog

However, there is still some debate over whether or not the first million will be completed around election time in 1999 or by the end of that year

Product enhancement

A million was set as the initial goal by the new Government in 1994, but last year’s census shows there is a shortage of 2,7 million homes

This involves a readjustment in spending since the other projections were done on an underestimation

For now housing is about closing the numbers gap and about providing the basics that a R15 000 subsidy can sponsor

The next phase would have to look at “product enhancement” and ways to cater for those wanting rented accommodation. Communal and high-density developments, she says

A needs assessment will start in the new year and once that is completed, the ministry will have a clearer idea of what it should do and

(123)
The new director-general takes to the hot seat with aplomb because she believes she can do it. **Sharon Chetty** talked with her... *Sowetan 9/12/97*



Mpumi Nxumalo-Nhlapo ... In the driving seat of one of the most difficult positions in government.

PIC SHARON CHETTY

where.

For example, it is estimated that about half the homeless people in Johannesburg are migrants who do not want to buy or build their own homes, but need rented accommodation

There is also “no land left in Gauteng” The province, with only 1,5 percent of the country’s land mass, is home to an estimated one third of the population

Future planning would therefore have to look at creative ways of using the spaces within the cities, which would then ensure the rejuvenation of urban areas currently perceived as unviable

Already there are about 10 projects in Johannesburg in which tenants formed consortia and, with subsidies from the provincial government, were able to buy buildings and renovate them

That kind of subsidy means that money is available for the slow rejuvenation of the city once tenants get organised and find the necessary technical expertise

Although she started her career as an architect, Nxumalo-Nhlapo says she preferred the

innovation and challenge of town and regional planning, which she studied at the University of Coventry in Britain

‘Ideally, when housing moves out of a crisis phase, they would be able to build for new households, but that is not expected to happen for at least the next 10 years

The political commitment to provide shelter for the homeless is there, she says, but private sector investment in new areas is still a difficulty since a stigma is attached to low-income housing

Cheap land

Despite the incentives of a guaranteed market and access to relatively cheap land, private investors are still reluctant to put their money into new areas

What is needed are a few success stories, she says, and she hopes that upcoming developments in areas such as

Soweto will provide the model

The need to quickly build houses means that the product is very basic

But, says Nxumalo-Nhlapo, Government is doing its best by handing over ownership

It is expected that once people have possession of their homes, they will invest in them, which would, in turn, change the appearance of even the most basic areas within a few years

Therefore new housing schemes should not be seen as potential slums in a decade or two

Another fear that has to be challenged is the “NIMBY” (not in my back yard) syndrome, where people in former white or middle class areas object to low-cost housing in their vicinity

“If anything, it is just an irrational fear, and we have to question where that kind of thinking comes from – whether it is black or white people saying it, it is still based on perceptions of race”

And while government can commit itself to discouraging informal settlements in neighbourhoods, low income housing should not be built on the margins

6,5-m will get water by 2000, says Asmal

ARG 9/12/97 (123)

LENORE OLIVER
STAFF REPORTER

More than 14-million people are without access to clean and safe water in South Africa and more than 20-million do not have adequate sanitation.

These are some of the figures disclosed by Minister of Water Affairs and Forestry Kader Asmal at the international conference on Partnership in the Water Sector for Cities in Africa, held in Somerset West

The conference, organised by the United Nations Centre for Human Settlements (Habitat), is being attended by delegates from Africa and is aimed at creating a credible, integrated approach to water service management on the continent

Professor Asmal said his department had already succeeded in delivering water to 1,5 million people and had plans to supply another 6,5 million before 2000. He emphasised the

importance of working together as a continent to provide water to the poor and disadvantaged

"We have been able to achieve this only through a variety of partnerships with non-governmental organisations, communities and the private sector," said Professor Asmal

"Some municipalities have recognised that they do not have the resources to deliver water supplies themselves and have entered into contracts with the private sector"

Habitat assistant secretary-general Darshan Johal said the urban water challenge was taking on an ominous dimension in Africa, where the situation was already precarious

A prerequisite for development in cities was availability and access to an adequate water supply.

Before the end of the conference, delegates are to adopt a "Declaration of Cape Town" which will commit them to a united process to tackle the continent's water crisis.

Housing fund 'can cover provincial cash flow

Robyn Chalmers

A NATIONAL housing department probe has shown there are sufficient funds to finance provincial cash flow needs this year, but future housing financial commitments are to remain frozen.

This comes as housing ministry officials are negotiating housing budgetary allocations for 1998/99 and 1999/2000 to ensure there are sufficient funds to finance the one-million houses programme. It is understood there is still a gap be-

tween the R4,6bn believed to have been requested for housing next year and what the finance ministry is prepared to allocate. Provincial housing MECs have called for a R5,2bn allocation in 1999/2000.

This was against a housing allocation of R4bn for 1997/98 which took into account more than R1,76bn rolled over in 1996/97. No rollovers are expected in this year. Housing department director-general Mpuum Nxumalo-Nhlapo said funds in

the SA Housing Fund were adequate for this year and that projected cash flow in respect of carry-through commitments would be managed in terms of the multi-term expenditure framework. In September, the housing department moved to curb overspending by ordering the provinces to freeze their future financial commitments.

Nxumalo-Nhlapo said the freeze would remain until details of the medium-term expenditure framework budgetary process became known.

"Provinces can, however, still approve projects in principle and put their planning in place. It is doubtful that the housing delivery process will be stunted just before the election," she said.

This followed warnings from housing analysts that the freeze would lead to a significant downturn in housing delivery in April and May 1999, just when delivery should rise sharply due to project cycles.

Initially, most provinces were allowed to overspend after consulting the housing department in to speed up sluggish hous-

ing delivery. However, the pace of project approvals in the Western Cape, Gauteng, Mpumalanga, Free State and Northern Cape raised concern.

The issue of overspending was also highlighted in the recent controversy over the R200m Motheo rural housing project. The Dreyer commission of inquiry into Motheo found the Mpumalanga housing board was so overcommitted at the time of approving the project there was a serious risk of it being unable to meet its commitments.

needs

(123) BD 9/12/97

Councils owed more than R7-bn

Sowetan 10/12/97 (123)
Authorities to toughen laws to help municipalities receive payment

By Joshua Raboroko

SOME OF THE 843 municipalities in South Africa are owed more than R7 billion for non-payment of essential services, in spite of stringent credit control measures aimed at recovering the huge debt.

Deputy director general in the Ministry of Constitutional Development and Provincial Affairs Mr Crispian Olver told a conference in Midrand yesterday that local authorities would enforce harsh measures to recover the money, part of which was accumulated during apartheid.

He said 50 percent of defaulters were from Gauteng, followed by KwaZulu-Natal, the Western and Eastern Cape.

Greater Johannesburg topped the list of defaulters - probably because the city has the largest population.

Olver said credit control measures would include cutting off services such as electricity, water and refuse removal to those people who could afford to pay but were not doing so.

However, he said the Government

would be sympathetic to poor communities and the unemployed, provided they made arrangements to pay.

The conference, hosted by Provincial Affairs and Constitutional Development Minister Mr Mohammed Valli Moosa, also heard how the Government's White Paper on local government aimed to provide solutions to the present crisis facing municipalities.

Many municipalities are presently suffering deteriorating credit worthiness, lack of borrowing capacity, administrative inefficiencies and unacceptable levels of non-payment.

Some of the measures that the White Paper needed to provide included tax-based considerations in drawing municipal boundaries, supporting longer term budgets and developing financial key performance indicators.

Chairman of the South African Local Government Association Mr Collin Matjila said municipalities had been delegated functions without being allocated sufficient resources to carry out the mandate.

UK aid for sanitation project

Pearl Sebolao

(123)
BD 12/12/97
THE British government donated £1m to the water affairs and forestry department yesterday for the development of its national sanitation programme. The programme's objective is to build sanitation infrastructure nationally with a special focus on rural areas.

The money will be used for technical assistance, capacity building and training to develop the sanitation sector and to establish guidelines

Water Affairs and Forestry Minister Kader Asmal and British High Commissioner Maeve Fort met in Pretoria yesterday to sign the agreement. Asmal's spokesman Themba Khumalo said the project would assist the national sanitation co-ordinating office during the start-up phase.

The co-ordinating office would monitor and evaluate sanitation projects, train and support local government, disseminate research and help formulate sanitation policy, Khumalo said

He said several sanitation projects had been started in Mpumalanga and the Northern Province

He said the British government's objective with the exercise was to improve implementation and develop a coherent and organised sanitation programme to assist the rural population.

The meeting between Fort and Asmal also marked the completion of a UK-sponsored £2m capacity-building project for the water and forestry department, started more than two years ago, to provide sanitation skills to local government staff and the community, Khumalo said.

The British government and the department were also involved in forestry sector projects valued at more than £3,5m covering strategic planning, community support, and education

The UK was also expected to plough in about £500 000 into a proposed human resources development project. This would bring to about R100m the total planned or agreed British support to the department

Business claims the right to be consulted on municipal rates

BD 17/12/97 (123)

Deborah Fine

THE business sector believed it should have an "unchallengeable right" to be consulted on municipal rates levels because the sector contributed two-thirds to three-quarters of the tax bases of nearly all local government structures.

This is according to submissions by the SA Chamber of Business (Sacob) in response to the recently released green paper on local government transformation.

Sacob represents about 40 000 businesses through its 90 autonomous chambers and its 40 trade associations.

In a 16-page document submitted to the provincial affairs and constitutional development ministry — which is at present preparing a final white paper to act as a basis for new legislation guiding the local government transformation process — Sacob said changes to the structure, financing and role of municipalities

would obviously affect its members both as business organisations and ratepayers.

Commenting on options contained in the green paper regarding possible changes to local government political systems, Sacob said SA's political transformation had heralded little change from the past because the political reality continued to be about securing and retaining power through votes and the appeasement of local political power bases.

While organised business would continue to remain neutral in the political power struggle, it could not, however, remain silent on the economic outcomes stemming from such battles.

Such outcomes touched businesses in the form of taxes, levies, service provision, regulatory mechanisms and in local government management.

These factors constituted cost determinants and were taken into account by businesses in deciding

where and if to invest, Sacob said.

Shying away from more centralised local government structures, Sacob advocated a preference for local government decision-making activities to be assigned, wherever practical, to the lowest tier of government.

Whilst seemingly offering prospects of greater efficiency, centralised structures were "ill suited to the democratic ethos", Sacob said.

Sacob also supported a ward-based system for the election of municipal councillors by popular vote over a proportional representation system which it claimed detracted from the principle of accountability to constituencies.

The business sector believed that, ideally, there should be minimum party-political dominance in the metropolitan arena and that representation by political party nominees should be limited to between 25% and 30%, Sacob said.

Govt gives go-ahead for Eskom's outsourcing

Robyn Chalmers

GOVERNMENT has agreed to allow Eskom to outsource some of its information technology services, after almost a year of negotiation, in what will be one of SA's largest such outsourcing contracts.

The decision was originally opposed by some stakeholders as it was seen as "creeping privatisation". After lengthy negotiations Eskom's restructuring and transformation committee approved

the move which was endorsed by the public enterprises ministry.

Eskom spokesman Peter Adams said yesterday that Eskom had one of the largest information technology departments in the southern hemisphere, and the outsourcing contract would run to hundreds of millions of rands a year for about seven years.

"This will be the biggest contract that Eskom will award in at least a decade — the last power station contract (for Maguba) was

awarded in the 1980s — and no other contract of this size is likely to be forthcoming until 2004 or 2005," he said.

Adams said that globally, information technology was progressing so rapidly that Eskom could not keep up. A decision was taken last year to begin outsourcing some functions to specialist organisations while retaining others.

Applications management, facilities management and supporting infrastructure would be out-

sourced, while, for example, information management and the design of information technology architecture would be retained.

Adams said Eskom approached a number of service providers last year, calling for proposals on what should be outsourced and how this should be done. Three of SA's biggest providers were short-listed to tender for the contract.

However, stakeholder opposition to the outsourcing move last year meant it was put on hold. Es-

ESKOM (123)

BD 18/12/197

Plan

but would be paid and trained by the specialist provider.

The engagement would be flexible enough to accommodate any future government positions on technology strategy. "We will ensure that the process is transparent and address the transfer of skills, capacity building and black economic empowerment. Prior to concluding the outsourcing agreement, it will be subject to review by the (public enterprises) minister's office," he said.



SECONDARY HOME LOAN MARKET

A helping hand for the cities

Once the credit base is expanded many other things will become possible, including urban renewal

(128)

19/12/97

Some ailing cities could get a leg up. The announcement a fortnight ago that the National Housing Finance Corp (NHFC) plans to launch a secondary home loan market in 1999 could significantly expand the housing credit base and open the doors for new investors, developers and banks.

The US secondary home loan market provides loans up to a maximum US\$200 000, primarily aimed at urban Hispanics and blacks. This market is mainly mortgage-bond based and run by Fannie Mae, a privately owned corporation with on- and off-balance sheet commitments of \$870bn.

With Fannie Mae's technical assistance, the public corporation NHFC is initially targeting non-mortgage home loans between R10 000 and R40 000 to supplement government housing subsidies. It says that new housing projects will receive attention first.

In time NHFC foresees the market growing to include conventional mortgage bonds in all income brackets and extending into urban upgrades in central business districts.

For potential institutional investors such as Sanlam and Old Mutual such a spin-off is a vital incentive, though predicated on a better functioning housing finance system.

They own underperforming commercial properties in cities like Johannesburg and Pretoria and see the new market as a way to sell old, empty office stock to a new generation of developers. These in turn could convert the property into rental or rent-to-buy sectional title flats.

The resulting urban renewal would improve returns on the revitalisation of better-grade commercial stock.

The institutions would not be compelled to invest directly in residential stock to carry out the necessary renewal.

The investment would be by their asset managers, utilising the new market instrument.

Sanlam Properties Gauteng manager Fanie Lategan says Sanlam will definitely

invest in a secondary home loan market.

For Sanlam Asset Management director Dries du Toit, apart from the demand that the bonds be tradeable and offer returns competitive with RSA or Eskom loan stock, risk will also have to be factored in.

This is not news to either NHFC CEO Johan de Ridder or senior GM David Porteous, who say initial discussions with investors and research carried out by ABT Associates show Du Toit's concerns and demands are common.

The NHFC is still at the detailed planning stage. A funding adviser will soon be selected from a number now tendering for the job. NHFC plans a pilot issue of R500m in the second half of next year.

The NHFC is now gauging an area long overlooked — the size of the secondary home market in townships that will be needed to make the secondary bond market work. This will start next year once a researcher has been appointed.

It will initially conduct a household survey of township areas, compile deeds transfer figures, and interviews with black estate agents to "get a feel" for the market.

"We've been getting conflicting reports about activity in the secondary market. Black estate agents say they can't get finance, banks say they can," says Porteous. He adds that various potential roles are open to banks.

"First off is accreditation as primary market lenders, which will start in the new year.

"This will enable them to sell loans to us. They could also participate in funding ar-



David Porteous, Johan de Ridder and Fanie Lategan not the strangest of bedfellows

But in their talks with potential investors in coming months, keeping the risk premium as low as possible will be crucial. They will also have to deal with a number of expectations which could lead to investors demanding a government guarantee — something the NHFC is studiously avoiding.

To ensure tradeability, the size of the eventual market is important. Porteous thinks that could mean a market capitalisation running into many billions.

He estimates that it may even outgrow the R7bn SA banks have invested in mortgage loans in the past two years. These loans averaged R70 000. In the R40 000 and below market there are an estimated 2m needy households.

rangements, given their access to large funding networks.

"For our part we still have to apply for a credit risk rating."

Council of SA Banks housing GM Lance Edmunds thinks banks will specialise in a secondary mortgage market by separating their functions as originators, servicers, risk managers and funders of the loans. "I'm not sure banks will want to do all these. Some will pick and choose and, not unlike the US, we will see special purpose vehicles formed and the entry of new players."

Quasi-equity funding may come from an international partner. Says Porteous "Our biggest concern is to leverage our own investment as much as possible, an amount which has still to be determined." Alison Goldberg

TELKOM

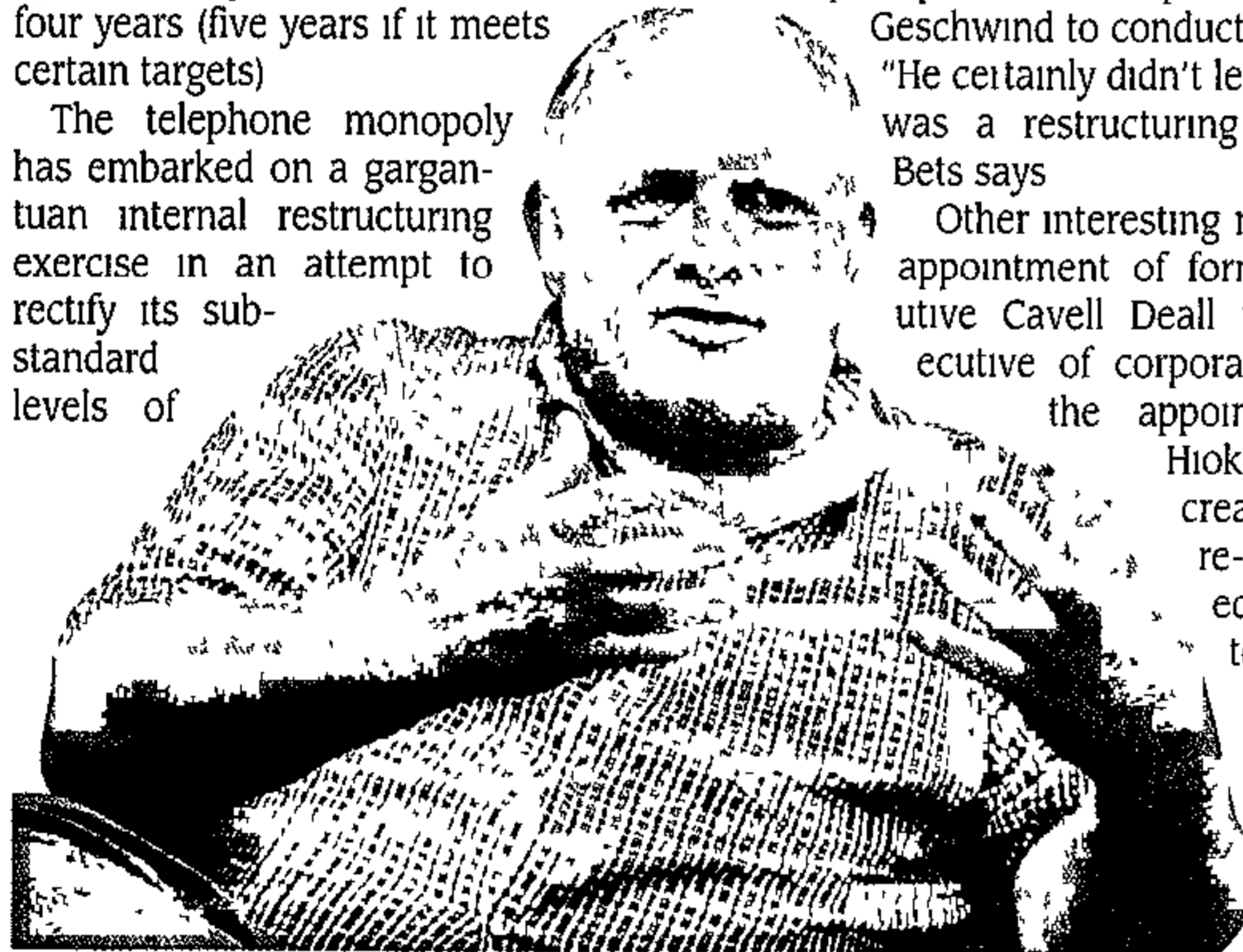
Texans, Malaysians weave a new web

Foreign equity partners waste no time turning group on its head after another top executive heads for the door

19/12/97

Telkom's new offshore partners, Southwestern Bell Communications and Telekom Malaysia, appear hell-bent on not losing market share when the telecommunications landscape is thrown open to competition in a little over four years (five years if it meets certain targets)

The telephone monopoly has embarked on a gargantuan internal restructuring exercise in an attempt to rectify its sub-standard levels of



Arnold Pronto

Ben Bets getting ready for the spectre of competition

SA Internet Exchange (SAIX), for which Telkom is seeking a monopoly to the chagrin of consumers and the private sector

Managing executive for customer service and sales Ben Bets, says Leng's departure prompted chief operating officer Mac Geschwind to conduct the restructuring. "He certainly didn't leave because there was a restructuring being planned," Bets says

Other interesting moves include the appointment of former Unisys executive Cavell Deall to managing executive of corporate accounts, and the appointment of Chan

Hiok Ping to the newly created position of re-engineering executive. Both report to Bets

Of particular significance, a division will also be formed to look after the top 20 to 30 SA corporations and government institutions,

customer service and improve poor communication between traditionally isolated business units

The restructuring comes after the departure last month of Telkom stalwart Tony Leng, former head of the corporate customers business unit. Leng's departure follows the resignations this year of MD Brian Clark, finance executive Angus Band, IT group executive Peter Jordi and networks & technology managing executive Hannes Steyn. All would have had their management positions weakened because of the right of the strategic equity partners to appoint a chief technology officer and chief financial officer

Leng's unit, which has now been disbanded, held a number of highly contentious projects. These included the mostly abandoned, R500m SA Value Added Intelligent Network (Savain) project and the

which contribute substantially to Telkom's revenues

This operation will be housed alongside a special market services unit, set up to handle services to Internet service providers and cellular network operators, previously handled by corporate customers. The service providers and cellular operators now fall under Rhyne Greeff, the controversial executive whose division was responsible for Telkom's complaint to the regulator (Satra), calling for the banning of callback operators. Other corporate customer unit functions move to Bets' division

There is good reason for establishing a team to focus on Telkom's top 30 clients. Senior management within the large banks and other top companies are known to detest Telkom's poor service and perceived arrogance. Telkom cannot afford to risk losing these clients when competitors ar-

rive. These customers contribute "significantly" to Telkom's revenues, Bets says. "We intend to give these accounts special attention"

But unless it gives up its stubborn attempts to monopolise Internet access, industry executives warn, Telkom stands to lose a substantial number of customers anyway (*Information Technology*, December 12)

Rampant cable theft is also hampering the group's plans. So far this year, the company has lost 278 000 pairs of copper cable on the East Rand alone

Bets says the aim of the restructuring, expected to be largely completed by January, is to "emphasise service and de-emphasise business units, which possibly created silo thinking within the company"

At the regional level the customer service and sales unit is integrating geographically dispersed organisations to enable seamless service delivery and to de-emphasise many of the artificial splits that existed between voice and nonvoice services

While Bets says there could be resignations as part of the overhaul, he is emphatic that no staff will be retrenched. Instead they will be redeployed within the organisation

Further restructuring is not planned at this stage

The closure of the corporate customers unit and the rationalisation of divisions will not affect the size and value of information systems and network tenders, a large source of revenue for the IT industry

Telkom is rolling out new customer-facing systems, including seven nationally linked call centres in a project with Didata worth up to R130m

New services planned include three common national numbers for billing inquiries, fault reporting and service orders, which will be in place in January, as well as a national tollfree number for escalated customer complaints

Within 24 months Telkom will replace all its remaining electromechanical and manual exchanges, as well as upgrade all electronic exchanges. It will spend R6,9bn on capital projects to modernise and build its network in the current financial year

Duncan McLeod

IT DIGEST

- ❑ **Telkom** denies that an R800m-R1bn cable contract has been awarded to Aberdare, ATC and Samsung. "There is a short list of seven companies and we will decide within a month," says a Telkom spokesman

Private sector low-cost housing gains momentum

Robyn Chalmers

BD 22/12/97 (123)
THE low-cost housing delivery process is finally gaining momentum, but the private sector faces a number of obstacles in its quest to build homes, says New Housing Company (Newhco) outgoing chairman Selwyn MacFarlane.

Problems faced by Newhco over the past year included a lack of access to credit for many of its customers and the lack of decisive direction on housing policy from some provincial housing boards, MacFarlane said in his latest annual report.

The increasing spectre of violent crime, disagreement on minimum house sizes and how to build houses of acceptable quality for the very poor with limited funds were further issues.

However, MacFarlane said that during the 1996/97 year, Newhco had placed more people in houses than it had in any previous year and it had increased its turnover for the second successive year.

In the year ended June 30, Newhco's profit rose to R6,1m from R4,2m the previous year on turnover of R199,9m (1996: R176,7m). The total

number of units delivered in the review period stood at 10 718, with by far the largest number of homes built in west Gauteng at 4 996 followed by Mpumalanga at 1 908.

Newhco executive chairman designate Zohra Ebrahim said the challenge for SA was to convert the estimated 670 000 low-cost housing subsidies which had been approved into houses with families living in them.

There were still a number of obstacles to this being achieved, including rising prices for raw materials.

As there was no plan to increase subsidies from the maximum R15 000 level, Newhco aimed to use its financial and delivery strength to ensure increases were kept within reasonable bounds.

Ebrahim said the new Housing Bill, likely to become law next year, would place the central responsibility for housing development in the hands of provincial and local governments.

She said there was little reference to the private sector in the bill, so private sector delivery vehicles such as Newhco would have to form close alliances with provincial and local governments.

A useful guide to help employers formulate a housing policy

Employers of labour in South Africa are important players in the struggle to satisfy the home-building aspirations of millions of inadequately housed people

This is the central message of a new book published recently by the National Business Initiative (NBI)

The book, entitled *Housing and the World of Work*, is a practical guide for South African employers, containing details of every major housing policy option currently in use by major companies

The idea behind the book is to encourage more companies to introduce or improve their current housing policies. But what's in it for the companies?

The NBI's executive director of development, Brian Whittaker, says that apart from the obvious correla-

tions between decent housing on one side and health and productivity on the other, employers can benefit from the installation of an acceptable housing policy in the following ways

- Good housing benefits help to attract quality staff,
- Companies which already provide housing benefits can save money by implementing new approaches,
- A sound housing policy will improve a company's long-term relationship with its labour force,
- Political and social pressure can be avoided by companies implementing helpful housing policies before the Government is obliged to legislate to alleviate the country's huge housing backlogs

The NBI publication provides details of 15 programmes which companies can incorporate into their overall housing policy packages

These programmes can be grouped into four categories awareness, affordability, access to goods and services, and availability

"The awareness programmes assist in developing employees' grasp of the housing environment, and in guiding them through it," Whittaker explains

"The affordability programmes are used when companies wish to improve employees' ability to afford adequate housing

"The availability programmes will be of interest to companies wishing to become more involved in

the direct provision of housing, while those programmes dealing with access will improve an employee's ability to enter the housing market"

Contrary to popular opinion, company housing policies need not be expensive

Although the NBI guide details the pros and cons of housing subsidies and the provision of company housing, just as interesting - and as helpful to employees - are those programmes which deal with education and advice, and those which offer small loan schemes and reasonably priced building materials to employees

Each of the 15 housing policy programmes is outlined in detail in the guide, with sections on how the programme works, who does what, the conditions under which the programme should be undertaken, and some of the pitfalls to be avoided

Also included are case studies of actual companies engaged in the various programmes

The final section in the guide deals with the development and implementation of housing policies. A list of essential principles for good housing policies include

- Consistent approach across the workforce,
- Relevance to the major housing problems experienced by the workforce,

use the services on offer. A process of monitoring and review follows"

The guide also offers an appendix listing over 100 specialist service providers which can assist companies with developing, implementing and administering every facet of the 15 policy programmes examined

Housing and the World of Work is the second major housing publication to emanate from the NBI in recent months. *The Housing Project Programming Guide*, which aimed to demystify the often complex process of delivering subsidy-related housing into the low-income market, was published in July. It has been reprinted twice since then

Order forms for *Housing and the World of Work* can be obtained from the NBI offices by telephoning (011) 482-5100 or sending a fax to (011) 482-5507

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SPAR BILLING

FOR STAFFERS

Ministers slowly opening doors to private sector power

Robyn Chalmers

TWO cabinet ministers have held out the prospect of private sector competition in the R25bn electricity distribution industry.

However, Minerals and Energy Minister Penuell Maduna and Provincial Affairs and Constitutional Development Minister Valli Moosa have indicated Eskom and municipalities will retain control for several years, until the turmoil in the sector is resolved. The National Electricity Regulator

and international electricity distributors, many of them the product of foreign privatisation, have called repeatedly for greater private sector involvement in the struggling sector.

The cabinet has voiced support for a restructuring of the industry. Once implemented, the industry would be consolidated into an as-yet-undecided number of regional electricity distributors, cost-effective tariffs would be introduced along with an electrification levy, and a capped tax implemented. As part of the restructuring,

Maduna said recently that independent power producers might be allowed to enter the electricity supply sector.

"We are grappling with the crises in the industry, but over time we will have to address the issue (of private sector involvement)," he said.

In a speech read on his behalf at a recent electricity conference, Moosa said there was much uncertainty about the restructuring process. He made it clear that the electricity supply industry would remain under public ownership for the time being, with municipal

partners and Eskom as equal partners. The situation would be reviewed later.

"Any changes should take place within the framework of government's policy on the restructuring of state assets," he said, referring to the National Framework Agreement, government and labour's blueprint for privatisation and restructuring.

Moosa said restructuring would not result in forced retrenchments and municipalities would continue to play a key role in the industry. One concern for municipalities is

the loss of electricity revenue which makes up more than 41% of local governments' total income. Moosa said they would still be able to contribute to the funding of other municipal services from surplus electricity revenue.

Association of Municipal Electricity Undertakings president Jan Mālan called for regional electricity distributors to be floated and fully established by July 1 next year. All employees should hold shares and customers should ultimately also have access to shares in distributors.

distributors