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Who will fill Joe Slovo's giant shoes?

SOUTH AFRICA

WEEKLY MAIL & SAUMAN

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Housing Minister Joe Slovo

Drew Forrest reports

Housing Minister Joe Slovo

Since his shock death in a climbing accident in the Drakensberg mountains, the country has been left in the lurch.

Housing Minister Joe Slovo was a key figure in the post-apartheid government's efforts to address the housing crisis. His sudden death in a climbing accident in the Drakensberg mountains has left the country in a state of shock.

Joe Slovo was a Trailblazer in the housing sector. His contributions have been instrumental in shaping the housing policies and legislation that are now guiding the country.

Under his leadership, the government has made significant progress in the provision of affordable housing. Slovo's vision was to ensure that every South African has access to decent and affordable housing.

His legacy will continue to be felt in the housing sector, and his contributions will be remembered for years to come.

The government has announced that a special task force will be established to ensure a smooth transition in the housing ministry.

In conclusion, Joe Slovo's passing is a great loss to the country. His contributions to the housing sector will be remembered for years to come, and his legacy will continue to inspire future generations of housing activists and policymakers.
Gap left by Slovo filled

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

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

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

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

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

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

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

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

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

Fraser-Moleketi played a prominent role in the constitutional negotiations process. - Sapa
Tough task faces Slovo's successor

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

By Joe Mdilela
Political Reporter

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

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

Slovo, of the practical mind, often came into collision with local government regional leaders, especially Gauteng MEC for housing Dan Mofokeng and premier Mr Tokyo Sexwale, for making unrealistic promises.

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

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

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

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

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

Top post for Nkondo

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

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

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

Nkondo was born in Sophiatown on March 23, 1951 and graduated with a BA degree at the University of the North in 1976 before going into exile.

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

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

Fraser-Moleketi played a prominent role in constitutional negotiations.
New Housing Minister faces tough tasks
Eastern Cape drive to recruit health workers

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

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

The commission found the area's health delivery system had deteriorated to crisis levels with some hospitals and clinics functioning without electricity and water.

There were also reports of bodies rotting in ill-equipped morgues.

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

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

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

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

Stamer said the situation was worse in rural hospitals.

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

Hospitals targeted for immediate upgrading were Madwaleni, Tafalofele, Mount Ayliff, Umtata General, Rietvlei, Bambisa and Caximb. The government would lobby central government for more money and approach donor agencies to contribute to solving the province's health problem.

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

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

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Eskom, govt meet on electricity arrears

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

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

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

Several black municipalities have expressed concern about inheriting debts of defunct black local authorities.

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

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

BY HELEN GRANGE

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

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

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

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

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

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

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

Mthemb-Nkondo left South Africa in 1976, and while in exile became the editor of the ANC Women's Section journal.

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

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

She speaks English, Afrikaans, Dutch, Shangaan, Sotho, Pedi, Xhosa and Zulu and has an anthology of poems called *Flames of Fury* published in 1990.

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

Services for Slovo tomorrow

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

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

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

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

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

Memorial services on the West Rand start at 6 pm at the following venues: Pretoria Park Hall, Bekkersdal; Ramosa Community Hall, Mohla fencing; the Khutsong Community Hall, Carletonville.

In Lenasia and Emmerdale, the service will be at theThemibale Community Hall at 5.30 pm.

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

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

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

Staff Reporter.
Industry’s failure to set up warranty scheme stalls low-cost housing

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

He and low-cost housing expert Johan de Rieder had separately visited Canada and the UK to familiarise themselves with mortgage-lending schemes operating in those countries. Lessons learned from their schemes would be useful in deploying a local version, Robinson said.

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

The agreement allowed the industry to accredit and vet a contractor’s building plans and products.

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

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

While most financial institutions had resumed lending in areas that were economically viable, it was not close to the scale envisaged by government’s housing scheme, he said. “The warranty scheme is an essential prerequisite to the lending programme negotiated by government and the Association of Mortgage Lenders, and meaningful lending cannot go ahead without it.”

Banks, builders, the homeless and other role players pledged their co-operation in a massive drive to provide homes at the national housing summit in Bothasig in the Free State on October 27 last year.

Banks have promised to provide finance for 50 000 houses in the first year.
PRETORIA. — Sankie Nkondo has been appointed Minister of Housing to replace Joe Slovo, who died yesterday, President Mandela told a news conference.

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

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

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

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

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

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

The government was consulting the Slovo family about the funeral arrangements. — Reuter.
Power cuts 'illegal' on water bills

CT 12.1.95 (123)

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

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

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

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

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

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

Yet in order to make it legal to cut someone's electricity off for a water debt, a new by-law would have to be enacted. "That would be a political decision," he said.
Govt has plan to speed up reconstruction of crisis-hit townships

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

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

Details are set out in a document drawn up by the Constitutional Development and Provincial Affairs Department. The Housing, Home Affairs and Finance Departments and Minister without Portfolio Jai Naidoo will also be involved.

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

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

The document states that to achieve a "climate for sustainable investment and growth", operation self-reliance will have to mobilise state and private sector resources, immediately enhance the administrative capacity of transitional local government, and maximise community participation and responsibility.

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

To help legitimise local authorities, it will focus on introducing proper service payment systems and mechanisms to assist communities which are too poor to pay. It will target rural areas, where "very few local government structures exist".

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

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

Guidelines and criteria for the disbursement of funds will be spelt out soon.

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

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

Johannesburg

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

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

The council agreed to restore power pending the outcome of negotiations last night. — Sapa
Homes for the poor at R150 a month!

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

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

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

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

In Tamboville 2, just behind the industrial area, there is a neat row of newly completed four-roomed brick houses. Eventually there will be 58 of them, with running water, sewerage and electricity. And the association will have accomplished its first housing project.

Each house costs R32 500. Occupants of homes pay R150 a month to the housing association, a small amount for insurance. They will acquire their homes by paying off the outstanding costs when 50 per cent of the loan has been paid.

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

How did Wattville achieve this? Once more, it's largely a question of style. "Affordability means very local and very close management," says Miki Schneider of Plaxac, a non-governmental organisation which has worked alongside the residents' committee for the past five years.

Necessity also served as a real incentive to find a way to provide affordable, for- real housing. The company which held servitude rights on the land of Tamboville 3 was only prepared to waive those rights and allow the people to remain there if they really wanted the houses — and not mere slums — were built.

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

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

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

It was only workable because the association secured a R1.5 million grant from a French funding agency. This was used to set up a revolving fund from which provides loans to "top up" the subsidies available from the Independent Development Trust and the State.

The R1.5 grants ran to R7 500 a family, while the government subsidies range from R5 000 to R15 000, depending on the recipient's income.

One of the conditions of participation in the Wattville Housing Association scheme is that individuals may not simply dispose of their homes on the open market. The association has first option to buy.

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

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

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

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

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

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

And finally, families in association homes will always have the option of leaving the site elsewhere in Tamboville. Unlike defaulting mortgage bond owners who may lose everything through repossession, participants in the housing association scheme may recover the bulk of their payments by negotiating a "buy back" of the property with the association.

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

Social housing is usually (but not necessarily) low-cost housing — with a difference. With a heart, if you like. The project which qualify for the label are not identical, according to Plaxac general manager Graeme and associates, Mr. Klein and others, they share key features.

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

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

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

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

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

Those organisations can often access capital loans where individual members cannot, and can "on lend" to members. In doing this, they can create loan conditions that are a little kinder, that allow just a bit more space for defaults to recover.
The woman who will carry on Slovo’s Herculean task

By RAY HARTLEY
Parliamentary Correspondent

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

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

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

At the age of two, Mrs Nkondo experienced the hardship of the previous government’s housing policy first-hand when her family was forcibly moved from Sophiatown to Soweto. She studied teaching at the University of the North, where her contemporaries included ANC secretary-general Cyril Ramaphosa and Eastern Transvaal Premier Matthews Phosa.

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

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

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

Her first task as Housing Minister will be to give provincial housing ministers — who strained Mr Slovo’s policy leash to breaking point with schemes often cooked up in the boardrooms of construction firms — a taste of her steel. Not only will this serve to keep the government’s housing strategy, as outlined in Mr Slovo’s white paper on track, but it will go a long way toward winning the confidence of the banking and insurance industries where the real housing capital resides.

Mrs Nkondo’s diplomatic experience in Germany — a difficult room to work on behalf of the ANC during the sanctions era — could serve her well. But if she is to follow Mr Slovo’s example, her diplomacy will have to be laced with the hard currency of pragmatism. For it was not Mr Slovo’s charisma as much as his eye for fiscal and political common ground that got banks back into low-income housing and the cities behind calls for rent and service charges to be paid.

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

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

By Sika Sbore

Elia Homes, a Johannesburg-based housing development company which targeted township residents and closed down overnight last year, has been accused of conning homeowners.

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

Star Line has established that although several clients had handed over deposits for homes to both Elia Homes and Pelo Homes, none had been built. It is believed that at least one Elia Homes couple, among many others, must have been able to get their deposits back from the developers.

The company operated an office on Small Street and was run by local businessman Martinus Bruce and two Israelis, Moshe Goodman and Shlomo Kaplan.

Goodman and Kaplan told Star Line that before they handed over R20 000 to the Elia Homes, they were told the homes would be built on this land.

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

Their dream finally turned into a nightmare when they learnt from a former Pelo Homes client that the Elia Homes had promised him R20 000 in return.

The couple told Star Line that they wanted to pass on any proof of ownership to Star Line. When Bruce was questioned by Star Line about the Diplofold land, he said he could not remember who owned it.

The smooth-talking Goussoon afterwards pointed out to Star Line that, as a property developer, he was legally obliged to put deposits into trust accounts.

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

The trio split up and formed new companies.

Bruce operates in Bloemfontein, and operates another property development company in Alberton. A B Bruce Enterprises, also operates in Johannesburg.

Goussoon and Agapito settled in Katlehong and have no other business interests.

These include a company called the Jiva Group. This, in turn, includes Scott Properties, Coastline Travel and Group Consultants.

Beware of bogus agents

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

A spokesman, Clive Ashap, said people should check that their money was deposited in a trust account and they should demand proof of this.

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

Ashap said that the NMB National Bank, which was the company's bank, had not held a trust account for the company.

On the other hand, another agent had told them not to trust the company because it was not a member of the Estate Agency Board.

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

The board and the Housing Consumer Protection Trust intend launching an educational campaign aimed at high-density, low-income areas throughout the country. The two bodies have also launched a toll-free number service (0800-411-401).

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

Scratch card company plays open hand

STAR LINE
June Barazi

Do you feel you have had a raw deal or need help to beat the odds?

Then STAR LINE, The Star's hard-hitting consumer service headed by June Barazi, can help. Send your letters to Star Line, P.O. Box 1014, Johannesburg, 2000 or telephone allegations to 011-833-2383.

The country's major scratch card company is to play open cards with the public when it comes to winners and the number of top prizes on offer.

Following complaints that Games Africa's veil of secrecy has told Star Line that this will change.

In an exclusive interview last week, deputy managing director Richard Robbenhoel said the company had decided to publish the names of all the Viva winners, plus winners of other scratch card games in its stable once a month.

Each week the company distributes 500 000 Viva tickets. However, Robbenhoel said, only about half of these are sold.

The breakdown of the possible weekly winnings from the Viva game is: one first prize R50 000, four R25 000 prizes, 30 R10 000 prizes, 108 R5 000 prizes and 975 R1 000 prizes.

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

Over the last 26 weeks, there have been only eight first-prize winners.

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

Each card game has 11 million Rubiros on offer for the Big Game which has only three million tickets up for grabs. Big Game has already produced one lucky winner of the R1 000 000 top prize, with another eight winners still to go.

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

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

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

The latest game, Scratch, has made 18 people R100 000 richer, with another eight top prizes still to be found.

The next game to hit the streets will be Money Magic on January 25, with about 10 prizes of R150 000 each.
LOSING THEIR DEPOSITS
Township residents paid a property developer deposits for homes and later found the company did not even own the land on which their houses were to be built. JOHN MILLER reports.

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


Gov't offers to carry 20% of infrastructure costs in urban renewal
Increased electricity demand ‘a good sign’

ESKOM generated about 3.5% more electricity last year than in the previous year — another signal of an increase in industrial activity.

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

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

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

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

Statham said the 3.5% annual increase was particularly heartening as it came off a high base from 1993. In 1993 there was a 4.1% jump off a low base from 1992.

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

Meanwhile, Twine said there was further evidence of a pick-up in industrial activity in a 3.4% increase in diesel sales in the nine months to September over the same period the previous year. “Diesel consumption is another excellent industrial activity indicator.”

Latest CSS figures showed there had been a 9.6% increase in petrol sales in the same year. But Twine said this rise was less significant as it had come off a low base from 1992 when petrol sales had been hit by a lack of confidence in SA’s future.

Eskom’s national electrification projects manager Jan Engelbrecht said recently the Northern Transvaal, KwaZulu/Natal and Gauteng would be this year’s main beneficiaries of Eskom’s electrification programme, which aimed to make 300 000 new connections at a cost of about R330m. He said 145 000 of the connections would be made in rural areas.

The utility planned to make 60 500 connections in the Northern Transvaal, 48 000 in KwaZulu/Natal and 44 900 in Gauteng — at a cost of R3 120 per connection.
Red tape nightmare

Municipal Reporter

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

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

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

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

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

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

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

“Getting plans passed timeously in Cape Town has always been a headache and it was a great help when some of the load was passed on to council delegates,” he said.

Kensington builder Mr Greg Josias said he was “thoroughly disappointed”.

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

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

Town planning committee chairman Mr John Muir said last night that passing an ordinary building plan should be unaffected by the Transition Act, but those in which any special permission was sought — such as building close to a boundary, or seeking permission to build higher than regulations permit — would be affected.

Already “uncomplicated” applications took about a month to approve.

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

This was the idea behind making councilors more directly responsible for every slightly unusual approval that was passed.

Senior surveying and land information official Mr Ian Kirkwood said yesterday that 80% of, for example, applications for subdivision of plots of land were handled by officials, rather than by the town planning committee.

The municipality dealt with nearly 600 such applications each year.

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

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

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

New law will delay house plans
PRETORIA. — The Danish National Aid Organisation is to grant R2.7 million for a community water and sanitation project in North-West, Minister of Water Affairs and Forestry Professor Kader Asmal said in a statement here yesterday.
HALF of all formal households in the townships have been connected to the electricity grid, according to a study by the University of Cape Town's Energy Development Research Centre.

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

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

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

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

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

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

But stoves are not a priority purchase in newly electrified homes because cooking is often only one of a range of services delivered by the same appliance-energy carrier combination. A coal or paraffin stove, for example, can be used simultaneously for cooking, water heating and space heating. Hence, in the PWV, for example, almost two-thirds of the electrified households surveyed still cook on coal stoves.

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

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

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

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

Warranty will cover buildings

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

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

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

Accredited contractors will offer a standard five-year warranty on houses costing between R22,500 and R100,000 for which there are registered mortgage bonds.

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

The scheme would also free housing finance, especially in the low-income housing sector, by eliminating the risk borne by mortgage lenders of a property deteriorating.

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

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

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

Should he abscond, dispute the claims or persistently default, the homeowner will be able to seek restitution from the warranty fund, which will be funded by annual contributions from contractors.
More than one million houses needed
Eskom put under pressure to meet demand

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

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

Reasons

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

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

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

Importing

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

He said Eskom still had plants in ‘mothballs’, but it took about three years to recommission such plants. — Reuters.
Demand for electricity is catching up with Eskom

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

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

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

There were two main reasons for the increase in demand, up 3.5% last year on an annual basis and forecast to rise 3.5%-4% this year, he said.

These were the programme to bring electricity to deprived areas of the country, and economic growth, particularly at the medium industrial level. This reflected "general across-the-board growth in the economy which is quite exciting," he said.

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

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

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

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

Statham said Eskom still had power plants with 6 000MW capacity in mothballs. However, it took about three years to recommission such plants, Statham said. -- Reuters.
Housing subsidy payout trickle

BY JO-ANNE COLLINGE

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

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

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

She expected to pay out subsidies for another 300 homes within days, adding that the delay was caused by the hold-up of transfers.

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

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

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

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

- A battle to get bonds: Dr Alf Levin, of Township Realtors, is developing 2 400 subsidised homes in Protea Glen, Soweto. He said he had already completed 150 homes for which he had claimed some subsidies.
  - But, he argued, he could have built twice as many if bonds had been available. Most of the big banks were holding fire until the mortgage indemnity scheme was up and running, he said.
  - Housing board sources confirmed this trend.

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

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

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

DURBAN — Denying municipalities electricity distribution rights would be a disaster for local government financing, Institute of Local Government executive director Andrew Boraine said at the weekend. He told delegates at a local government conference at least R2.5bn of an estimated R22.5bn in local government revenue came from the sale of electricity.

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

Reconstruction and development programme (RDP) ministry official Crispin Olver said preliminary estimates indicated that up to R1bn a year could be sourced from the capital market to finance urban infrastructure.

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

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

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

Major urban areas would form an association to communicate with government. A paper by former Durban city council management committee chairman Peter Mansfield and Greater Pretoria Traditional Metropolitan Council official Donale Khumalo, adopted as a working document for the national local government association, called for contributions from member municipalities' residents.

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

Local government elections task team co-chairman Khehla Shikane said central government had allocated R42mn to the team to fund a campaign to get people to register for October's local government elections. The campaign is to begin on February 12.
Mass housing attracts outside interest

Property Editor

IT was highly likely South Africa would see an influx of US property developers keen to participate in the country’s mass housing programme which is expected to get off the ground this year, says Bob Pennington, president of ERA International Division (23).

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

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

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

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

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

However, he believed international trends of a dwindling number of agents and agencies would start surfacing in the more sophisticated sector of the market and it would be impossible to accommodate the new inflow that was expected to continue for another couple of years.
Warranty will 'raise house prices by 10%'

By TERRY BETTY

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

The scheme is supposed to be formalised by April 1. As it stands, warranties will be provided for on all houses costing between R25,000 and R150,000.

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

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

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

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

creases this cost to 5.5%.”

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

Mr Smit says houses priced at between R55,000 and R150,000 are highly price sensitive and a 10% increase will reduce sales.

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

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

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

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

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

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

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

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

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

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

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

By Mokgadi Pela

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

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

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

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

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

Organiser of the KwaThema Working Group, Mr Kenny Madalane, who also received a notice amounting to R1 180.92 said his organisation would demand a meeting with the council to resolve the matter.

"We do not accept these notices. Springs Town Council has not consulted us and we find it unacceptable that they should deal with us in this manner," he said.
‘New housing projects need vital green spaces’

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

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

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

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

"We are listening to bring nature back into the city," he says.

For more information, contact the Wildlife Society at (011) 283-3294. — City Reporter.
Housing no-go areas expected for bank bonds

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

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

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

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

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

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

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

MUNGO SORRETT and SAMANTHA SHARPE

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

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

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

Government had pledged a minimum of R100m in the 1995/96 Budget to the scheme, which would reimburse lending institutions for losses of less than R100 000 or the fair market value of the property and the lender's exposure to the land.

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

Lauffer said the Housing Department's proportion of the Budget should be increases to 5% from 1% to make more subsidies available.
Electricity suppliers will require licences

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

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

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

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

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

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

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

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

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

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

Institute of Local Governance and Development executive director Andrew Beraine told a local government conference in Durban last weekend that denying municipalities electricity distribution rights would be disastrous for local government financing. Latest figures indicated that of the R22.8bn local government revenue, R13.8bn came from the sale of electricity. Du Plessis said up to 69% of the total revenue of some local authorities came from the sale of electricity.
Call for govt to guarantee low-income bonds

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

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

"Any step to force life assureds to invest at sub-economic rates was untenable because it would be a severe blow to the savings industry in South Africa, which in turn would be detrimental to the longer-term economic growth of South Africa and consequently also the implementation of the RDP."

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

Smith said use could be made of the initiatives already undertaken by the public authorities and/ or banking and contractual savings institutions such as the Urban Foundation, the SA Housing Trust, the Independent Development Trust, the IDC, the Development Bank of Southern Africa, the Small Business Development Corporation and more recently the Industrial Development Unit, the Community Banking Project, the Southern Africa Enterprise Fund and the Get Ahead Foundation.

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

The IDU acts at the wholesaling end of the flow of investments and therefore looks only at macro projects. For smaller local projects, money would have to come from retail lenders such as mortgage lenders who in turn could well be borrowing the money from assureds.

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

"In this regard I cannot however over-emphasise the importance of the fact that the paper in which to invest in order to finance reconstruction and development is simply not currently available."

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

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

JAPAN's Export/Import Bank's $300m advance for Eskom's electrification drive had been well spent, deputy governor Akira Nanbara said yesterday. Speaking after a visit to Ivory Park squatter camp, which was being electrified by Eskom, he said rebuilding the country would require 90% penetration and a bit of luck.

The money formed part of the $600m package of the bank's loans to SA, pledged last year as part of Japan's $1.3bn aid programme. Nanbara said another loan to the Development Bank of Southern Africa could be concluded soon.

Nanbara, who was leading a high-level economic mission to SA, held general discussions with Minister without Portfolio Jay Naidoo yesterday. "Mr Naidoo told us that government would prefer assistance to small companies as opposed to bigger ones who can make it on their own."

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

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

He would like to see a more balanced flow in trade between Japan and SA in which SA diversified its exports.
Evictions 'cannot be ruled out'

Govt set to crack down on boycotts

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

Provincial Affairs Deputy Minister Valli Moosa said yesterday there were no indications that the boycotts were easing, despite the creation of nonracial, representative local authorities in all urban areas.

The boycotts were long seen as a protest against apartheid councils.

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

"We want to reintroduce law and order in non-payment areas — if people do not pay, there must be consequences," he said.

"Evictions cannot be ruled out, although we cannot evict everybody. A trigger-happy approach may be counterproductive and lead to unnecessary conflict."

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

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

Moosa said that in the year to October, payments in black urban areas had fallen from 33% to 19%, despite an agreement in the local government negotiating forum providing for the resumption of payments, coupled with the writing off of arrears.

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

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

Government had recently cleared key obstacles to the resumption of payments.

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

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

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

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Eskom protests 'may result in sabotage'

BY JUSTICE MALALA
LABOUR REPORTER

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

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

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

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

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

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

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

s/tar 8/2/95
THE GOVERNMENT MIGHT be forced to crack down on defaulters of bond and service payments in the townships because there were no indications that the large-scale non-payment of tariffs was slackening.

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

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

"he rent, service and bond boycotts amounted to millions of rands and that seriously affected the multi-million rands Reconstruction and Development Programme as a result of accumulating debts. Moosa did not rule out the possibility that defaulters would be evicted from their homes. His ministry would consult with the police and justice ministries in that regard, he said. The minister said there were indications that the boycotts were not easing despite the creation of nonracial local transitional authorities that phased out the old fraudulent city and town councils.

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

At a Press conference following its general council, Sanco said it would confront the Credit Bureau in an attempt to make it "sensitive" to people's problems and called on the Government to transform the bureau.
R300m plan for homes in Dist 6

Poor to gain

BY PETER DENNETHY

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

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

Foreign investors had already shown interest in plans for the new District Six. Among the developments announced yesterday were that:

• The first bricks of the "working class homes" will be laid when builders return from their annual holiday early next year.
• The type, form and density of the huge housing scheme will be finalised after consulting the community.
• Those dispossessed of their homes during the apartheid era will not be entitled to receive their "fair" land back in District Six — but may gain priority on the new housing list or be awarded land elsewhere.

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

The trust's draft business plan has already been submitted to the form of a project proposal, to the national RDP office. In this document R300m is requested - some of it from the private sector, and:
• Overseas interest has been expressed in the project, financially or with expertise, from Malaysia, America and Canada.
• Meetings have been held with interested overseas parties but trustees will not mortgage the land to overseas. A technical advisory committee is being set up to advise the trust on technical aspects of the project, including planning, housing, financial and educational institutions. The advisory committee will be submitted to the trust.

Names submitted:

Names submitted thus far include those of Mr Paul Budness, Deputy Director of UCT, Mr Neil Alperstein from Peninsula, Mr Marco Bezuidenhout from Cape Technical Institute, and Mr Peter Welsh. The advisory committee will be invited to submit names of committee members.

Mr Vernon Joshua, chairman of the trust, said a list of decisions have yet to be made by the trust in consultation with interested and affected parties on such issues as the type, form and density of the housing. Its cost, how many stores it may be, to whom it will be allocated and on what basis, the proportions owned and rented, land use mix and forms of tenure.

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

Selection criteria for who will qualify for the land will be drawn up in conjunction with the community. Thus far 6,000 letters have come in to the trust, inquiring about the future of District Six which is a deeply emotional issue for many Capetonians.

The 30ha of available District Six land has not yet been transferred to the trust, but the government has committed it to the trust for redevelopment. Trustee Mr Suresh Ramchand explained that the trust intended to apply — probably next month — for exemption for District Six from the Restitution of Land Rights Act as a provision to give back pieces of the 30ha to dispossessed individuals with consent.

"That does not mean that the individuals will be disadvantaged," he said.
Solar power lights the way

ROSS HERBERT

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

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

By Eskom's estimates, which critics say are optimistic, 34 percent of South African homes still lack electricity for lights, television or refrigeration.

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

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

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

However, solar power costs the same whether close or far from the power grid.
SWEEPING market-led reforms for urban areas have been proposed by the RDP Ministry, which warns that "an acceptable level of civil responsibility and behaviour" is a prerequisite for RDP funding.

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

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

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

By KEVIN DAVIE

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

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

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

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

"Collection of a substantial proportion of the possible R4-billion thus implies a payment system sensitive to individual household income."

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

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

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

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

Dr Olver says the role of the RDP is to provide incentives for investment in infrastructure and to ensure redistribution through a one-off, direct subsidy on the capital costs of infrastructure.

Community involvement is emphasised.

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

- An acceptable level of civil responsibility and behaviour.
- An acceptable level of performance in meeting service charges, rates and rental payments.
- Only local authorities established in terms of Local Government Transition Act (1993) may participate.
- Effective exercise of primary local government functions takes place.
- Budgets for the amalgamated local authorities are managed in an integrated manner throughout the jurisdiction.
RDP to get tough on urban reform

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

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☐ Budgets for the amalgamated local authorities are managed in an integrated manner throughout the jurisdiction.
New Housing Minister Sankie Mthembu-Nkondo (43) will probably say very little when she attends her first Cabinet meeting next week. But if she hopes to succeed in what is arguably the most challenging task in government, she must ensure that at subsequent meetings her voice is heard often and loudly.

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

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

Fortunately, she has a solid foundation on which to work. During his short time in office Slovo managed to consolidate a broad spectrum of divergent views on housing policy and this culminated in the White Paper. (Property December 16).

Nkondo’s immediate challenge will be to preserve that unity of purpose and expand it into the areas that Slovo was unable to address before his death.

Independent Development Trust housing director Ben van der Ross says this will require a turbo boost on the learning curve for someone with little experience in housing: “Housing is a very complex and technical portfolio. Simply getting to grips with the issues will be difficult enough.”

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

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

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

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

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

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

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

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

The Electricity Control Board will now be known as the NER.
SA may be linked to Congo power grid

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

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

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

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

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

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

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

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

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

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

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

Defects scheme ‘needs lead-in time’

By MAGGIE ROWLEY
Property Editor

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

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

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

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

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

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

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

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

Problems raised will then be submitted to the exec meeting of the task force on February 28 for solutions to be found, he said.

The scheme was due to come into operation on April 1, but if a lead-in period is granted, this would be set back, said Roelert.
Subsidise services for indigent, says Sanco

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

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

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

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

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

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

Constitutional Development Deputy Minister Valli Moosa said last week talks were under way with the Social Welfare Department to identify residents who were genuinely unable to pay. These would be the subject of targeted relief, either from local authorities or central government.

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

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

He also urged that efforts be made to formulate national guidelines on tariffs. If not, he said, would ensure uniformity.

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

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

Queen ‘looking forward to SA visit’

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

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

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

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

The queen visited southern Africa with her parents in 1947 for three-and-a-half months. Her visit from March 19-25 would be the first state visit of her reign and the first by a British monarch and head of the Commonwealth since last year’s elections.

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

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

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

New forum to ‘manage relationships’

The Gauteng government has established a forum to ensure a “healthy working relationship” between itself and transitional local government structures.

The forum — the first of its kind in the country — will hold its inaugural meeting in Johannesburg on February 26. The meeting, to be opened by premier Tokyo Sexwane, will be attended by representatives of the Gauteng cabinet and the heads of the 30 transitional local government structures.

Provincial Communications Director Chris Vick said yesterday the forum’s main objective would be to “manage the relationship between the Gauteng government and the new transitional local councils”.

“IT will provide a platform for discussion between the province and local government, and is intended to explore areas of common understanding,” he said.

“We hope it will facilitate the building of mutually beneficial relations between provincial and transitional local government structures,” he said.

Vick said although the forum was envisaged as a transitional structure “intended to assist the transitional local government structures now in place”, it was believed the forum might have a permanent role.
Housing subsidy for
the poor increased

HOUSING Minister Sankie Mthembu-Nkondo has approved a R2 500 increase in the housing subsidy available to the poorest South Africans - a move which could cost the state an additional R700m a year.

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

Households earning between R801 and R1 500 will now receive a R12 500 subsidy, those earning between R1 501 and R2 500 will get R9 500 and those with an income of between R2 501 and R3 500 will receive R6 000.

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

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

Lauffer said projects approved under the previous three subsidy bands could be revised on application to relevant housing boards.

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

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

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

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

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

Seeff Residential Properties and the Sowetan newspaper have put together a high-level forum aimed at educating potential first-time home owners.

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

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

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

Seeff said constructing 350 000 homes each year was a mammoth task, and incentives should be provided to private employers which would encourage them to provide homes for their employees. He said there was no finer encouragement than tax incentives and by allowing an employer a percentage off interest payments, for example, there would be a powerful motivation.

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

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

Political Correspondent

Households earning less than R600 a month are to benefit from a new housing subsidy announced by National Housing Minister Sankie Nkondo.

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

It adds a fourth band to government housing subsidies.

The four levels are:

- R5 000 for households with incomes between R2 501 and R3 500.
- R9 500 for households with incomes between R1 501 and R2 500.
- R12 500 for households with incomes between R401 and R1 500.
- R15 000 for households with a combined monthly income of less than R600 a month.

Ms Nkondo said the new subsidy would be backdated to March 15 last year.
Johannesburg — A family earning a combined salary of less than R800 a month can now qualify for a housing subsidy of R15,000, Housing Minister Mrs Sableka Mthembu-Nkondo said yesterday.

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

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

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

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

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

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

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

WILSON ZWANE

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

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

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

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

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

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

Moosa said his ministry was holding discussions with police and the Justice Department on options for cracking down on defaulter.
R2.4 bn RDP funds for housing, health

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

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

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

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

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

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

He said the government expected a further R1 billion to become available for the RDP from foreign aid in fiscal 1995/96.
Info on housing subsidy procedures awaited

BY JOVIAL RANTAO

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

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

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

Laufer’s statement follows an announcement of increased subsidies from his ministry.

Housing Minister Sankie Mthembi-Nkondo last week announced a housing subsidy of R15 000 for families earning less than R800 a month, beginning in March 1995.

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

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

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

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

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

For families earning less than R500 a month, the consolidation subsidy will be R7 500, and for those earning between R501 and R7 500 it will be R5 000.

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

Households with a combined monthly income of R500 or less may receive a R15 000 grant; those earning R501 to R7 500 are eligible for R12 500; those earning from R7 501 to R7 500 may receive R9 500; and those with an income of between R8 501 and R8 7 500 will be granted R5 000.
People must pay for services

Sowetan Correspondent

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

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

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

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

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

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

CLIVE SAWYER
Political Correspondent

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

Crippling boycotts for more than a decade have left huge arrears and bleak prospects for financially viable local government after this year's elections. Called the Mazathane Campaign, it will involve central and provincial governments and community leaders.

President Mandela will announce the campaign on Friday.

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

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

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

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

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

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

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

In addition, banks were falling behind on an agreement brokered by the Housing Ministry last year whereby financial institutions would finance 50,000 home loans worth R1bn during this year.

In return, government promised to implement the builders' warranty mechanism and a mortgage indemnity scheme, which would provide a full guarantee on irrecoverable financial losses to banks in the event of defaults.

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

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

Building Industries Federation of SA (Bidna) executive director Ian Robinson said the meeting was a step in the right direction.

Robinson said an updated version of the builders' warranty mechanism had been tabled at the meeting and steering committee representatives would seek comment from their constituencies.

The committee would meet again on March 6 to finalise a process and timetable for final acceptance. It was hoped the scheme would be approved by March 31.
155,000 housing subsidies approved

TIM COHEN

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

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

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

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

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

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

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

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

Asked about her relationship with the provincial housing ministers — a past problem area — Mthembu-Nkondo expressed confidence, saying all the provincial housing ministers had expressed their desire to work collectively.

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

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

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

Housing (123)
Fight for provincial housing funds begins

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

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

The Housing Ministry is agitating to increase the housing budget from 7% of the total budget to at least 5% within the next five years.

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

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

KwaZulu/Natal, which received the largest allocation from the housing fund last July, has an estimated housing backlog of 300,000 units, although more than a million existing homes are informal or shacks. Almost half of the population earns less than R2000 a month.

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

He urged the board to ensure development occurred in areas which had been targeted for land invasion, such as Cato Manor and Matatiele.
LOW-COST HOUSING 1

A firm foundation

From 24/1/95

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

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

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

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

"KwaZulu-Natal has the largest population of all the provinces and consequently the greatest housing need. A quarter of the national population lives in the region, but in order to meet the required 25% of Slovo's target (230,000 homes in five years) the province must get 25% of central government's housing budget allocated. In the past, underfunding has been a serious problem, but recently we have received a fairer allocation from Pretoria."

Miller anticipates that around 30,000 homes will be built in the region during the current financial year. In order to attempt to meet Slovo's objectives, this figure will be increased annually by 50% over the following four years. In the next decade Miller envisages 1m homes being built in the region.

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

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

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

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

LOW-COST HOUSING 2

Testing the limits

SA's largest townhouse developer, Richland Property Organisation, is entering the low-cost housing market where success depends on achieving quick, paper-thin profits. Claiming 40% of the Good Address, Small Home market (Gash), Richland has developed a winning formula in its traditional area of business.

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

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

Thebe aims to develop up to 10,000 housing units in greater Johannesburg using land on which it holds options. Its largest planned projects are on the East Rand where there is plenty of available land. Homes of 45m² - 52m² will be sold for between R49,000 and the present subsidy ceiling of R65,000. Considering banks have limited the number of bonds they're prepared to grant in the home market to 50,000 this year (Gauteng's share could be as low as 20,000), Franck says securing sufficient bond finance could be a problem.

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

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

In its traditional market, Richland intends to build 4,000 units this year, 800 more than last. Its homes, costing R90,000-R180,000, represent the largest slice of the housing market. Since 1988, it has built 8,000 homes in joint ventures with firms such as Group Five, Sage, Absa Merchant Bank, NBS Development and Devprop.

Franck says 1,000 homes will be built in Durban, now an important profit centre for the company due to demand for permanent and holiday homes. A further 300 will be built in Cape Town, 600 in Pretoria and 1,600 around Johannesburg.
Slow start to govt housing campaign

By BARRY STREEK, Political Staff

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

But the new Housing Minister, Ms. Sankie Mthembu-Nkondo, said she was confident the target of one million would be reached.

Her office also disclosed that 180 projects involving R1,68 billion and subsidies for 153,788 houses had been approved so far.

This included 12 projects in the Western Cape, with subsidies for 3,448 houses amounting to some R38,5 million.

Ms. Mthembu-Nkondo said construction projects under way, including one in Hout Bay and one in Worcester.

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

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

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

Serveco, a new company to help provide services to the new home-owners, would be set up in the next few weeks.

It aims to help those who had developed financial problems by transferring them to more affordable housing.

The National Housing Finance Corporation would deal with those people who were not accommodated by the larger loan institutions.

She said a community bank had been considered, as proposed in the RDP White Paper. However, it had been decided a facility which provided financing on a broader level would be preferred.
Pay-up time for townships

BY ANTHONY JOHNSON
Political Correspondent

President Nelson Mandela will today unveil a bold initiative to break the township rent and service boycott that is costing the country over R1 billion a year.

The Masakhane (Let us build each other campaign) to be formally launched by the President in an address to Parliament, is also aimed at bringing infrastructure and improved services to neglected areas.

The national-wide campaign will attempt to replace the situation in which two-thirds of township residents no longer pay rent or for services with one in which there is co-operation between the government and communities.

The launch of the campaign comes amid warnings by the minister in charge of the RDP Mr. Jyr Naidoo that the continuing rent and service boycott could torpedo the RDP.

In his state of the nation address at the opening of Parliament Mr. Mandela said it was imperative for South Africans to rid themselves of what he called a "culture of entitlement", which led to the expectation that the government must promptly deliver whatever the people demand.

Resident Minister Sankie Mthembu-Nkondo told a media briefing yesterday that the Masakhane campaign was designed to forge a new co-operative bond "between the government, civil society and local communities."

The campaign would not only be aimed at encouraging payment of rents and services and bond commitments, but also at redressing "backlogs that are more than 40 years old."

She said that the impatience felt by disadvantaged communities for improved housing and infrastructure was legitimate, but added that it was "too much to expect a government to have instant results after only eight months in office."

Mthembu-Nkondo said that all the government's efforts to provide housing and facilities for disadvantaged communities would only succeed when communities accepted their responsibilities.

"The people out there have long-existing, agreed, agreements with the bonds for service payment," she said.

Chief whip Mr. Arnold Stoffel said in a media briefing after yesterday's press conference that the Masakhane campaign was intended to publicise efforts by the government to address the social targets of improving living conditions and delivering services to those in need.

The Deputy Minister of Constitutional and Provincial Affairs, Mr. Valli Moosa, will take political charge of the campaign.

Mr. Stoffel said that Masakhane would strive to create a new "culture of co-operation" between township residents and the various levels of the recently dematerialised government.

The campaign included plans for dealing with the inability of existing local government structures to deal with requests by township residents for services.

But if it was also geared to handling the inability of the current dispensation to deal with rent defaulters, he said.

Mr. Stoffel said there was currently little incentive for those locked into non-payment to change their ways.

Mr. Mandela will participate in a public launch of the countrywide campaign at Marconi Base squatter camp in Milnerton tomorrow.

PAY UP PLEASE... Deputy Constitutional and Provincial Affairs Minister Mr. Valli Moosa is to lead a campaign to break the R1 billion-a-year township rent and service boycott.
State subsidy plan has
built 878 houses so far.

A TOTAL of 878 state
houses have been built in
SA since the introduction of
the subsidy scheme in
March last year.

Half of these — 474 —
were in Gauteng, and the
balance in the Free State
and Northwest, Housing
Minister Sankie Mthembu-
Nkoko said yesterday.

She stressed that houses
were being built in a range
of other areas. The depart-
ment was also involved in
other reconstruction and
development—programme
projects in Katorus and Iba-
hayi, and a serviced land
project on the Cape Flats.

"Why it is taking so long?
We first had to set up sup-
port administrative struc-
tures to run the housing
process," she said. These in-
cluded the homebuilders' con-
tractors' warranty scheme and the

national housing finance
corporation.

"To address the housing
problem will take a genera-
tion. We'd rather lose a few
months at the beginning to
ensure we have a workable
system."

Of the 155 000 subsidies
allocated so far, a third —
52 000 — had gone to pro-
jects in Gauteng, 20 000 to
Northwest, 29 000 to East-
ern Transvaal, 22 000 to
KwaZulu/Natal, 23 000 to
Eastern Cape, 3 400 to
Western Cape, and 4 000 to
the Free State.

She said Germany had
pledged DM50 000 towards
an agri-village which
would provide permanent
housing for farm workers
whose tenure was not
secure.
Govt to launch campaign

President Nelson Mandela will announce the launch of the Masakhane campaign in Parliament today. The campaign aims, among other things, to end rent, services and bond boycotts.

Pascal Moloi, an official in the Ministry overseeing the reconstruction and development programme, said yesterday the campaign would be launched at an informal settlement in Cape Town.

Later in the day, parts of the campaign would be flighted on TV. These would be followed by advertisements in print media on Sunday and an appearance of Ministers involved in the campaign on SABC’s Agenda programme.

Moloi said the campaign would also be launched in provinces later. It sought to “mobilise state and private sector resources, immediately enhance the administrative capacity of transitional local government and maximise participation and responsibility”.

The SA National Civic Organisation has said while it was not opposed to the campaign, it wanted details from the Constitutional Development Ministry before it could “actively” support it.

NP govt ‘planned township violence

CAPE TOWN — Evidence of a secret state plan to undermine the United Democratic Front in the late 1980s by provoking “black-on-black” violence in the townships was presented to Parliament by Bantu Holomisa yesterday.

The ANC Deputy Environment Minister said documents in his possession indicated the State Security Council had approved the use of hundreds of millions of rand for “dirty trick projects” such as Project Vallex in 1987/88.

The main objective of Project Vallex, according to the documents, was to force the UDF out of communities by the instigation of “colour against colour” violence.

The operation had been instigated while Deputy President FW de Klerk was a member of the council.

Holomisa said it appeared from the documents there was a cover-up of an amount of $2.6bn in commissions claimed from the NP government relating to financial deals.

There was also information on gold sales which could involve the fraudulent removal of SA’s assets.

The documents also showed de Klerk was fully aware of the transactions.

Holomisa warned two weeks ago he would reveal how the NP was responsible for violence and corruption in the pre-election era.

Addressing Parliament on the presidential opening address yesterday, Holomisa said he held further evidence of clandestine operations and called on government to establish a judicial commission of inquiry into the allegations.

Between 1988 and 1992, the NP government had spent R5bn on Operation Anchor and Operation Kampong, Holomisa said.

These operations were aimed at paying large sums of money, through the conduit of military intelligence, to persuade coloured and Labour Party MPs to cross the floor to the NP.

Further “dirty tricks projects”, going by the names of Pippa, Lion Life, Kalambo, Lambert and Lactone, had also been initiated for political gain among black and coloured citizens, Holomisa said.

“The documents in my possession detail the use of hundreds of millions of state funds in waging the dirty tricks campaign from 1988 to last year.”

The NP said yesterday all state finances during the period were overseen by the Auditor-General’s office. Holomisa’s evidence was inconclusive, NP spokesman Cobus Dowry said.

If Holomisa possessed any proof of corruption he should give it to the police.
ELECTRICITY

Cash up front

A computerised vending machine which enables consumers to use prepayment electricity meters has started a six-month test run in the Midrand squatter camp, Ivory Park. The self-service terminal, a joint project involving Eskom, First National Bank and Spescom, may ultimately change the way all consumers pay for electricity.

Eskom project leader Etienne Bramley says the power utility is exploring ways of enabling residents to buy electricity credits outside office hours. In time, Eskom hopes to sell tokens through bank automated teller machines (ATMs) and from retailers’ checkout points.

The Ivory Park terminal was designed and built by FNB’s technology innovations group headed by Gerry Cassidy. It is a cash machine for residents who do not necessarily have bank cards and is operated by touching graphics on a screen.

Cassidy says the graphics should overcome language barriers or technological ignorance.

The terminal prints out a 20-digit numeric token for cash. Ivory Park uses an electricity credit transfer technology developed by Spescom called Cashpower 2.000, which was recently merged with Siemens’ prepayment business.

The printed code contains the identification number of the customer’s prepayment meter and the amount of electricity bought. Residents gain access to electricity by keying the code into the meter in their homes.

Spescom’s prepayment system is one of five Eskom has installed in various areas. Bramley says Eskom is introducing a common vending system. Because of the number of systems currently used, residents are limited to buying tokens at their local Eskom office.

This problem is being solved by the utility which is developing technology for its centres to accept payment for any of the electricity credit systems in use.

Bramley says once electricity tokens are available at cash machines, ATMs and supermarket tills, prepayment meters will probably be used in most areas as they eliminate the need for meter readers.
DOING ALL Mandela in campaign to eradicate culture of non-payment

By Vuyo Bavuma
Political Reporter

President Nelson Mandela is to launch a high-powered campaign in a Milnerton, Western Cape, squatter camp tomorrow to promote the payment of service charges and normalise local government structures.

The campaign, to be called the Masakhane campaign, will be part of a broad strategy to prepare for the effective implementation of reconstruction and development programmes.

Mandela is expected to lay a brick to mark the start of the campaign at a ceremony to be held at the Marconi Beam squatter camp in Milnerton.

The campaign is the Government's second strategy within a month to address problems relating to non-payment of rent and service charges in the townships.

It will involve a network of street committees and non-governmental organisations to ensure maximum participation.

To show its commitment to end the culture of nonpayment, the Government has set up a Technical Interdepartmental Forum to investigate the indigence problem in the townships.

The committee is investigating possibilities of providing assistance to struggling families to offset the problem.

On January 20, the Government, major political parties and local government stakeholders signed an undertaking to encourage payment of rent and service charges.

Masakhane will also focus on means of collecting payments from residents.
Subsidy leads to 876 houses

BY ESTHER WAUGH
POLITICAL CORRESPONDENT

Cape Town — A total of 876 houses have been built throughout South Africa under the aegis of the Government’s new housing subsidy scheme.

In Gauteng, 474 homes were built as a result of the scheme.

Minister of Housing Sankie Mthembu-Nkondo said yesterday a further 155,000 housing subsidies had been issued, and that these houses would be built in the near future.

She added that in addition to inheriting a severe housing backlog from the previous government, one of the delays in providing houses had been conflict between white and black building industries.

The deep division within this industry was “very unpleasant and very worrying”.

Another cause for concern was the lack of a uniform body in the black building industry.

Builders would register themselves, as such, in terms of the Building Warranty Scheme, and the Government would ask the bigger building companies, which were mostly white-owned, to utilise smaller black firms.

Nkondo said the Government’s target of building 1 million houses before 1999 still stood, and that the Government’s housing policy would be a success if only 70 percent of that target was reached.

The minister said she would be urging the Government to increase the housing budget from 1.4 percent of the total Budget to 5 percent by the end of 1999.
Mandela launches campaign to end rent, services boycott

CLIVE SAWYER
Weekend Argus
Political Correspondent

THE first week of the parlia-
mentary year has been closed
with a strong call from Presi-
dent Mandela for people to be-
gaín paying for services.

Announcing the Masakhane
campaign, aimed at persuading
people to pay for local govern-
ment services, Mr Mandela
said there was an urgent task
to instil a culture of payment.

"Non-payment today hurts
those who have nothing and
who are waiting for houses,
electricity and sewerage.

"It hurts neighbours who
must carry an unfair burden.

"Whatever is withheld is kept
out of our investment pro-
grammes for housing and ser-
vices," said Mr Mandela.

He was replying to the week-
long debate on his opening
speech to parliament.

He described the debate as
"excellent, exciting and event-
ful".

It was during the debate on
Tuesday that Inkatha Freedom
Party members of the national
assembly and senate walked
out, announcing a boycott
pending a party decision on
whether to continue in parlia-
ment.

Mr Mandela said the govern-
ment would work with commu-
nities to ensure a sense of ur-
gency in socio-economic
programmes.

On crime, he said the word
was often too narrowly defined.
"There is a kind of crime
much less visible, but whose
existence is well-known.

"White-collar crime and theft
committed in businesses cost
the country enormous re-
sources, and they needed to be
combated with equal vigour."

Mr Mandela said reference
to the government's commit-
ment to stamp out anarchy and
lawlessness did not mean
unions-bashing and suppressing
people's rights.

"Let us make it clear once
more, our recognition of the
right to protest and to strike is
unshakeable."

These rights were guaran-
teed by the constitution.

"What we shall deal with
firmly — and this is no idle
threat — is the breaking of the
law through acts of vandalism,
taking of hostages, blockades
of roads and damage to prop-
erty."

Mr Mandela said it was un-
derstandable the issue of cor-
rupation had loomed large in the
debate.

The government was deter-
minded to forestall corruption,
but insisted on due process.

He hit out at those who criti-
cised the notion of the Truth
and Reconciliation Commis-
sion: "It is an insult to the
memory of victims of gross vi-
olations of human rights and
their relatives."
Mandela in pay-up plea to rent defaulters

Robert Brand

The former president expressed the hope that the rent defaulters would pay up to avoid further complications.
Mandela says it's time to cough up

By RAY HARTLEY: Parliamentary Correspondent

PRESIDENT Nelson Mandela yesterday launched an ambitious project to restore the rule of law in townships by rebuilding infrastructure and persuading residents to pay for services.

Launching the "Masakhane" campaign — "let's build together" — at the Marconi Beam squatter camp near Millicent yesterday, Mr Mandela warned the campaign would fail unless communities paid rent and service charges.

"We must all pay or the investment (in townships) will dry up," he said.

Earlier this week Masakhane chairman and Deputy Provincial Affairs Minister Mohammed Valli Moosa warned that local authorities were facing a financial and administrative crisis.

"If non-payment levels do not change, then all the agreements, all the strategies for housing, will not develop. This is a campaign about establishing civil obedience and the rule of law," he said.

More than half of those living in old black local authority areas did not even receive bills for rents and services, he said. One of the campaign's main tasks would be to make payment "possible, easy and hassle-free" by providing accessible payment points and proper billing.

He said the percentage of residents paying for services had increased from 19 percent in May 1994 to 33.1 percent in December of the same year.

"It is a sign that the new SA has made some impact."

But, in keeping with Masakhane's "persuasion first" approach, Mr Moosa said evictions would do nothing to help restore a culture of payment.

He said such measures would be resorted to only once a culture of payment had taken hold, and even then only as a last resort.

A fleet of trucks donated by a private company and an advertising campaign undertaken free by an advertising agency would inform people of the campaign.

Chris Ncobe — who once organised rent boycotts as a Soweto community leader in the 80s — has been appointed Masakhane manager.

Addressing Parliament on Friday, Mr Mandela/commited government to "ensuring efficient and frugal use of resources and providing services."

"The disregard for a community's assets — its schools and clinics and parks — must be consigned to history."

"We understand that many people are struggling financially. But we need to re-prioritise our family budgets. Just as the government is having to re-prioritise."

The Masakhane Campaign

- What is the campaign about?
  Government revenue for the provision of water, electricity, sewerage and houses has been seriously reduced by the refusal of millions of people to pay for household services. The campaign is an attempt to reverse this "culture of entitlement" and revive local government revenue collection. Masakhane is an Xhosa word which means "let us build each other".
- Why have people not been paying rent and services?
  In the 1980s, ANC-aligned organisations called for boycotts to undermine undemocratically elected local authorities and to protest against the poor quality of township services. The campaign was so successful that it led to the breakdown of local authority structures in many townships. When civic organisations called off the boycott with the arrival of democracy, their calls went largely unheeded.
- Why does government think people will pay now?
  A television advertisement featuring Archbishop Desmond Tutu cites the provision of free health care for those under six years, old and pregnant women, and school feeding schemes, as evidence that democracy is bringing about a change in the quality of life. Government believes that these services, future RDP projects and the fact that South Africa is now a democracy have created a climate where people will be more willing to pay.
- What will happen to those who do not pay?
  Masakhane chairman Mohammed Valli Moosa said this week that punitive measures such as evictions and arrests for non-payment would not be on the cards until the tide had turned in favour of payment. In the meantime, campaigners would try to persuade people to pay.
- What about people who can't afford to pay?
  Ultimately, those who cannot afford their housing bonds will be moved to housing that is within their means. An organisation called ServCo under the auspices of the housing ministry is to be established to shift people into accommodation that they can afford.
- Where will payments be made?
  A side-effect of the township rent boycott campaign was the collapse of the administrative infrastructure needed for the issuing of bills and the collection of payments. In more than 50 percent of townships, no proper billing system currently exists. The Masakhane Campaign aims to rebuild basic administration and reintroduce proper billing.
CAMPAIGN LAUNCHED ... President Nelson Mandela at Marconi Beam settlement near Milnerton at the weekend where he launched a campaign to encourage people to pay for services. Picture: CLIVE SMITH

We have to pay for what we use.'

PRESIDENT Nelson Mandela chose an informal housing development near Cape Town on Saturday to lay the first symbolic brick of a campaign to end the rent and services boycott and stimulate public involvement in the government's housing programme.

"We all have a responsibility to pay for what we use," Mr Mandela said at the launching ceremony at Marconi Beam settlement near Milnerton. "The Masakhane campaign is an important part of the reconstruction and development programme. Everybody must support it."

Marconi Beam mayor Mr Rod Hulley said the campaign would only succeed with the support of all South Africans.

Earlier, Mr Mandela was mobbed by excited residents as he went on a short walk on the fringe of the shack settlement.

"We do not want you to stay in houses like this, we want you to have decent houses," he told the crowd.

Urban planner Mr Alistair Rendall said the campaign — Zulu for "let us build each other" — had come at an opportune time for the 5,000-strong Marconi Beam population.

Bulk services including sewerage, roads, water pipes and electric cabling were being installed for about 1,200 households on community trust land that qualified for R15,000 housing subsidies.

He said residents had been boycotting services after failing to secure land security from the local municipality.

"We've basically been trying to implement the RDP," development plan co-ordinator Mr Lesley Viljoen said.

The ministries responsible for the campaign were represented by RDP minister Mr Jay Naidoo, housing minister Ms Sankie Nkonde and deputy provincial affairs minister Mr Mohammad Valli Moosa.

Also present were Western Cape Premier Mr Heman Kriel, his colleague from Northern Cape, Mr Manne Dipico, and Mr Mathews Phosa from the Eastern Transvaal. — Sapa
ANC 'unable to deliver'

Johannesburg: Gauteng Housing Minister Mr Dan Mofokeng's accusation that the NP was responsible for the current housing fiasco was a "cop-out" and indicated the ANC's inability to deliver a better life for all, the NP said yesterday.

The NP said the houses in Lenasia Extension 13 currently being occupied by squatters had been empty for more than a year; it queried why Mr Mofokeng was only now allocating the houses.

Mr Mofokeng seemed to forget it was the ANC that had torpedoed the NP government's 1993 plan to inject R1 billion into housing. — Sapa
Bill may hold up housing

THE Development Facilitation Bill, intended to cut bureaucratic delays in releasing land for development, might become operational only by mid-year, affecting plans to speed up government's housing programme.

The White Paper on Housing says short-term intervention to speed up delivery of land is essential for the launch of the housing programme. "Under these circumstances, the proposed Development Facilitation Act was drafted as a bridging measure in the short term."

A Land Affairs Department spokesman said the deadline for submissions on the Bill had been extended from October 28 after requests from interested parties. Comments on the Bill were being collated and amendments made where necessary.

The spokesman doubted that the legislation would be passed by Parliament before the middle of the year.

Other forms of legislation, such as the Land Administration Act, could go some way towards filling the gap left by the Development Facilitation Bill, he said.

The Bill was intended to provide a single piece of legislation to bypass bottlenecks in town planning and bond registration.

Housing Ministry spokesman Stephen Laufer said the delay in passing the Bill would not slow down the housing programme, but that the fast-tracking approach would come into play later than originally envisaged.

The housing programme was beset by more pressing problems. Consensus had yet to be reached on the crucial builders' warranty mechanism and a mortgage indemnity scheme had yet to be approved.
Plan for a million houses in 5 years ‘still stands’

CLIVE SAWYER
Political Correspondent

THE government remains committed to building a million houses in the next five years, says housing director-general Billy Cobbett.

"Hopefully, at the time of the budget we will send a signal confirming this."

Mr Cobbett briefed the national assembly select committee on housing today — the closing day for comment on the housing white paper.

Since the election of the government of national unity, 150 000 housing subsidies had been approved, the most in South African history.

"The bad news is that a lot of projects are faltering because of a lack of end-user finance," he said.

This was not the fault of banks, but was caused by a series of factors the government hoped to overcome.

A body to be called Servcom was to be set up to liaise with people in default to banks.

Servcom would help people negotiate individual settlements with banks.

Another option was to find "more appropriately sized" accommodation for people unable to afford bonds on their houses.

Mr Cobbett said the government wanted the construction industry to insure itself against bad building practices.

This meant the establishment of a building warranty scheme, to which builders and contractors would have to be accredited.

But there was some resistance to the scheme as builders in the "emerging sector" — black builders — saw the warranty mechanism as a threat.

Meetings were to be held to attempt agreement on the scheme.

The government aimed to introduce subsidy schemes for individuals in the next four weeks.

While this would be an administrative nightmare, it was an essential part of housing policy.

Mr Cobbett said the government was considering direct or indirect state intervention to establish "building support centres".

Similar to centres established elsewhere in the world, these would provide everything "from advice, to doors, to window frames".

Mr Cobbett warned that a dramatic increase in the price of building materials was a threat to delivery of houses.

He said the National Housing Board would be reconstituted.

Details about changes to the board would be disclosed within two weeks.
'Shortcomings' in housing plan

From JO-AHNE COLLINGE

JOHANNESBURG. — The National Housing Forum has warned that the plan outlined in the Housing White Paper for ending service boycotts, restoring civil order and stabilising the climate for investment in housing could backfire on the government.

The paper proposes that areas where infrastructure and services have sharply deteriorated should be declared "prioritised reconstruction areas" for intense public investment.

It also proposes that the government effectively block private investment in such areas — by refusing to indemnify investors — until residents begin to pay for services, the local authority becomes effective and order prevails.

NHF chairpersons Ishmael Mkhabela and Matthew Nell warned yesterday that the strategy was risky.

Such categorisation "could unfairly stigmatise communities as 'no go' areas", Mkhabela pointed out.

Or it could encourage communities to emphasise their underdevelopment in an effort to secure state funding. This could actually undermine efforts by community organisations to uplift their neighbourhoods.

Nell questioned whether the authorities appreciated what a sustained programme of public investment was necessary to improve services and public administration to the point that communities could act as normal consumers of municipal services.

The NHF, which represents a range of political parties, the construction industry, development agencies, financiers, and labour and civic movements, made its position on the White Paper known just as the period for written comment was due to expire.

Declaring itself "highly supportive" of the general thrust of the White Paper, the NHF insists there are aspects which need more attention or reformulation.

It has urged that the final White Paper set out a process for applying housing policy in special cases — such as hostels, farms, the inner city and existing informal settlements.

The NHF is also concerned about possible market distortions that could result from public sector bodies acting as housing developers.

Nell stressed the view that where the state became involved in direct delivery of housing, it should compete on even terms with private enterprise and should not be allowed to utilise "hidden subsidies".

If the state sector worked from a position of advantage, it would simply "inhibit other agencies" from participating in the low-cost market and would end up shouldering more and more of the burden, Nell argued.

The forum has also highlighted the fact that the White Paper has glossed over the question of state-assisted rental housing. This gap must be filled if South Africans are to enjoy a full range of housing options, the NHF insists.
SA needs 'clarity' on housing policy

SOUTH Africa now desperately needed clarity on the country's national housing policy, the National Housing Forum said yesterday.

The NHF, which was publicly announcing its submissions on the Government's housing White Paper, said while it was "highly supportive" of the "solid and progressive document", several areas needed greater emphasis.

The forum said the white paper should include more groups in its section to deal with special case housing.

In addition, general policy in this respect should be translated into programmes.

The White Paper should give greater emphasis and clarity to the role of women in the housing process and also ensure that public sector projects did not undermine private sector efforts, it said.

The NHF urged that the policies proposed in the White Paper be subjected to thorough public debate and then speedily finalised to form the basis of South Africa's national housing policy. — Sapa.
Rethink needed, says Forum

‘Housing plan could backfire’

BY JO-ANNE COLLINGE

The National Housing Forum (NHF) has warned that the plan outlined in the Housing White Paper for ending service boycotts, restoring civil order and generally stabilising the climate for investment in housing could backfire on the Government.

The White Paper proposes that areas where infrastructure and services have sharply deteriorated should be declared "prioritised reconstruction areas" for intense public investment.

It also proposes that the Government effectively block private investment in such areas — by refusing to indemnify investors — until residents begin to pay for services and the local authority becomes effective.

NHF chairpersons Ilan塑造 Mkhabela and Matthew Nell warned yesterday that the strategy was risky.

On the one hand, such categorisation "could unfairly stigmatise communities as 'no go' areas," Mkhabela said. Or it could encourage communities to emphasise their underdevelopment in an effort to secure State funding. This could undermine efforts by community organisations to uplift their neighbourhoods.

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It has urged that the final White Paper set out a process for applying housing policy in cases such as hostels, farms, the inner city and existing informal settlements.
Call for rethink on housing issues

THE National Housing Forum yesterday called for urgent public debate on the Housing White Paper, saying crucial issues had not been adequately dealt with.

The forum expressed its overall satisfaction with the White Paper, but said certain issues had to be reconsidered, such as rental housing, special case housing, stabilising the housing environment and the prevention of market distortions.

The forum's comments were included in a formal submission on the White Paper. Housing Ministry spokesman Stephen Lauder said the submission was one of 22 received, with eight more expected before the deadline this evening.

The detailed nature of the submissions meant it would take a number of weeks before the White Paper was submitted to Parliament, but the Ministry would continue implementing structures such as the mortgage indemnity scheme, he said.

The forum said rental housing had been a subject of unresolved debate, which was evident in the lack of attention it received in the White Paper. A commitment to pursu...
torate: Human Resource Development at the head office of the Department will monitor this process very closely.

(iii) The National Economic Forum's Job Creation Projects are monitored by the project leaders of the Development Bank of Southern Africa as well as by the training advisers of the Department of Labour.

(iv) The Department of Public Works has not been entrusted with job creation within the context of the public works programmes.

I have gone some length in answering this question, particularly to provide most of our people with an idea of the services available. They must go to those labour centres to gain access to these services. It seems as if, historically, speaking, most of these centres were used by the White component of our society. Now I would like to appeal to Black people to start using these centres as well.

The PRESIDENT OF THE SENATE: Order! Before I call on her to answer the next question, I would like to welcome the Minister of Housing, Minister Mthembu-Nkonde. I would like to congratulate her on assuming a very challenging and interesting portfolio.

Informal settlements in the Republic: creation of formal housing

*7. Sen W F MNISI asked the Minister of Housing:

(1) Whether her Department has made any assessment in respect of the number of people living in informal settlements in the Republic; if not, why not; if so, (a) what were the findings and (b) in respect of what date is this information furnished;

(2) whether her Department has developed any plans to eliminate the need for informal settlements; if not, why not; if so, over what period is it anticipated that sufficient formal housing will be created for all those who need it?

S16E The MINISTER OF HOUSING:

(1) The Department of Housing, did not make an assessment of the number of people living in informal settlements in the Republic in the last number of months.

However, information received from the various provincial administrations indicates that a total number of 6,947,958 persons resided in informal settlements on 31 December 1994. Unfortunately, it was not possible to obtain any figures from the North-West Provincial Administration and the above-mentioned figure therefore excludes the figures of that Province.

Table:

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<td>Total</td>
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(2) The White Paper on the new Housing Policy and Strategy for South Africa was published in the Government Gazette on 23 December 1994. The White Paper very clearly elucidates Government's plans for delivering housing to the poor and homeless for the foreseeable future. Eight so-called strategic thrusts are proposed in the White Paper as a holistic policy and strategy in order to resolve the critical housing shortage. The question and problem with regard to informal settlements is therefore not viewed in isolation, but rather as part of the overall housing strategy which will be addressed in a comprehensive and integrated manner. The upgrading of unacceptable informal residential areas, to bring the standard of services, infrastructure and other community facilities in line with national norms and standards is therefore viewed as part and parcel of the overall housing policy and strategy.

In terms of the White Paper on Reconstruction and Development, Government has set a target for the country to provide one million homes within five years. This figure should be reviewed against the fact that there is currently an estimated backlog of one million houses, while new family formation still increases by year.

The availability of funds from the central focus in the coming years, the willingness of the private sector to enter the low cost housing market and the willingness of communities to fulfil their responsibilities will obviously play a determining role in the provision of housing in future, but Government believes that the policy and strategy proposed in the Housing White Paper will lead to wiping out the entire housing backlog within 10 to 15 years.

Business interrupted in accordance with Rule 199(3) of the Standing Rules for the Senate.

Police persons on the beat: funds available

*8. Sen Dr R RABINOWITZ asked the Minister for Safety and Security:

Whether he intends making more funds available to increase the number of police persons on the beat in (a) Johannesburg, (b) Durban, (c) any other cities; if not, why not; if so, (I) when and (ii) what amount in each case?

S17E The MINISTER FOR SAFETY AND SECURITY:

(a), (b) and (c) No, due to insufficient funds. However, the SA Police Service is in the process of reprioritising funds in order to alleviate this situation, the redeployment of personnel to communities which are under-serviced, will be addressed.

(i) Not applicable.

(ii) Not applicable.

SANDF: murder in Impendle

*9. Sen P POWELL asked the Minister of Defence:

(1) Whether any departmental action has been taken against members of the South African National Defence Force allegedly involved in the murder of the Inkatha Freedom Party Regional Secretary for Hlanganani, Thulani Ernest Ndlovu in Impendle on or about 26 November 1994; if not, why not; if so (a) what action and (b) what was the outcome of such action;

(2) whether the SANDF has a policy relating to the continued employment of members found guilty of human rights abuses; if not, why not; if so, what measures are taken against members guilty of such abuses;

(3) whether he will make a statement on Government policy in this regard?

S17E The MINISTER OF DEFENCE:

(1) This matter is still sub judice and therefore no departmental action has been taken against members of the SA National Defence Force.

(2) Yes. The continued service of any member found guilty of an offence, including human rights violations, comes under review. The nature and severity of the offence determines the future of the member.

(3) The President, in his opening address to Parliament on Friday, 17 February 1995, made the Government's policy on corruption and misconduct in society abundantly clear. I can only reiterate the President's sentiments and give the hon Senator my assurance that members who abuse human rights will be dealt with most severely.

MK members dismissed: still on SANDF payroll

*10. Sen Dr G W KOORNHOF asked the Minister of Defence:

(1) Whether any members of uMkhonto we Sizwe who had been dismissed from the South African National Defence Force...
Banks warn of delay in funding housing

BANKS have signalled that they would stay out of the low cost mortgage market for as long as it takes to get a scheme in place, guaranteeing the quality of the product.

That was the word from the Council of Southern African Banks (Cosab), in reaction to calls from members of the construction industry for mortgage lenders to extend credit before the builders’ warranty mechanism was in place.

The mechanism has been delayed by two months as the construction industry has struggled to reach consensus on the scheme.

Cosab CE Piet Liebenberg said banking industry members held a highly productive meeting with Housing Minister Saki Mthembu-Nkondo last week aimed at speeding up the housing delivery process.

Housing Ministry spokesman Stephen Lüttke said one of the main issues addressed was the need for unity within the construction sector in order to get the mechanism off the ground.

Association of Mortgage Lenders negotiating team member Joopie van Honschooten said it would be irresponsible for the banking community to begin lending into the low cost housing market until the mechanism was in place, as the protection of consumers was at stake.

“IT is vital that the warranty mechanism be seen as a scheme which will protect the consumer should they acquire a defective product,” he said.

Van Honschooten said defects in newly constructed houses had, over the past few years, caused major problems for consumers and resulted in the implementation of bond repayment boycotts in certain instances.

He said there were two areas of risk which the banks could not manage — political and product risk.

The indemnity scheme would cover political risk in the event that the bank was prevented from following the due process of law in realizing its security while the warranty mechanism would take care of product risk.

Liebenberg said that while mortgage lenders had agreed last year with government to finance 50 000 home loans worth R2bn over a year, it was on condition that the indemnity scheme and warranty mechanism were in place.

“We do not consider that we are falling behind in our obligation to finance the home loans, as the clock will start ticking only once the two schemes are implemented,” he said.
Public invited to play role in housing policy

THE National Housing Forum has invited the public to participate more fully in formulating housing policy following the announcement this week that the forum would be restructured.

Many of the forum’s functions will be taken over by the National Housing Board, whose duties will include formulating policy proposals as well as advising the Housing Ministry on policy.

A document outlining the functions of the restructured forum said its overall emphasis would be on monitoring housing policy developments and facilitating the public’s ability to respond and lobby its points of view.

The forum’s role would encompass three areas — lobbying government on policy, communication and capacity building, policy monitoring and focused responses.

On capacity building, the document said it would help members, their constituencies and the broader public to participate in the housing process by communicating information on recent events.

This would be done through workshops and briefings, newsletters and articles, as well as by developing the capacity of individuals and organisations to operate in the housing policy-making environment.

"The aim of the communication and participation function is to increase the ability of individuals, communities and organisations to achieve their objectives by being skilled and able to obtain information, manage resources, negotiate and communicate effectively," it said.

The forum would continue to have 19 members, but would pursue “emerging stakeholders” to ascertain to what extent they could become involved in the forum.

In keeping with the forum’s support for civil society’s participation in the National Housing Board, the forum will organise meetings for consumers and suppliers on request," it said.

Referring to its role in relation to the National Housing Board, the document said the forum would be responsible for establishing the basis of representation for housing suppliers and consumers on the board, while the Housing Department would establish the basis of representation for housing regulators.

Operating structures would decrease significantly and the joint technical committee’s terms of reference would be transferred to the board, while the chairman’s team would be disbanded.

The co-ordinating committee would, however, continue to exist.

There would be meetings two or three times a year, and on an ad hoc basis if necessary. In addition, the plenary group would remain, and ad hoc committees would be established.
R10m for first phase of Masakhane campaign

GOVERNMENT has budgeted R10m for the first six months of its nationwide advertising strategy to promote the Masakhane campaign, Housing Ministry spokesman Stephen Laufer said yesterday.

However, Laufer said the campaign could run for up to 18 months in a bid to create a culture of payment for rents, bonds and services among township residents.

Government did not believe that a culture of payment would be engendered in SA within six months, and it would soon start strategising to implement the campaign for a further six months.

Laufer said revenue losses as a result of non-payment amounted to more than R6,5bn and could endanger the reconstruction and development programme.

Government believed a hard-hitting campaign extending to grassroots levels was necessary. It was particularly important "as there are no existing local authorities in the townships to mobilise the campaign".

Government's communication campaign aimed to engender and strengthen a spirit of individual responsibility towards the community and the nation.
"250 000' in informal W Cape settlements"

Political Correspondent

There are nearly a quarter of a million people living in informal settlements in the Western Cape, out of a national total of 6.9 million.

Housing Minister Sankie Nkomo disclosed this in the Senate yesterday in reply to a question by William Mnisile (DP).

There were 2.1 million people in informal settlements in KwaZulu-Natal and 2.5 million in Gauteng.

Upgrading of unacceptable informal settlements was part of overall housing policy, she said.

The national backlog of housing was 1.5 million.

Factors influencing the success of meeting housing needs included the availability of funds from central government and the willingness of communities to fulfil responsibilities to pay for services.

Meanwhile, Labour Minister Tito Mboweni has disclosed official unemployment figures. About 29 percent, or 3.6 million South Africans, were jobless, he told the Senate.

Of these, 37 percent or three million were African, 23.4 percent coloured, 16.3 percent Asian and 8.4 percent white.

Half of the unemployed were younger than 30, and 98 percent had no post-school qualifications.

About 400 000 pupils left school at the end of 1994.

Only three-to-four percent would be accommodated in the formal sector.
Low-cost housing: Call for private sector

The private sector needs to actively support initiatives to create an alternative loan finance structure for affordable housing which will at the same time provide a real rate of return to funding institutions.

Bart Dorresteijn, deputy chairman and MD of Stocks & Stocks, in an interview following an address to the Cape branch of the Master Builders' and Allied Traders Association in Cape Town yesterday, said that things currently stand, particularly in view of the planned Builders Defects Warranty Scheme, existing financial institutions would only be able to reach between 28% to 30% of the market.

The balance of between 76% and 80% would be restricted to utilising subsidies under the current format, which would enable them to acquire a serviced site with maybe a little left over for a top structure. There would not be sufficient funds to build more than a shack and we believe this will not only exacerbate the massive unemployment situation, but also the prevailing sociological problems of violence and the destruction of family life, which should be the cornerstone of society.

What was required was an alternative finance structure or mechanism whereby the poorest of the poor could access finance for housing structures at an "attractive interest rate below the prevailing bond rate."

The Minister of Housing, Sankie Mtshibi-Nkondo, he said, had alluded to such a finance structure under the proposed National Housing Finance Corporation.

"We believe such a mechanism can be created and that by the private sector taking a proactive role in this regard, it can avoid a possible implementation by the government of a prescribed asset requirement. Later down the line."

However, any alternative finance structure would have to be based on the clear premise that the life office, pension fund and banking structure of the country was "never put at risk."

Dorresteijn said that private sector companies embarking on mass housing projects should be prepared to commit a percentage of their turnover to these projects in order to create employment opportunities adjacent to the new communities.

"The massive creation of housing will have a ripple effect in creating demand for products in allied and other industries such as furniture and other household consumables."

"We are not talking about handouts, but rather the creation of large industrial concerns on a joint venture basis, with new communities provided with gainful employment adjacent to the residential areas and to provide a real return on this investment. This will not only eradicate the 'dead' costs of transport for these communities, but through the joint ventures will promote employment with productivity incentives."
7m living in shacks

THE government estimates that almost seven million people are living in informal settlements. Housing Minister Mbombela said in response to a Sena question that the official estimate of 647,934 people in shacks settlements was based on provincial figures. The figures exclude the North West Province for which figures were unavailable, she said.
From boycott leader to boycott buster

An activist who campaigned for rent boycotts during the apartheid years now uses the same tactics to persuade people to pay for services, reports Gaye Davis.

As a young activist, Chris Ngcobo used to go door to door persuading Soweto residents to boycott rent and service payments. That was in the late 1980s, when the name of the game was to make the townships ungovernable.

In a classic new-South African paradigm, Ngcobo, now 33, is responsible for inducing people to start paying. As manager of the government’s most ambitious project yet — the Masakhane (Let us Build Together) Campaign — he’ll be dealing with the self-same street committees he helped set up to enforce the boycott which saw the collapse of local authorities.

“When they offered me the job I laughed,” he said. “It took a lot of persuasion.”

“But I believe in the new government and believe I have a duty to ensure people play their part. I’m quite good at persuading people. When I give the message to people I’m honest. I say there hasn’t been enough delivery, but there are signs at least of a commitment on the part of government, and we’ve never had that before.”

One of 15 children, Ngcobo grew up in a three-roomed Soweto house, becoming active in the civic at 16. He jokes how the last time he was anywhere near parliament it was as an Azanian Students’ Organisation leader, with his “shoulder against the gate” during a protest. He went on to graduate from Wits University with a BA in African politics and industrial sociology, and was outreach manager at the Urban Foundation’s urban strategy and policy unit.

His brief — like the campaign itself — is much broader than simply urging people to cough up. Launched by President Nelson Mandela at the Marconi Beem squatter settlement near Milnerton last Saturday, the campaign has to do with changing not only the mindset of defaulters, but also of local authorities.

A multi-pronged initiative involving the ministries of housing, constitutional affairs and the reconstruction and development programme, the campaign is aimed at rebuilding shattered township infrastructure and administration, and restoring the rule of law. It is not a quick-fix: results are expected to be slow and hard-won.

Backed up by a fleet of trucks with purpose-built speakers’ platforms, Ngcobo will be hitting the campaign trail in April on the wave of a R10-million media blitz, including a series of TV adverts starring Archbishop Desmond Tutu.

He’ll be liaising with community organisations, burial societies, street committees and women’s and church groups, helping to plug the communication gap the government concedes exists between itself and residents and unblocking problems affecting delivery.

“The tactics we used to destroy apartheid are the tactics we should use again,” said Ngcobo. “There’s a feeling among both black and white people that Big Brother in Pretoria will come and help them. That time is over.

“My friends ask me why they should start paying when the sewage still runs in their streets. I say to them this government is committed to helping people but needs their support if it is to be able to lay new sewerage pipes capable of dealing with the numbers.

“They say they’ve heard about the things government is doing, but see no change around them. I make them a promise — I say, you know me from those days, you know I can make things work. But we also need to ensure that streets are actually cleaned when someone is paid to do it. The campaign is to be directed at government and in some areas, it’s not a question of needing more funds, but of making better use of those
Local authorities told to jack up billing systems

Citizens urged to pay up

CAMPAIGN Masakhane will not work unless local authorities become more effective.

BY PAULA FRAY

The Masakhane campaign — calling on South Africans to pay for what they use — would not be successful unless local authorities were effective, says Institute for Local Governance and Development executive director Andrew Boraine.

Boraine was speaking to The Star during a telephone interview on the role of local authorities in Campaign Masakhane.

Responsibility

Masakhane — ‘Nguni for “let us build each other” — was launched this weekend by President Nelson Mandela who urged communities to invest in their futures.

“We all have a responsibility to pay for what we use,” said Mandela.

However, Boraine noted that before people could be called on to pay, local authorities had to address their systems of payment.

This included sending out accurate accounts from up-to-date municipal records. It would, he said, demand a proper billing system — something which a large number of former black local authorities did not have.

In areas where meters had broken down, authorities would have to ensure a flat rate was legally promulgated.

Once bills were sent out, their delivery had to be ensured, he added, and then there had to be a well-thought-out follow-up and default procedure to deal with people who continued not to pay.

“It is my view that if the local governments are not the backbone of the campaign, it will be a failure,” said Boraine.

Their second role, he added, would be to ensure that there were visible improvements in services by restoring existing services which had broken down, and then upgrading and extending these services to informal settlements.

Boraine said this would need money and a shifting of existing resources to the areas which needed them most.

“Improving the standards of maintenance is the short-term goal. The long-term goal is to equalise services,” said Boraine.

Politicians could call on people to pay, he said, but only local authorities could provide the correct conditions for payments.

Preparations

“Campaign Masakhane cannot succeed unless local authorities are effective. This, and preparations for the local government elections, are the only things they should be talking about,” Boraine added.
Randburg is leading the way in providing socio-economically integrated housing. But a proposal to introduce high-density housing units into the suburb of Olivedale could undermine its efforts and rock the foundations of SA's residential property market.

At the heart of the issue is a developer's proposal to provide "affordable" housing units in the form of three-storey flats which will sell at about R100,000 in an area where most houses fetch from R200,000 upwards. Olivedale residents fear, with some justification, the introduction of high-density living to their suburb will lower the value of their properties and create the potential for slums to develop.

Officials admit there's not much residents can do to block the proposal as developers appear to be taking advantage of confusion in local government and the pressing need to make up the backlog in housing to steamroller housing initiatives through.

There is a perception that the new super local authority, the Transitional Metropolitan Council (TMC), is in the position to bend the will of individual local authorities and ratepayers to its own dictates. This has implications for planning decisions which affect residential areas countrywide.

The privately-owned Olivedale plot, on which the high-density housing development is planned, was initially erroneously included on a list of eight sites in the Randburg area identified for low-cost housing (see map). The sites are: 1. parts of Lindley Farm north of Lanseria; 2. Nietgelder, opposite the Lion Park; 3. Cosmo City, opposite Kya Sand; 4. Van Zyl Sand property; 5. Bloubosrand Extension One; 6. Velskoon Drive-In; 7. Mintek land; and 8. parts of the CBD (nomaer Ferndale).

Town planner Marius van der Merwe, who acts for the landowner, Adampol Pty, seized on the erroneous inclusion to apply for permission to raise the density of the planned development.

Olivedale residents have generally welcomed the orderly introduction of low-cost housing and many have been involved in the committee which helped develop the strategic planning process. The proposal would probably not have generated such heated reaction had it not threatened to disrupt the image of high-density housing units through an upper middle class suburb.

Having made the application Van der Merwe doesn't feel obliged to placate residents angered by his proposals. Randburg assistant chief town planner Mike Kirby says: "The feedback from the TMC is that it favours any kind of low-cost housing. Another developer has told Van der Merwe to ignore the residents as the TMC is bound to approve his proposal."

Urban Dynamics town planner Peter Vorster hints at government support for the proposal: "There are RDP housing subsidies available," he says.

State support for the Olivedale scheme could have repercussions for both the State and the developer if residents sue for compensation for the depreciation in their property values. Randburg Planning Forum chairman Ian Rose-Innes says a claim for compensation is lodged within six months, there is a good chance of it being awarded in cases where developments devalue neighbouring properties. The interim constitution apparently provides for compensation in cases where bureaucratic decisions affect property values.

A property economist who consults for the Gauteng administration and does not want to be named says building low-cost houses in existing middle class suburbs "must depreciate the value of the surrounding dwellings." He adds: "If this happens nationally, everyone will be in the same boat. There will be an initial shock or drop in prices before the market stabilises."

The Olivedale site almost borders the prestigious Bryanston Ext Three suburb to the east. It threatens the lifestyle of people in adjoining areas. Says Ward 13 Ratepayers' Association representative Ruth Fleming: "We are not against affordable housing. We don't want another black township with a taxi rank and informal traders in the middle of our suburb. Black residents are with us as that is what they escaped from."

Van der Merwe says he wants to build three- to four-storey blocks of 1,000 one- and two-bedroomed units priced from R100,000 in a parklike setting with a medieval theme. The plan will allow for taxi ranks and a small shopping and informal market area.

The application is for rezoning from 20 to 40 units a hectare. Kirby says that with the requested 0.6 floor area ratio, more than 2,000 units of 70 m² can be built. Van der Merwe first considered units of about R80,000. Fleming says the last residents meeting at Olivedale Library heard the intended range was R100,000-R300,000.

KJA National Projects is building clusters next door to sell at R220,000-R395,000.

Housing White Paper
Adding the detail

Responses from at least two important quarters only narrowly made the Tuesday deadline set by the Department of Housing for comment on the Housing White Paper.

While generally supportive of the paper, both the National Housing Forum (NHF) and the SA Property Owners' Association (Sapos) have called for the expansion of a number of principles and the reformulation of others.

Both criticise the White Paper, released in December (see Property, December 16), for its lack of attention to rental housing, which NHF joint chairman Matthew Neill and Ismael Mkhabela say reflects the unresolved debate surrounding the issue.

But like special case housing — such as hostels, informal settlements and rural,}

MOMENTOUS SALE

Transnet Pension Fund has bought the Momentum East & South Towers in Pretoria from the Absa Pension Fund for R40.5m. Laetitia Steynberg of brokers Herbert Penny says the selling terms include a six-year headlease from the seller at a 10.6% yield. The Momentum block is "substantially let." Tenants include Absa, the Society of Advocates, ICL and Price Forbes.

Absa Bank Properties GM Mike Joubert says the sale is part of an ongoing review of buildings in the Absa Pension and Life Fund property portfolio.

The Absa Pension Fund portfolio is valued at about R300m. The Absa Bank Properties portfolio, which is entirely separate, is now valued at R954m.
RENT BOYCOTT

Whistling in the wind

The Government of National Unity will spend R10m on a publicity campaign over the next six months in an effort to prove that carrots rather than sticks are the best way to restore civil obedience and the rule of law in the townships.

The Masakhane initiative, launched at the weekend by President Nelson Mandela, is partly an attempt to "restore legitimacy and dignity to local structures."

But its real aim is far more challenging. To succeed, Masakhane (an Nguni word meaning let us build each other) must reverse the ANC's strategy during the apartheid years of making black townships ungovernable, mainly through a reign of terror by street committees dominated by radical young comrades.

Masakhane must convince millions of township dwellers whose disposable income has been boosted in recent years by boycotting rent and service payments, that civil society demands that they start paying their way even if it means forfeiting a new TV or lounge suite.

It must convince them that police are their servants and not their enemy, and that the townships are their homes that must be upgraded and cared for, and not ghetto prisons from which they can escape in the wake of majority rule.

The campaign's underlying premise is that people will respond better to sweet talk and promises of a better life than to threats of tough action if they don't co-operate.

But the soft approach will take time and, with local authority elections only seven months away, cynics could argue that government is whistling in the wind.

But according to Constitutional Affairs Deputy Minister Mohammed Valli Moosa, political head of Masakhane, payment of rents and service charges increased from an historically low average of 19% of township residents in May last year to 33% in December, arrears accumulated after the scrapping of all outstanding rent and service debts in January 1994 totalled R810m by the end of the year. They will not be written off, says Moosa, but recovered in some unspecified way.

However, threats, deadlines and force are not on the cards at this stage. The ideal is rather to build a co-operative effort at community level. Government hopes the campaign will be bolstered by drafting in former Soweto street committee leader Chris Ngcobo as campaign manager, and Anglican Archbishop Desmond Tutu as the spokesman for the publicity effort.

There's no doubt that Masakhane is an important initiative. Moosa points out that if the level of nonpayment of rents and service charges does not decrease rapidly, key government strategies in, for example, housing, will be severely threatened.

He says last year's debt write-off and call taken at some stage against defaulters who persist in nonpayments, once there has been a significant reversal of the current pattern of nonpayment.

He concedes that the campaign will not be easy to implement. "It's one thing to tell people not to pay rents and service charges, but another to try to get them to part with their money." Moosa says Masakhane cannot be expected to produce results "in a month or two" and will need a positive approach by all concerned, including the media, if it is to succeed.

At a media briefing last week he appealed for a "sense of patriotism" to assist in the campaign's success.

Ngcobo says the tactics used in the townships to destroy apartheid must now be used to restore confidence.

Valli Moosa ... spearheading government's appeal for a new patriotism

for the resumption of payments had limited success because it failed to identify the real reasons for the nonpayment. Masakhane, on the other hand, will take all the elements into consideration and will stress the need to upgrade and extend services in the townships so that residents feel they have something worth paying for.

The campaign will also aim to educate people on the advantages of payment to them as individuals and as a community. Moosa says government is deliberately not considering evictions or service suspensions at this stage simply because such strategies have been shown to be unsuccessful. However, action will have to be
Multilingual archbishop in ad campaign to boost services payment

Tutu boosts ‘Masakhane’ effort

BY MICHAEL SPARKS

The familiar, striking purple robe stands out against Cape Town’s blue sea, sky and the mountain.

Then TV viewers hear Archbishop Desmond Tutu speaking impeccable Afrikaans, encouraging people to join the Government’s Masakhane campaign.

There is some irony in Tutu’s patriotic call filling the living rooms of millions of white viewers, some of whom previously regarded him as a dangerous enemy of the apartheid state.

He is one of several public figures who will appear in a TV advertising campaign designed to get South Africans to pay for services.

What came as a surprise to many was his excellent use of Afrikaans. Yet this linguist is at home in several other languages, and he will also be heard in English, South Soho and Zulu in other versions of the TV advert.

According to Tutu’s spokesman John Allen, the archbishop learned his Afrikaans in western Transvaal. He was born in Klerksdorp and also spent some of his formative years in Ventersdorp, where his father was a teacher.

Allen said Tutu is fluent in at least six of the country’s official languages, including Tswana and Xhosa.

This multilingual ability led to the language adviser to the advertising agency testing Tutu for pronunciation of “mamas,” saying he was pronouncing it the Xhosa way during the Zulu advert.

Contemplating the future... Archbishop Desmond Tutu seen on Robben Island during filming for the advertisements to boost the Masakhane campaign to encourage payment for services.

Allen said Tutu’s language ability made a huge difference during his crisis ministry in strife-torn townships, where he could speak fluently to all sides.

Tutu filmed the advert on Robben Island and is shown wandering on the shores of the island, discussing the history of the leaders who spent so many years in the notorious prison, fighting for freedom.

While many scenes are shot in community centres, one scene shows Tutu in the beautiful stone-walled lapa church on the island, which was designed by Sir Herbert Baker.

The campaign was devised by a leading advertising agency in support of the upliftment programme launched by President Mandela.

Masakhane is an Nguni word meaning “let us build each other”.

Other figures who will feature in the campaign include Moses Mabhida, who played a significant role in the call for the services boycott in the 1980s, Mawonde, former head of the SA National Civic Organisation and the National Union of Metalworkers of South Africa, and Mxolisi Dlamini, former Minister of Health.
Prospective homeowners will have to pay for low-cost houses because the Government cannot afford free housing, according to National Housing Forum co-chairman Mr Eric Molobi.

Molobi was addressing the Press in Johannesburg yesterday on the first day of a two-day seminar on housing and urban development organised by the French Embassy and the Paris-based Agency for Technical, Industrial and Economic Cooperation.

Together with French delegates, including deputy Social Housing Minister Evelyne Ratte, Molobi emphasised the necessity of a partnership between the private and public sectors.

They said it was also important to look at housing within the context of creating jobs for people to afford those houses. "The State can't provide free housing," Molobi said. "The promise of free housing is an impossible one." Ratte and two directors from the French ministry of Public Works, Transportation and Tourism said they were willing to offer expertise and their own experience of the private and public sector relationship.

Molobi said local insurance companies, through the Industrial Development Unit, would help the Government-Initiated National Housing Finance Corporation, a body established to provide financial assistance.

The NHFC and Government, he added, were presently discussing the possibility of increasing housing subsidies from R12 300 to R15 000.

Molobi said the renting of units to tenants earning below R1 500 a month was important.

But the "African mindset" was problematic because many blacks preferred houses to flats. On the buying of houses, Molobi said an innovative scheme was to have tenants attaining ownership of houses over time.

The seminar in Johannesburg ends today and will be held in Cape Town on Thursday and Friday. — Sapa.
French to give tips on housing

STAFF REPORTER

France's Deputy Minister for Social Housing, Evelyne Ratte, is in South Africa with a team of development experts to swap strategies on public housing, urban servicing and land development. This week a range of French and South African groups will examine the French government's approach to urban development.

Ratte made it clear that her government did not intend "to open a line of credit for housing" to South Africa, largely because it regarded housing as an intensely political matter to be resolved domestically.

She said official co-operation would remain at the level of sharing expertise and providing training opportunities. But non-governmental French institutions might well become involved in financial agreements on housing, she added.

National Housing Forum co-chairman Eric Molobi said the question of state-owned rental accommodation would be discussed.

He said an innovative scheme which rented homes to the lowest income groups, allowing for conversion to ownership later, was also being examined by the forum.
Housing delivery could be delayed

ROBYN CHALMERS

AN INTERIM scheme to replace the builders' warranty mechanism is unlikely to evolve before the end of this month.

Sources said the mechanism's steering committee, which met last night, had agreed to discuss the interim scheme in the three provinces this month. The amount of consultation required could further delay the mass delivery envisaged in government's low-cost housing programme.

The Housing Ministry and construction industry last week presented the interim scheme to banks in a bid to kickstart the housing programme.

The committee decided not to divulge details of the interim scheme as it was likely to change during the course of this month. However, one source said the scheme would run along the same lines as the warranty mechanism, but would focus more closely on the practicalities of implementation. All stakeholders were committed to finding a workable solution to the deadlock on the mechanism.

The mass housing programme would remain stalled without an agreement on the mechanism or an interim replacement as banks would not extend credit to low-income earners without it.

In accordance with an agreement forged last year between mortgage lenders and government, the state also has to implement a mortgage indemnity scheme to protect banks in the event of a breakdown of law and order resulting in defaults.
France to help SA with low-cost housing plans

THE French government has sent a high-level delegation led by Deputy Housing Minister Evelyne Ratte to assist the low-cost housing programme.

Ratte said yesterday while the French government did not envisage opening a credit line to SA, it was considering setting up training schemes.

She said it was imperative the private sector became integrally involved in the funding of the housing programme and an effective method of mobilising such funding was essential.

Housing Forum forum chairman Eric Molobi said a number of principles embodied in the national housing finance corporation were garnered on a visit to France last year.

He said the corporation should be set up by the middle of this year, and although it would be capitalised by the state, it would play an important role in mobilising private sector finance.

However, he said the builders warranty mechanism and mortgage indemnity scheme, to be in place before mass funding, from financial institutions was forthcoming.

Molobi said another issue under negotiation was government's approach to the provision of rental accommodation.

In its formal submission on the White Paper submitted last week, the forum criticised the lack of attention government had given to the rental housing issue.

"Irrespective of its confusing nature, this matter must be addressed with urgency if the range of housing options is to be available to South Africans," it said.

Ratte said an important component of France's housing programme was Habitations à Loyers Modérés (HLM) or a low rental housing scheme. HLM was the principal manager of social housing with 1 000 organisations of which 250 were public agencies subordinated to local authorities and 360 were limited liability joint stock companies.

France had a relative balance between home owners and tenants, with 54% of the total population owning homes and the remainder renting from social housing schemes and the private sector.

A number of symposiums, organised by the National Housing Forum and the French Embassy's commercial forum, have been organised in Johannesburg and Cape Town. The symposiums kicked off yesterday, focusing on French expertise in the field of urban development and addressing the topics of urban planning, housing and urban facilities.
Housing to get a bigger slice

BY MAGGIE ROWLEY

A GREATER slice of the national budget is expected to be announced for housing on March 15, says Housing Minister Ms Senkie Mthembu-Nkondo.

The Housing Ministry has been pushing for the housing allocation to be increased to five percent of national budget over the next five years, and Ms Nkondo expects the first move in this direction to be announced on Budget day.

"The government is sympathetic to our needs and we are confident there will be a response to our appeal. There is no way we can begin to accomplish what we have to on a R1.4 billion allocation."

While only 878 houses had been built by the department in the past year, the entire housing budget, as well as roll-over funds from the previous year, had been allocated to projects at provincial and local authority level.

"Expectations are high and we cannot afford any further delays. We have a target of a million houses to build in only a few years and we dare not be held up by exaggerated anxieties. Technical committees, including the banks, are sitting now and we are hoping agreement can be reached by all stakeholders very shortly."

An issue of great importance, she said, was ensuring a lid was kept on building prices so that spiralling costs did not derail the housing initiative.

While there had been a commitment at the Botshabelo Housing Summit from industry, there were indications that building prices were already moving up.

"We will attempt to do this through negotiations with the construction and building materials supply industry. If negotiations prove unsuccessful we will have to look at other measures, possibly legislation but that takes a long time. It all depends on the response we get."

Ms Nkondo said government was aware that a large proportion of building costs comprised the labour component and that the shortage of skilled labour could contribute to upward pressure on prices.

"We need to ensure there is adequate training particularly for newcomers to the industry so that they can become skilled and empowered. We need to set up institutions that cater for these needs and this is being addressed at central government level.

"Training is essential if we are to achieve our objective of creating a unified building sector and to move beyond the problems we are currently experiencing."

Ms Nkondo said they were working hard on the Builders Defects Warranty Scheme and National Housing Finance Corporation.
Homes must be paid for - gov't

JOHANNESBURG: The government cannot afford to supply free housing and prospective owners will have to pay for low-cost houses, National Housing Forum co-chairman Mr Eric Molobi said here yesterday at a seminar on housing and urban development organised by the French embassy.

Mr Molobi and French delegates emphasised the need for a partnership between the private and public sectors.

It was also important to look at housing within the context of creating jobs for people to afford homes, Mr Molobi said. — Sapa
Banks ready for housing scheme

THE banking industry is to appoint a top-level banking executive to drive the accord reached last year with the Housing Ministry to build 50,000 low-cost homes at a cost of R2bn.

Council of Southern African Bankers (Cosab) CE Piet Liebenberg said negotiations with the executive were still under way and he could not be named. But he expected the appointment to be announced within weeks.

Liebenberg said the banks had fulfilled all the requirements stipulated in the accord, and were now geared to implement it as soon as the other participants were in a position to meet their undertakings.

The accord could fuel the economy and create thousands of jobs, he said. It was essential to implement it as soon as possible.

The mortgage indemnity scheme, a cushion created by government, should banks be unable to dispose of property due to a breakdown of law and order in a particular area, was being established.

The major obstacle to implementa-

ROBYN CHALMERS

tion was the builders' warranty mechanism. Mortgage lenders would meet this week to discuss an interim scheme put forward by the construction industry and government.

He said banks were burdened with up to 16,000 repossessed properties, and bond boycotts had cost the industry millions of rands, making it crucial for the mechanism to be in place before credit was extended to low-income earners.

He did not expect mass housing delivery to begin much before next year, but said construction would start by the middle of this year.

In terms of the accord, mortgage lenders will extend credit only to people earning at least R1 500 a month, which is about 30% of the population.

Liebenberg said providing homes for the remaining 70% was the function of government and SA as a whole, and responsibility could not be placed on one business sector.

He credited government with making headway in creating a culture of bond repayments through its Massekane campaign and repeated statements by President Nelson Mandela and other leaders.

Cosab communications GM Martin Milburn-Pyle said a code of conduct for mortgage lenders, stipulated in the accord, had been agreed on.

A service company, Servcon, to assist and educate consumers with home ownership would be registered within a week and banks had agreed to submit data on lending patterns to Cosab once the accord was formally in place.

Milburn-Pyle said banks were geared up to implement a savings scheme linked to the credit assessment process after the implementation of the accord.

The scheme stipulated that mortgage loan applicants had to have a savings record of at least nine months, but he said banks were flexible and would take factors such as rent payments and employment records into account.
State set to spend more on housing

By Maggie Rowley

Housing is expected to gain a bigger slice of state financing when the national Budget is announced on March 15, says Housing Minister Sankie Mthembu-Nkondo.

The housing ministry has been pushing for its allocation to be increased to 3 percent of the national budget over the next five years, and Mthembu-Nkondo expects the Budget to contain the first move in this direction.

"The government is sympathetic to our needs, and we are confident that there will be a response to our appeal. There is no way in which we can begin to accomplish what we have to on an allocation of R1,4 billion."

She said that while the department had built only 878 houses in the past year, the entire housing budget as well as roll-over funds from the previous year had been allocated to projects at provincial and local level.

"And we are hoping that all the structures will be in place within a few weeks, so that they can begin the delivery process immediately.

"Expectations are high, and we cannot afford any further delays. We have to build a million houses in only a few years, and we dare not be held up by exaggerated anxieties. Technical committees are sitting, and we hope stakeholders can reach agreement very shortly."

It was very important to ensure that a lid was kept on building prices so that spiralling costs did not derail the housing initiative.
Mortgages could threaten banks

A TREND towards increased mortgage lending by SA banks — mortgage finance grew 18.5% to R17.3bn in the year to December — could threaten the industry's profitability and increase its risk exposure, the Reserve Bank's bank supervision department warned in its annual report.

Banks Registrar Christo Wiese said the banking sector, whose average after-tax return on assets fell from 1% to 0.9% in 1994, could take a knock from the low yields produced by providing home loans.

"Since mortgage loans traditionally earn a lower yield than other products, these loans could negatively affect the profitability of the sector.

Low mortgage yields could, however, be offset by the greater potential for bad debts recovered when the security was realised, and increased income from the cross-selling of products, he said."

Wiese said he was also concerned about the overdues on mortgage loans, which soared to 40% in the year to December, while specific bad debt provisions for mortgages had grown a marginal 0.8% during the same period.

"While the surge in overdues could be attributed in part to technical reasons, an increase in interest rates had been expected by banks in 1994. "In the light thereof, it is of some concern that specific provisions have not increased in line with the increase in overdues," he said.

Wiese warned the large percentage of the major banks' assets made up by mortgage loans — about 33% — was far from ideal in an environment of rising interest rates.

A strong mortgage loan presence in the banks' assets would make it difficult for them to take advantage of changes in interest rates, which usually forced banks to restructure their books, he said.

"Although banks could restructure their books by using instruments such as swaps, the cost thereof might not warrant the benefit, or the market might not have the depth to enable effective restructuring."

He said mortgage finance was not the only source of credit risk threatening the local banking industry.

The number of large exposures granted to banks had risen 19.7% to 1110% of capital and reserves.

The guidelines of the European Economic Community recommended that these large exposures granted that exceed 10% of capital should not exceed, in total, 80% of capital and reserves," Wiese warned.
SOUTH AFRICAN municipalities could contract out service provision while retaining ownership of assets and determining tariffs, representatives of French multinationals said yesterday.

According to Mr J C Ambert, Southern Africa director of Lyonnaise des Eaux, there were a range of options between totally public ownership and operation, and complete privatisation.
The Government, says Minister without Portfolio Jay Naidoo, is taking a "hopeful picture" to the summit.

Its report indeed spells out in heartbreaking detail the grim picture of poverty inherited by the democratic Government, but the Government also details its goals to eradicate poverty within a defined timetable.

The Government says its report "is an indication to the world and to the people of South Africa of the Government's commitment to move beyond apartheid and social integration to people-centred, people-driven, sustainable human development".

Naidoo points out that South Africa is part of the developing world, and as such is not asking for charity. Instead, it wants "coherent and co-ordinated", development.

"Given world history, it is clear that the industrialised nations have an obligation to those which are still developing. However, the developing nations cannot simply sit back and expect to be helped," the report states.

This is a principle South Africa has realised, with the Reconstruction and Development Programme being an attempt "to pull ourselves up by our own bootstraps".

Spelling out its vision of social development, the Government says a commitment is required from recipient countries to democracy, open and transparent government, an end to corruption and nepotism, and ongoing maintenance, major investment in human resource development, improved efficiency, and better financial systems and avoidance of "white projects".

But, South Africa will, on the other hand, caution industrialised countries at the summit not to pressure recipient countries for high-cost capital projects or arms purchases.

They should rather ensure skill and technology transfers in all projects and the channeling of aid into programmes determined as priorities by the recipient governments.

Although the report details the most comprehensive statistics ever released by a South African government, Naidoo says more figures were needed for the Government's "attack on poverty".

He says the Government is committed to obtaining the best possible statistics on poverty levels in order to ensure that the correct resources are made available.

These statistics will provide the basis for the division of Government resources and will allow for more systematic planning.

Furthermore, these figures will allow for more accurate monitoring and evaluation of programmes combating poverty.

But, the Government still needs to measure aspects of South Africans' lives which have never been measured before.

Sadly, the real statistics can provide a picture more grim than the one presented in the report, says Naidoo.

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From the report:

- Government consumption expenditure is more than 20 percent of the Gross Domestic Product and interest repayments are more than 17 percent of the budget.
- The population has been estimated between 40 million and 43.5 million. The average annual population growth rate is 2.26 percent per year, while the estimated total fertility rate is 3.7 percent. Children under the age of 15 comprise more than 37 percent of the population.
- Although South Africa is working towards the elimination of all forms of racial discrimination, the effects of past policies, which advantaged whites above other race groups, make it imperative that statistics continue to be collected and comparisons continue to be made among racial groups in order to monitor change and the success of efforts at social integration.
- An estimated 76.1 percent of the population is classified as African, 12.8 percent as White, 8.5 percent as Coloured and 2.6 percent as Indian.
- At least 48 percent of the population lives in urban areas.
- The average per capita disposable income for whites is almost R8 000, R3 000 for Indians, R2 000 for Coloureds, and R1 000 for Africans. Within all race groups, women-headed households are significantly poorer than the average household.
- Figures indicate that the mean total household income for women-headed households was R1 141 a month, compared to R2 089 for all households. Only 17 percent of all women-headed households are single-person households.
- The poverty gap—the size of income transfer required to bring the income of those with incomes below the poverty line up to the poverty line—amounted to R1 8 billion in 1993.
- The majority of African households in urban households have access to piped water on their property but rural households rely on public taps, boreholes and rivers. Sanitation coverage is unsatisfactory, especially among Africans in semi-urban and rural areas. Sixteen percent have no access to sanitation, 7 percent to bucket or chemical toilets, 43 percent to pit latrines and 34 percent to flush toilets.
- South Africa produces more than 50 percent of the electricity in Africa but only about 30 percent of the population has access to electricity. Wood accounts for more than 75 percent of fuel consumed in rural areas and 40 percent in peri-urban areas. It is estimated that 10 million tons of fuel wood are used in rural areas.
- In 1993, 17 percent of the population was served by only 2 percent of the country's telephone lines. In general there is less than one telephone line per 100 people among Africans.
- In 1993, 12.5 million were illiterate.
- The infant mortality rate in 1991 was 49 per 1,000 live births. The official fertility rate for Africans in 1994 is 52 per 1,000 live births.
- The reported rate of teenage pregnancy is 330 per 1,000 women under the age of 19 years.
- Forty percent of applications for abortion were successful in 1991 and approximately 71 percent of all legal abortions were performed on white women. An estimated 200,000 to 300,000 illegal abortions occurred each year.
- An estimated 2.3 million South Africans suffer from malnutrition and an estimated 40 percent of this number are between six months and five years of age.
- There is one doctor for every 700 people in metropolitan areas, one for every 1,900 in non-metropolitan areas, and in the former homes there are between 10,000 and 30,000 people per doctor.
- In 1993 the labour force numbered 14.8 million. Approximately 45 percent of the labour force is female.
- South Africa's labour force is relatively young and has a low overall skill level. About 50 percent of the labour force has medium or high-level skills.
Services arrears at R810m

SERVICE payments in black townships have risen to 33% in recent months but residents' accumulated arrears now stand at R810m. (123)

At least half the arrears have accumulated since the arrears write-off recommended in January last year in terms of an agreement in the local government negotiating forum.

A Provincial Affairs Department spokesman said the improvement in payments might reflect the desire of some township residents to lift politically inspired boycotts with the advent of a new government. Latest countrywide payment figures — 33% on December 31 — were about the same as in November 1993. Immediately after the election they had dipped to 19%, he said.

However, provinces had in some cases not provided figures for populous areas where payment levels were likely to be poor. No figures were available for Transkei or Ciskei, where "no one was paying". The Western Cape had supplied no information on Ixapa, Lingelehle West and Mhlangeni. In Northwest, figures were not available for Garankuwa and Wintersveld.

Much of the R1.8bn in arrears accumulated before the election was written off in terms of the January 1994 agreement.

In Gauteng's 41 black townships, further arrears of R56m were accumulated be-

Arrears

Arrears between January and November last year. During the same period, Free State's 73 townships built up arrears of R78m.

Eastern Cape was worst affected. The average payment in 61 black townships was 18%; in 20 of these, it was less than 10%. Next worst hit was Northwest, with an average payment in black and coloured areas of 20.7%, followed by Gauteng (28.7%) and Free State (30.6%).

The figures underlined a clear correlation between high levels of political organisation and non-payment. In KwaZulu/Natal's 17 black towns formerly in "white" Natal the overall payment level was 33.6%. However, in black towns formerly under the KwaZulu government, the average payment level was 53% and residents' arrears were a mere R57 000.

In Gazankulu and Venda, now part of Northern Transvaal, average payments were 89% and 53.6% respectively. Payment levels were also high in the nine black towns in the province outside the former homelands — 82%.

The settlement with the poorest payment record in the country was Crossroads — which has a long history of political mobilisation — where no one was paying.
Racial tension warning

MICHAEL MORRIS
Political Correspondent

DISCONTENT over the distribution of rates income to poor areas in post-apartheid towns and cities could be expressed through racial tension.

This warning was given yesterday by Murphy Morobe, chairman of the government's fiscal and finance commission.

He was speaking at a conference on local government finance in Somerset West.

Mr Morobe said: "Rate distribution to areas of greater need can often undermine incentives to produce and deliver. Some areas could see this as a punitive tax on their productivity and it could act as a disincentive.

"Such dissatisfaction can easily express itself through racial tension."

Mr Morobe also stressed that Operation Masakhane - the project aimed at getting people to pay for services - should do more than merely tackle the township debt problem.

The campaign "must be more than a pious call on people to pay, but should educate them".
**Warning on ‘costly’ rental housing plan**

The Housing Ministry is seriously considering strategies to boost rental accommodation in SA, but housing experts have cautioned that it could be an expensive route to go.

Housing Ministry spokesman Stephen Lauer said the issue of rental accommodation clearly needed further attention, along with special case housing such as hostels, inner city housing and informal settlements.

In its recent formal submission on the Housing White Paper, the National Housing Forum was critical of the lack of attention the rental housing option received in the White Paper.

Irrespective of its confusing nature, the forum said the matter had to be addressed with urgency if the range of housing options was to be made available to all South Africans.

The Housing Ministry is investigating subsidies for collective social and rental housing, directed at institutions supplying such housing rather than individual beneficiaries, the forum said.

A Ministry spokesman said subsidies would go towards subsidising the capital cost of new housing units built or existing homes acquired by approved institutions.

Institutions would be subject to restrictions to prevent subsidies being used for private gain, and would be encouraged to self-manage the housing stock they either bought or constructed.

However, housing experts said the Ministry was likely to encounter a number of problems in promoting rental stock as it was an expensive option.

The experts said rents charged to cover the cost of building or buying units was likely to be out of the reach of SA’s poor.

In addition, government would have to provide ongoing subsidies rather than the one-off lump sum distributed under the project-linked and individual subsidies. This could increase administration costs incurred by provincial housing boards.
Sankey lays foundations for construction boom

BACKGROUND ANALYSIS

THE HOT SEAT

We can't say things are easy right now. Inflation, interest rates, and supply chain issues continue to present challenges. But there's a silver lining: the construction sector is experiencing a strong recovery. Sankey, a leading construction firm, is at the forefront of this resurgence, having recently announced significant new projects.

The company's renewed focus on sustainability is also contributing to its success. With a commitment to using eco-friendly materials and technologies, Sankey is not only meeting the growing demand for green construction but also staying ahead of regulatory changes. This strategic approach is driving innovation and attracting new clients.

As the economic landscape evolves, Sankey remains adaptable and proactive, preparing for future challenges while capitalizing on current opportunities. The company's leadership continues to push for excellence, ensuring that every project is not just completed on time and budget, but also meets the highest standards of quality and environmental responsibility.

In conclusion, Sankey's strategic focus on sustainability and robust project management have positioned the firm well for continued growth in the challenging market landscape. With a proactive approach to construction, the company is well-equipped to weather any storm and emerge stronger on the other side.
Letters

Provincial moves may undermine housing plan

BY ROBEN CHALMERS

The provincial government's recent decision to fund a new housing plan in...
Housing budget slice 'set to soar'

THE Housing Ministry's slice of the Budget could hit R33bn tomorrow if government acceded to its request for a 5% budgetary allocation by 1999, an analyst said yesterday.

A R33bn allocation would increase its share of the 1995/96 Budget to be announced tomorrow, to 2% compared with the 1% received the previous year.

Another analyst believed housing would receive 1.5% or R2.3bn of the total Budget this year. Analysts said the increased amount of funding was expected, with government regarding housing, along with education and health, as priorities.

A Ministry spokesman declined to place an exact figure on the negotiated sum, but said considerably more was needed than the R1.4bn housing received in new allocations last year.

Rollovers from previous years had swollen the national housing budget, allowing the Ministry to siphon more than R2.2bn to provinces last year for subsidies.

According to the draft Housing White Paper, government's goal of increasing housing's share of the Budget to 5% by 1999 was essential if delivery was to be boosted to 350,000 a year within that time frame.

This level of delivery would have to be achieved and sustained if the ANC was to reach its target of providing one million homes in four years.

Analysts said fiscal implications of the initial capitalisation cost of establishing the National Housing Finance Corporation and the cost of setting up the defect warranty scheme still had to be determined.

They said the mortgage indemnity scheme was another project where the potential cost was difficult to determine, but government had a 12-month window before payment requests could spill in. The scheme was proposed by government last year in a bid to entice mortgage lenders back into the low-cost housing market. It provided a cushion for banks should they be denied access to certain areas because of a breakdown of law and order, or be unable to dispose of properties in such areas.
STRINGENT action was needed to reverse the township services boycott which was estimated to have cost the company about R900 million, Eskom said yesterday.

"The services boycott is a fundamental problem," a company spokesman, who declined to be named, said.

"We don’t know how we’re going to get around it but sooner or later we’ll have to take a firm stand."

He said meetings between Eskom, local government bodies and the Government were being held, but no solution appeared to be forthcoming.

Observers say the rent and services boycotts in traditionally black areas, introduced in protest against apartheid, now threatened to derail the Reconstruction and Development Programme. — Sapa

Somelan 15/3/93
Smokers have to cough up an extra 17c a pack

TYRONE SEALE
Political Staff
FROM today smokers will have to cough up about 17c more for a pack of 20s as the government gives effect to arguments from the health lobby.

Elsewhere on the "sin tax" front, drinkers are likely to be dispirited about having to pay about 2c more for a 340ml can or dumpie of beer — not including sorghum — and about 5c more for a bottle of whisky, brandy or gin.

With immediate effect, the excise duty on cigarettes has been raised by 8,44c for 10, resulting in an estimated retail price increased of six percent.

The government's aim is to be able to supply thousands of people with housing subsidies.

A scheme will encourage banks to give credit to people with good savings records to make up the difference and enable them to build houses.

A sticking point so far has been to secure agreement from the construction industry to a building warranty scheme.

The housing budget announced today is seen as a signal to the industry that the government is committed to its goal of a million houses in five years.

Reliable sources indicated that two percent of the budget would be just right for current housing goals, because the infrastructure does not as yet exist to cope with faster growth.
Boost to housing welcomed

80% INCREASE IN ALLOCATION

BUDGET

MARCH 16, 1995
Boost for housing warranty scheme

Banks, contractors and the government agree on a measure that will allow mortgage lending under protection from May 1.

By Thabo Leshole

The banking industry has endorsed an interim measure which will allow mortgage lending under the proposed Defects Warranty Scheme even before builders are fully accredited.

Pieter Marais, Absa assistant general manager for emerging markets, confirmed this yesterday.

The arrangement will take effect on May 1. It has been adopted because the government and the construction sector will not get the National Home Builders Registration Council and Home Builders Warranty Fund in motion by April 1, as the banks had initially required.

The compromise by the banks, contractors and the government is aimed at protecting the public against shoddy workmanship until the full warranty scheme is established. However, Marais warned that the banks reserved the right to withdraw from the deal if insufficient progress were made in setting up the final scheme.

Progress needed

Said Marais: “We want to see progress in establishing effective mechanisms to protect consumers.”

The Council for Construction in SA (Cocosa) said it might take about nine months before the full scheme was established.

Johan de Ridder, the government’s representative on the steering committee charged with establishing the scheme, said yesterday the interim measure required that a standard industry warranty be introduced for all newly built homes sold by accredited builders.

Secondly, an accreditation structure would be set up under the auspices of Cocosa in conjunction with the standard warranty.

Builders would be required to ensure that designs and construction complied with minimum standards laid down by the body.

They would also be required to issue a warranty to every home buyer.

Thirdly, the agreement required that the body issue minimum construction guidelines to accredited builders, who would undertake to comply to them.

De Ridder was addressing a workshop organised by Cocosa in Johannesburg to explain the warranty scheme and the interim arrangement.

Cocosa president Linda Nyembe denied that black builders were opposed to the warranty scheme.

“We need the scheme, because it will enhance the image of black builders,” he said.
Coup for Housing Ministry

The Housing Ministry scored a significant coup in yesterday's Budget when Finance Minister Chris Liebenberg allocated more than R2.9bn to housing — the biggest percentage increase given to any department.

Analysts said the 80% hike over last year placed housing firmly at the top of government's agenda and moved the Ministry closer to its target of receiving 8% of the Budget by 1999. It stood at 1% last year and now rises to 1.9% of total spending.

The direct budgetary allocation for housing of R1.5bn was swelled by an additional R1.4bn chunk from the reconstruction and development fund.

Housing Minister Sankie Mthembu-Nkomo applauded the allocation, saying it would boost housing and demonstrated government's commitment to RDP housing targets. The increase sent a positive signal to the private sector, communities and those seeking access to housing. Their response would be decisive in determining the success of the housing programme over the next few weeks as policy implementation details were being finalised.

Robyn Chalmers

A welcome addition to the housing budget was a capital provision for infrastructure, which she said would allow government to assist local authorities in ensuring adequate services to subsidised housing.

Building Industries Federation of SA executive director Ian Robinson said the allocation was higher than expected, but cautioned that funds had to be spent wisely. "An amount of R3bn means 100 000 homes of R30 000 could theoretically be built, and while this is a significant improvement... it is still not enough."

He said the construction industry would run into bottlenecks due to the lack of skilled labour. He urged government to provide funding for training.

JH Isaacs MD Colin Wright said the increased allocation would provide a stimulus for the construction industry. However, this could create capacity constraints which could result in a further escalation of building costs which were already 3% above the inflation rate.
Call on govt home subsidies

HOUSING experts have called on government to apportion a significant percentage of its R2.5bn housing budget to the lowest end of the market.

While applauding the 80% hike in funds for housing announced this week by Finance Minister Chris Liebenberg in his Budget speech, stakeholders said the money had to be spent wisely.

National Housing Forum co-ordinating committee chairman Matthew Nel said the increased allocation sent a positive signal to the housing market which moved the Housing Ministry closer to its target of receiving 5% of the Budget by 1999.

He said ways of spending the increased allocation would have to be closely examined, and one of the important areas to address was the provision of subsidies for the poor.

The Housing Ministry estimates that about 40% of SA’s population, amounting to an estimated 16-million people, earn less than R380 a month and many live in abysmal conditions.

This segment of the population falls outside the accord reached between government and mortgage lenders last year to provide mortgage loans for 50 000 homes valued at R2bn.

Experts said many had no jobs and no history of employment, making them ineligible to qualify for credit from the formal banking sector. They were totally reliant on government funding for shelter.

Building Industries Federation of SA executive director Ian Robinson said it was imperative that these people received the lion’s share of the housing allocation.

This could be done by providing rental accommodation and raising the existing R15 000 subsidy to R20 000, for example, so SA’s poor could be given basic shelter.

It was stipulated in the Budget that more than R1.4bn of the housing allocation would go to the provinces to finance housing projects, largely in the form of subsidies, but there was only a limited indication of how the remaining money — R1.55bn — would be spent.
'To be repaid in rents'

R5-m spent on fixing up Govt houses

By Esther Waugh
Political Correspondent

Cape Town — The Government has spent almost R5-million on repairing and furnishing 44 houses for ministers and deputy ministers — but promises to get the money back in rents.

Public Works Minister Jeff Radebe said yesterday the sums spent since January last year were "value for money and not extravagant".

Radebe noted that for the first time ever in the country's political history, ministers and their deputies were paying rent for their accommodation. He said the expenditure would in due course be recouped through these rentals.

The rental paid by the ministers and deputy ministers ranged from R3,000 to R4,715.

The minister said the Melamet Committee on the remuneration of politicians had recommended that free housing be provided only for the president and the two deputy presidents.

Radebe explained that the R4,725,314.65 was spent on necessary repairs as well as furnishing the official residences, some of which had been unfurnished.

On the costs involved in the repairs and furnishing of the 44 houses, Radebe said most of the houses were previously not used as ministerial houses: "They were empty shells and had to be furnished and/or altered," he said.

"For example, Walmer Estate was completed in late 1989 and was earmarked for use by the then ministers' council of the house of representatives.

"Due to political complications, the intended occupants never moved in and the estate was left vacant until the second half of 1984 when the present political office-bearers moved in. The houses were unfurnished, hence the expenditure," he said.

In reply to a question from Democratic Party MP Ken Andrew Radebe said R229,002.83 was spent on curtaining for official residences.

The "political complications" the minister referred to were largely the hostility of coloureds living in the Cape Town suburb and opposed to the tricameral parliament. They did not want house of representatives ministers living in their midst.
SA and France have decided to extend areas of technical co-operation in the fields of social housing, construction and urban development. This follows a series of workshops in SA last week in which a high-level delegation of French public sector, semi-State and private sector organisations led by French Deputy Minister of Housing Evelyne Ratte, held talks on these topics.

Department of Housing Director-General Billy Cobbett and Ratte will sign a Memorandum of Understanding in France next month.

In low-cost housing and construction, the French contribution will consist of technical assistance in the setting up of the National Housing Finance Corp and the training of executives necessary for its management.

France could also help create a system of quality control related to building and in particular to the builders’ defect warranty scheme.

Workshops on urban planning have created a strong desire for co-operation on the part of local authorities. The latter could take the form of exchanges of experience and training with French counterparts and those in Reunion.

French organisations are already active in the development of urban services such as electrical, water and recycling. An agreement was signed this Tuesday between Caisse Francaise de Developpement CFD and the Development Bank of SA to finance projects.
1-m rural people to get clean water – Mandela

Plans are under way to bring clean water to 1-million people in rural communities, President Mandela said yesterday.

He was opening the Moretele water scheme near Hammanskraal, north of Pretoria.

Mandela said the provision of basic services such as clean water with the co-operation of different sectors of the community was the essence of reconstruction and development.

The Moretele scheme is the first of 12 presidential projects chosen for the Government's community water supply and sanitation programme.

It entails the laying of 1 000km of pipeline which will carry water to 150 000 people in the Moretele region of North-West province.

Mandela congratulated the Moretele community for their commitment to pay for the services they would receive through the scheme.

He urged the thousands who attended the ceremony to register for the November local government elections.

"Make sure you can vote so that your local government is elected by you and not somebody else," he said.

Fully representative local structures would give communities the opportunity to take their fate into their own hands.

Water Affairs Minister Kader Asmal said the scheme would cost R57-million and the first water would be available by September this year. The project is due to be completed by September next year.

Minister without Portfolio Jay Naidoo said more than 12-million people in South Africa still did not have access to clean drinking water, and 21-million were without adequate sanitation.

"The Reconstruction and Development Programme was aimed at putting an end to this "disgusting figure."

— Sepa.
GOVERNMENT realised the need of rural communities, but expected people to pay for scarce resources, President Nelson Mandela said yesterday at the launch of the R57m Moretele water project.

The project would provide drinking water to 150 000 people at Hammanakraal, north of Pretoria. It was the first of 12 presidential lead projects which would cost R2 billion over four years and provide drinking water to 42 million people.

Minister without Portfolio Jay Naidoo said communities had to demonstrate a sense of responsibility.

In the short term, the reconstruction and development programme aimed to provide all households with a water supply of 20-30 litres per day within 200m of their homes. A safe sanitation facility or toilet for each site was also envisioned.

Medium-term goals included the provision of an on-site supply of 50-60 litres per day and better on-site ablution facilities.

Water Affairs and Forestry Minister Kader Asmal said government had agreed to 12 water supply projects, but patience was needed in implementing the community water supply and sanitation programme.
Water for 1-m people

**MAKING MOVE** Mandela opens first of 12 presidential water projects:

Plans are under way to bring clean water to one million people in rural communities, President Nelson Mandela said yesterday.

Speaking at the opening of the Moretele water scheme near Hammanskraal, north of Pretoria, Mandela said the provision of basic services such as clean water, with the cooperation of different sectors of the community, was the essence of reconstruction and development.

The Moretele scheme is the first of 12 presidential projects chosen for the Government’s community water supply and sanitation programme.

Water Affairs Minister Mr Kader Asmal said the scheme would cost R57 million and the first supply of water would be available by September this year. The project is due to be completed by September 1996.

It entails the laying of 1,000km of pipeline which will carry water to 150,000 people in the Moretele in North-West.

Mandela congratulated the Moretele community for their commitment to pay for the services they will receive through the scheme. This was an example, he said, of what other communities should follow, he said.

Asmal emphasised that communities had to make at least a minimum payment for the operating and maintenance costs of their water schemes.

Minister Without Portfolio Mr Jay Naidoo said more than 12 million people in South Africa still did not have access to clean drinking water, and 21 million were without adequate sanitation. — Sapa.
Challenge

Sankei takes up the

Business crackdown on black housing

For services required so that Government can get on with its work,situation in Ports

Residents could foot bill if local election rates soar ⋆ 16/8/95

CHARMELA BHAGOWAT

RATPEPAYERS and residents could end up footing the bill for additional local government election costs if their local authorities mismanaged their budgets and resources, a government financial expert said yesterday.

But he said the cost to residents would be minimal if transitional local authorities and provincial administrations followed President Mandela's call for frugality and sound financial management.

Deon Burger, co-chairman of the Local Government Elections Task Group's financial task team, said prudent spending by local authorities would save taxpayers millions of rand — even though urban local authorities would have to foot at least 25% of their election bills.

Burger said that in most urban areas, local authorities had the necessary infrastructure, personnel and equipment to avoid heavy costs in addition to the approximately R500-million contributed to the national government for the poll.

Apart from R48-million allocated this week for national voter education and communication programmes, a further R35-million has been set aside through provisions made for "pre-determined conditional grants" to fund the actual elections. This amount, however, will have to be mobilised for before use.

Prudent spending

"One would expect that, given the utilisation of existing resources and the contribution by central government, local authorities should be able to find the extra money needed from their existing budgets," said Burger. "But prudent spending should be a no-brainer to those interested in budgeting and other service charges to cover the cost of the election."

Mandela's call for careful spending was emphasised by the task group's co-chairman, Dr Frederick Van Zyl Schlebusch, at a local government summit this week, when he said there was "no open chequebook for the elections".

In addition, the co-chairman of the task group's financial task team, Owen du Plessis, said spending sprees by transitional local authorities should not be accepted.

He said local authorities which wanted to access the money contributed by central government would have to submit thorough motivations to their provincial administrations, who would then release the money after approval from the national government.

Burger yesterday said the task team had arrived at the national budget by working out the national average cost of registering and ensuring that a person voted in the election and by analysing this figure by the potential number of voters.

The number of people — about 23-million — who voted last year's election was used as a guideline.

Burger added that because the task team had been forced to draft a budget in time for the Cabinet's approval, the process was done from the top.
Nearly R5m spent on ministers' houses

Weekend Argus Political Staff

Almost R5 million has been spent on repairs and furnishing 44 houses for ministers and deputy ministers.

Public Works Minister Jeff Radebe said on Thursday that the money spent since January last year, was "value for money and not extravagant".

Explaining the expenditure, he said the R4 762 314.01 was spent on necessary repairs as well as furnishing houses some of which were unfurnished.

Mr Radebe also noted that ministers and deputy ministers paid rent for the first time for their accommodation and said the expenditure would be recouped through these rents in due course.

Mr Radebe said the Melamet committee on the remuneration of politicians provided for free housing only be provided for the president and the two deputy presidents.

The rental paid by the ministers and deputy ministers ranged from R3 000 to R4 750. The cabinet had resolved last June that the monthly rental would be capped by ten-twelfth of 17 percent of the annual salary of the political office-bearer, the latter reduced by R20 000.

Turning to the cost involved in the repairs and furnishing of the 44 houses, Mr Radebe said most of the houses involved were not used as ministerial houses.

They were empty shells and had to be furnished and/or altered.

"For example, Walmer Estate was completed in late 1989 and was earmarked for use by the then Ministers' Council of the House of Representatives." They stood empty and were never furnished.
Today, in a wide-ranging interview on the eve of National Water Week, which starts
and Forest Minister KADER ASMAL and Environmental Reporter JOHN
SWALLOW, the media have been inundated with information about the state of our
water resources. The minister provided insights on the importance of water,
explaining that water is a precious resource and one that needs to be
managed with care. He highlighted the need for groundwater conservation
and the need for efficient and sustainable water management practices. The
minister also spoke about the challenges faced by communities that rely on
groundwater, and the efforts being made to address these issues. He
emphasized the need for collaboration between government, communities,
and individuals to ensure the sustainable use of water resources.

Water is a finite resource and must be
managed responsibly to ensure its availability for future generations.
Building centres ‘can meet housing backlog’

DURBAN – SA could spend R4.6bn on 10 Indian-style building centres to facilitate low-cost housing construction throughout the country, Indian quasi-government Housing and Urban Development Corporation (Hudco) chairman and MD KK Bhattacharjee said at the weekend.

The centres – two in Gauteng and one each in the other eight provinces – would train local communities in masonry, carpentry, plumbing, contracting and building, while facilitating self-built housing.

Bhattacharjee said Housing director-general Billy Cobbett had been “very impressed” by the work Hudco had done in meeting the Indian housing backlog through its building centres. He said the same could be possible in SA.

Each centre required imported equipment and machinery worth R180 000, and R300 000 of infrastructure. BD20, 3195

Bhattacharjee said each centre could train 400 construction workers and build 500 low-cost houses a year. Depending on the construction activity undertaken, additional training groups could be associated.

“Methods used on low-cost housing projects, increased the proportion of labour to total costs, thus reducing the material costs and contributing to employment and income generation,” Bhattacharjee said.

The programme should be completed three months after government arranged the land and had water and electricity on site.

Decentralised building centres identified cost-effective housing methods in different regions by recognising which local materials could be used.

Production centres for the essential building components were also created through each centre.

Centres would include office buildings, training rooms, stores, stock yards, curing tanks, display facilities and parking areas.
‘More you use, the more you must pay,’” says Prof Asmal

Cape Town — The “labyrinth” issue of water tariffs and water subsidies in South Africa is being investigated by two committees set up specially by the Department of Water Affairs and Forestry.

“South Africa is very highly subsidised, and it’s an eye-opener to see who gets subsidies and under what conditions,” the Minister, Professor Kader Asmal said.

“For example, Kimberley had not paid for any of its water prior to 1970, and at present, paid only for water from augmentation schemes developed after that date, he pointed out.”

Like most other democratic countries, South Africa had to treat water as an economic commodity and it had to be properly valued, Professor Asmal said.

“The more water you use, the more you must pay for it — that must be the rule because it is a very scarce commodity.”

People had an “uncanny” response to rational water tariffs, Professor Asmal said — “they start saving water.”

Resource economics was being taken seriously by his department, and an economist had been seconded from the Development Bank of Southern Africa.

Professor Asmal revealed that South Africa was to sign the Southern African Development Community treaty on the co-operative management of the region’s common water resources.

This had been decided by the Cabinet earlier this year.

Water management had to be developed in relation to units defined by basins (catchments) — “because the basins don’t recognise political boundaries”, Professor Asmal said.

“For example, the Orange River goes through five provinces and three countries.”

South Africa already had bilateral agreements about water resources with Lesotho and Swaziland, and a tentative agreement with Mozambique.

Signing the development community treaty would mean multilateral arrangements with the southern African countries, Professor Asmal said.

Referring to wetlands, the minister said these threatened ecosystems were at the heart of South Africa’s water resources, and existing laws conserving these areas had to be applied.

Wetlands were adequately defined in legislation to protect them.

Professor Asmal declined to comment on the issue of possible dune mining at Lake St Lucia, saying it was not the responsibility of his department.

But St Lucia was “one of the jewels of South Africa”, he said — “and you cherish jewels, you don’t despoil them.”

“I must say though that, even before having gone there, I believed St Lucia was one of the world’s great protected areas.

“But I never realised until I saw it that you can’t chip away at one part or another and hope to maintain the integrity of possibly one of the most beautiful places in the world.”

“And it’s not just the beauty itself — it’s the fact that St Lucia is one of the few remaining systems that merge light, water, sand and vegetation, and we ought to be very privileged to have this extraordinary ecosystem.”
"Water remains in critically short supply in most areas of South Africa," says Stewarts & Lloyds marketing manager, Pieter Lötter.

"The reasons for this are many, but one fundamental reason is that most attempts to address the problem have been techno-centric. These attempts did not take full cognisance of the human potential in the rural areas. Operation and maintenance costs were also generally not borne by the users, resulting in the loss of control at local level."

There is a need for a wide range of appropriate, affordable technology in the rural water-supply field. This, he says, is borne out by experience that indicates that water-supply systems must be affordable and user-managed if they are to be sustainable.

"The range of technical options available should include windmills, handpumps, engine-driven pumps and solar-powered pumps," says Lötter. He adds that the provision of handpumps is still of great importance. S&I is stepping up supplies in anticipation of demand and will have these available at affordable prices.

Stewarts & Lloyds has been providing equipment to supply water in southern Africa for a century, "and we have decided to become actively involved in the reconstruction and development of the water-supply sector, with particular emphasis on sustainable rural water supply."

A range of locally manufactured and imported borehole handpumps is available. The latter conform to UNDP-World Bank and UNICEF specifications. "These pumps", says Lötter, "have been proved extensively throughout the developing world and are an extremely cost-effective water-supply option."

Lötter says South Africa must place the ownership and management of these rural water-supply systems in the hands of the users. Community-level management systems will play an important role in achieving this objective.

"S & I has developed and equipped a mobile unit to travel to the most isolated rural communities to demonstrate the operation and maintenance of pumps and other related products. "We believe we have developed the correct approach to assisting rural communities with their equipment and training needs."
Private sector has the answer

While water and sanitation have been identified as "key" factors in the RDP, the availability of water and sanitation in urban areas — including the traditionally privileged white areas — cannot be taken for granted. The problems of providing adequate water and sanitation services have been exacerbated in the past by lack of infrastructure, poor management, politicisation and a natural scarcity of water. While the scarcity issue can be tackled to a limited extent by planning and controls, the other three factors are more easily addressed. It is in these areas that Water and Sanitation Services South Africa, a company formerly known as Aqua-Gold Services, believes it has a vital role to play. A subsidiary of Lyonaise des Eaux of France, Water and Sanitation Services South Africa has experienced a period of rapid growth in the country since its establishment in 1995.

Its major operations include water and sewage treatment plants in Queenstown, Stutterheim, Sondela and Eshowe. It is now operating at 36 sites and has regional offices in Pinetown, Nelspruit and Queens Town, with its head office in Sandton. Traditionally, water and sanitation services in South Africa have fallen under the control of municipalities. While services to white areas were satisfactory, services to black areas were very poor. The infrastructure in black townships — where there were services — was inadequate and poorly maintained. And because of the perceived illegitimacy of black local authorities, payment for services was affected. Water and Sanitation Services sees private-sector involvement in the supply of services as vital. Not only does the issue of supply become depoliticised, but, says managing director Wim Smit, the objective of reducing the cost of water and sewage services can be realised by effective management as well as providing the incentive to residents not to waste water and at the same time encouraging them to understand the benefits of paying for services, thus contributing to recovery costs in order for a service to remain viable.

Operating under the concept of delegated management, the authority (the municipality) delegates the responsibility of operating and managing a municipal service to a private company while retaining the ownership of assets, the monitoring and control of services and tariff control.
Cape Town — Water conservation is an urgent necessity in South Africa — but is the message getting through to ordinary people?

"No, not yet," says University of Cape Town environmental scientist Guy Preston, who specialises in research about the country's water use and water conservation measures.

**Major Impact**

"But Water Affairs and Forestry Minister Kader Asmal and his new-look ministry are set to make a major impact, Dr Preston believes.

"Ultimately, what really matters is that people change their attitudes and behaviour, by installing water conservation devices and not wasting water on their gardens and so on," he said.

"Unfortunately, by and large, they haven't started changing yet, and the person I'm looking to for leadership is Professor Asmal.

**Refreshing**

"He's shown a willingness to stand up and confront irresponsible, undemocratic behaviour, and his management of his department is the single most refreshing change I've seen in the change-over from the old structures of government.

"We haven't had a minister of water affairs worthy of the title before.

The Department of Water Affairs was "streets ahead" of most other government departments in showing a genuine commitment to change and a new understanding, Dr Preston said.

"For example, these issues of the social costs of water and resource economics are really difficult, but at least the department is aware of them now and is starting to incorporate them into its policies.

While some South Africans enjoy the cleanest, best-quality drinking water in the world, nearly a third of their compatriots have either no water supply at all or only a "totally unsatisfactory" supply, says Water Affairs and Forestry Minister Kader Asmal.

There was now a greater appreciation of the importance of water at virtually all levels of government.

"We know that, outside Gauteng, people's first priority is water — this is shown in all the opinion polls and surveys we've carried out," Professor Asmal said.

The water affairs minister, who described himself as a "water nut — the quality and taste of water are very important to me", said there were really two South Africa.

The first enjoyed access to the best drinking water in the world, while the second either had no water supply or a totally unsatisfactory supply.

"And so, therefore, we're trying to integrate and make South Africa whole, and there is an appreciation of water.

"Now that appreciation must be translated into the allocation of resources, and that means making unpopular choices.

"Such choices included restricting the location of industries to areas with adequate water supplies and possible restrictions on the type of crops that could be grown.

"The planting of trees in commercial afforestation is licensed, but we don't licence the planting of crops that consume more water.

"For example, maize is planted in areas where it takes a disproportionate amount of water — much more than trees do — and where it's not economical, but it's totally unregulated.

"We may have to consider that, but that would be an unpopular thing to say.

"Water was central to land use and had to be considered when developing land use policies, Professor Asmal said.

"And I'll be quite frank about it — if agriculture accounts for 60% of water use, then we'll have to tackle the question of how we irrigate fields — whether irrigation is consistent with conservation principles, and especially since there are communities without water near farming areas."

The Government's water conservation campaign would probably have to be underpinned by law, Professor Asmal said. "We'll have to deal with the wasteful use of water." — Own Correspondent.
Team effort needed...

If we are to reach our goal of water for everyone...
THOUSANDS of Soweto residents packed the Orlando Stadium yesterday to hear national, provincial and local leaders calling on them to start paying rent, register to vote and help fight crime.

Minister without Portfolio Jay Naidoo, Provincial Affairs Deputy Minister Valli Moosa, Gauteng safety and security minister Jessie Duarte and Greater Johannesburg mayor Isaac Mogase used the 10th anniversary of the Soweto Civic Association to exhort the community to embark on programmes that would facilitate the delivery of the reconstruction and development programme (RDP).

Naidoo told the rally that with the RDP having taken off well at national and provincial levels, the responsibility now lay with the local government and the community to join hands.

He said the new order had brought about not only the right to vote, but also the right to free water, schools and clinics.

Programmes such as Operation Masakhane – which sought to accelerate the principles of the RDP – were about fighting crime and structuring the local government to work towards meeting the needs of the people. Masakhane meant people working with government to transform hospitals, the police and government.

“Let us co-ordinate the Masakhane campaign. Let the street committees work with the police to eradicate crime in Soweto,” Naidoo said.

Mogase said in line with the rally’s theme of “From Resistance to Development”, residents should go and register.

Moosa, who set the tone for residents by registering at the table set up for that purpose at the rally, said residents should vote to ensure the “right kind of council”, which would deliver services, was chosen.

“It is up to you to see that we win the elections,” he said.

Duarte called on the residents to help government stop the crime wave gripping the area. Cries by residents that the police were useless should come to an end.

“They are your policemen. Let us see the residents getting into a partnership with the police.”
JOHANNESBURG: Housing Minister Ms Sankie Mthembu-Nkondo made an impassioned plea to the private sector and South Africa’s township residents to join hands and contribute to the upliftment of local communities.

In an address to a South African National Civic Organisation fundraising dinner on Monday night, Ms Mthembu-Nkondo said business could commit significant financial management resources to needy communities and township residents could help by ending the long-standing rent and services boycott.
Wealthy to pay more for water

The government, committed to improving the water supply to South Africa’s poorest communities despite increasingly scarce resources, has launched a major conservation campaign: Anthony Johnson reports

Historically privileged groups are being asked to pay more and use less water as part of a massive water conservation campaign launched by the government yesterday.

The far-reaching initiative was linked to the announcement of the first review ever of the country’s water law, which Water Affairs Minister Prof Kader Asmal warned would “strike at the citadel of power and wealth in South Africa”.

Yesterday, World Water Day, the government also announced an increase in water tariffs of 10% on average from next month.

Deputy Director of Water Affairs Mr Rudie du Randt said agricultural water tariffs would go up by 10% in the Western Cape but those for home and industrial usage “could be less in some circumstances.”

The conservation campaign will also declare war on water leaks, unmetered usage and wastage amounts to more than the water sold in Johannesburg, Durban and Cape Town combined.

Prof Asmal told a media conference yesterday: “The objective of the campaign will be to reduce the usage of water by those privileged enough to have it, so that there is enough to go around for all.”

He said the motto of the campaign would be: “Some for all, not all for some,” adding that South Africans would have to say, along with Gandhi, “There is enough for the needy but not the greedy.”

The minister said that since 12 to 16 million South Africans were without adequate access to even the most basic domestic water supply, there would have to be a “total review” of the nation’s water law in the next 12 months.

The constitution required that equity and equality be introduced in the water provision system.

The Water Research Commission had launched an urgent investigation into “the use of the proceeds of the higher tariffs for luxury use to subsidise the provision of water to indigent communities”.

A 30-page document entitled You and your water rights issued by the Department of Water Affairs, emphasised that constitutional provisions dealing with the right to life, and equality would also affect future water policy.

Inequalities

The document noted that the single largest cause of disease and death among the poor, particularly infants, was water and sanitation related.

It added: “There are clearly de facto inequalities in the area of water supply and where this is contributed to by law, changes will have to be made.”

Prof Asmal, who invited all South Africans to participate in a review of the laws governing the management of the water system, said: “Our system of water allocation is based on the practical requirements of the last century.”

CONSERVATIONIST: Water Affairs Minister Professor Kader Asmal tackles the water crisis

City may tow in icebergs

Cape Town could still see icebergs being towed to the city from the Antarctic. Cities are helping relieve the Western Cape’s water crisis.

This emerged at the launch of the national water conservation campaign yesterday when Water Affairs Minister Professor Kader Asmal said that all water-saving measures that had been previously ditched were once again up for review.

Everything that was rejected in the past must be brought back on the table and what was declined in the past must be considered once again,” he said.

The director-general of Water Affairs, Mr T Makhubu, said that in a decade of the dragging of icebergs to South Africa’s coastal cities could become a serious consideration.

Other new avenues of water supply included desalination, transfers from catchment areas.

See Page 5
Govt tips on saving water

POLITICAL CORRESPONDENT

The planting of indigenous vegetation heads the government’s 10-point list of tips for conserving water.

The Department of Water Affairs guidelines — which form part of the national water conservation campaign launched yesterday — note that indigenous plants are adapted to the country’s climate and can survive without being watered daily.

Other tips include repairing broken water pipes or taps, showering instead of a bathing, covering swimming pools in winter and washing cars using a bucket and sponge rather than a hosepipe.

Water Affairs Minister Prof Kader Asmal said there were three key messages when it came to water as the nation’s life-giver:

- We must make every drop count.
- Water is an indivisible national asset.
- Basic water supply and sanitation are everybody’s entitlement and responsibility.
Rates to stay 'for at least three to five years'

MUNICIPAL REPORTER

PROPERTY rates would not be phased out for at least the next three to five years, Mr Andrew Boraine, an executive member of the Institute for Local Governance, said yesterday.

He was commenting on a report from Durban that property rates could be on the way out.

Mr Boraine said existing sources of finance had to be normalised in the short-term. This meant the property rates system should be spread to the entire city.

He said the existing system should be updated and made more efficient. For example, Cape Town's continued use of a 1979 valuations roll was seen as unfair.

In the longer-term, if property rates were not an efficient form of taxation, "then we must look at an alternative," he said.

But he warned that between 30% and 40% of local authority income was from property rates.

Mr Murphy Morobe, who heads the Financial and Fiscal Commission which will look into local government finances and consider proposals from local government and provinces, said the commission would look at sources of income "not necessarily in substitution of, but in addition to, existing sources", he said.

French love us, but not our hotels

SPECIAL CORRESPONDENT

PARIS: Record numbers of French tourists are visiting South Africa and returning with high praise for the friendliness they received, but are disappointed with some hotels and restaurant standards. There is also a serious language barrier— but this handicap is overcome, the tourists say, by "the wonderful genrosity from everybody at every level".

But there was widespread disappointment over hotels, except for those in the luxury class.

A frequent refrain was: "The country's hotel and restaurant sectors are in general below European standards. "Service is poor and the welcome is no great shakes. Counter clerk staff look on French franc banknotes as Mickey Mouse money—they just want American dollars or traveller's cheques. They don't really take French tourists seriously."

Certain hotels in small towns were criticised for lack of amenities, shabby furniture and an unacceptable noise level from bars.

The head lease and will occupy 2 000 m², managing director Mr Richard Colledge confirmed yesterday.

He said the building of the second phase, which will provide a similar amount of lettable space,
to rise on increased costs
Water scheme tariffs set

March on

[Image 0x0 to 1792x2469]
Last year, the department had a total of R2,6bn available — R1,6bn from the Budget vote and R1bn in carryover funds for projects started under the previous government. These relate mostly to first home buyer subsidy schemes, administered by the Houses of Delegates, Representatives and Assembly and taken over by the provinces last year.

Confusion arises because, in the table on consolidated national and provincial budgets in the Budget Review, a figure of R4,2bn appears against housing and related services. The balance of the R4,2bn probably includes a roughly R400m allotment to the Department of Land Affairs for land redistribution and release purposes and about R350m for extended municipal services, both of which relate to housing.

These last two funds will not be under the direct control of Housing but will be available through the Urban Investment Planning Team. This was created in December, under Housing’s Johan Wallis who reports to RDP urban development officer Chippy Olver.

DoH economics chief director Frikk Barnard says a business plan will be devised with the provinces, to help the RDP Ministry decide how much of the R1,4bn will be spent on subsidies and how much on infrastructure. The money is primarily intended, however, as a means of leveraging finance for infrastructure from local authorities and regional services councils charged with providing infrastructure.

Only where the lack of infrastructure constitutes a bottleneck in the housing process will money be used for that purpose, says Barnard. Last year, a number of subsidy projects were held up because communities could not afford to repay loans for infrastructure.

Barnard says at least R882m of the R1,5bn vote, will be available for new subsidies this year, plus whatever portion comes from the RDP R1,4bn amount — a total of R2,3bn for new subsidies. (This compares with R2,2bn for subsidies last year, much of which went on projects carried over.) The remainder will go on:

- Ongoing projects of R132m for first-time home buyers scheme projects;
- A loan of R455m, repayable in September by the now defunct National Housing Commission;
- Some R1,4bn to fund the urban development planning team;
- R50m for the Mortgage Indemnity Scheme;
- R200m for the National Housing Finance Corporation; and
- R20m which government will put up for the establishment of the National Urban Reconstruction & Housing Agency to match the seed contribution of international financier George Soros.

Barnard says of the total undetermined amount of money available for subsidies, money will have to be allocated for new subsidy projects commenced last year, which will run for a period of up to three years. The only limit imposed on provincial board subsidy allocations is that they must not commit more than 70% of their annual allocations on such extended projects.

To put the housing and related services figure into perspective, it represents 2.7% of the national budget, compared with the 5% ideally allocated in developing countries. Subsidies available last year and this year don’t address new housing needs, let alone the backlog, says one housing expert.

However, the building materials and construction industries cannot cope with more activity this year and the amount is described as sensible by another expert, given the capacity to meet the demands on it.

Increased demand for both services is coming from property sectors other than low-cost housing. Additional demand would result in higher building costs.
STAFF REPORTER

The Government's latest increase in the cost of raw water sold to Rand Water for purification will not affect consumers' pockets directly.

Clearing up confusion over two recent water price increases—one in the cost of the Government's tariff for raw (unprocessed) water sold to Rand Water, and the other for water subsequently processed by Rand Water and then sold to bulk consumers—a Rand Water spokesman said the Government's increase was already included in Rand Water's rise.

Only Rand Water's final 9% increase to bulk consumers could eventually filter down to householders. If the entire 9% was passed on, the additional cost to an average household would be less than R3 a month, he said.
Soon water will be for everyone

As far as current water distribution and usage goes, only 12 percent is used for domestic and municipal purposes. The rest goes to farming, industry and mining. What this distribution pattern also means is that between 12 to 16 million people have no access to even the most basic domestic supply.

In terms of development, particularly in the rural areas, the supply of water forms the foundation for the Reconstruction and Development Programme. Without radically altering the current water distribution plan there is little chance of the RDP being successful.

"The call of the new government and of the people is for fairness and equity. This is the demand of the constitution and the basis of the review we are undertaking," said Asmal.

"I know we are touching one of the sources of power and wealth in the country as we look at water rights -- but both from a technical and a moral point of view this must be done."

A fundamental review of the current water application policy is being explored.

For the first time in South African history the water law issue is being taken to the public, both in urban and rural areas, to get as broad a representation and input as possible.

The first phase of the South African Water Law Review will ensure that the widest cross-section of South African society uses the opportunity to comment on the law and say what was important to their communities.

Workshops are being planned throughout the country with a particular focus on rural and poor communities.

The next phase will see a monitoring team -- set up by the minister going through the public responses. The team will consist of water experts and community representatives and will recommend to the minister what the principles in the new legal water structure should be.

The final phase will see the government making a decision and the actual drafting of new legislation. A second monitoring team will be set up by experts to consider public response to the draft legislation.

Why is there a need to change the existing water law? The Department gives the following reasons:

- The water law no longer reflects societal needs -- rural people and nature conservation are not sufficiently protected.
- The law is outdated -- our system of water allocation is based on ancient systems and requirements of the last century.
- Principles of water law were derived from European countries where the climate, culture and hydrology are different from South Africa.
- The price and value of water is not reflected in the current law; and
- Very little consideration was given in the past to customs and unwritten laws of rural communities.

A revamped and more representative water law guarantees the 12 to 16 million people without this basic right will have their plight addressed.
Boom may endanger
govt’s housing plan

Building and construction industry statistics indicate that the sector will enter a boom period next year, fuelling fears that materials costs will soar and undermine government’s housing programme.

Figures released by the Central Statistical Service, Stellenbosch-based Bureau of Economic Research and the BMI Building Research Strategy Consulting Unit show that the building and construction industry has moved out of the recession.

Growth forecasts range from 7.5% to 12%.

The JSE’s building construction and allied index soared during April last year to touch 8 162 in May, based largely on premature expectations of a building boom last year.

Analysts said the index levelled off between June and October last year as it became clear that the RDP would not get off the ground, but began to move upwards following the signing of a Housing Accord at Botshabelo in late October.

The index recently began to gain ground again, a move analysts attributed to improved expectations that the RDP and particularly the housing programme would gain momentum from the middle of this year.

However, the real boom was expected next year and could lead to growth levels of up to 20%. Analysts said this would place severe strain on the capacity of the sector, which is emerging from a four-year recession.

Industry analysts and spokesmen, including Murray & Roberts CE Andre van der Colff, have warned that a serious skills shortage is likely to be experienced by next year.

Van der Colff said at the weekend a lot of money would have to be spent on training and a recruitment drive would have to be undertaken to meet the expected increased demand.

The Housing Ministry has expressed concern that building costs could rise well above inflation once the RDP got going, and has urged suppliers to form a compact to keep price increases reasonable.

Building Industries Federation of SA executive director Ian Robinson said while building material suppliers had agreed to the compact, it could be rendered ineffectual as labour unions had not been included.

"If the compact is to be effective, we must have an urgent commitment from the unions that labour cost increases will be linked to productivity," he said.

Robinson said there were already indications that the price of certain building materials were rising above the inflation rate.
(2) Yes. Steps to systematically eliminate the establishment backlog were already included in the Departmental Financial Management Plan for 1994/95, which aimed at eliminating the backlog within five (5) years. Due to Treasury under provision for the 1995/96 financial year, this could not be accomplished and consequently negotiations will recommence to eliminate the backlog.

The MINISTER FOR PUBLIC ENTERPRISES:

(1) Yes.
(a) Labour dispute.
(b) Six hours.
(c) (i) and (ii) Not possible to calculate.
(2) Yes.
(a) Agreement was reached.
(b) SA Airways Management and Trade Union.

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT: Mr Speaker, to enable me to reply to the question, the Director-General of the Department of Constitutional Development approached Prof Nxumalo, the Director-General of the Province of KwaZulu-Natal. Prof Nxumalo indicated in writing that the imbizo was wholly funded by a private donation. He also supplied me with a copy of a press statement made by Mr T Memela, the public relations officer of the Office of the Premier of KwaZulu-Natal, in which he stated that he had been informed by the Premier that no government funds had been paid for the imbizo held in Umalazi on 12 March. According to this statement, during the week prior to the imbizo an account was opened into which private donations were made and all expenses relating to the imbizo were therefore to be paid from private funds. Mr Memela also stated that the previous statement he had made, to the effect that the provincial government had funded the imbizo, was the result of a misunderstanding, and should be ignored.

My response is therefore the following regarding the first part of the question: No, according to the information at my disposal, which was obtained from the province concerned, the imbizo was financed by private donations. Prof Nxumalo did not convey any information regarding the total amount that was spent on the said imbizo. The second part of the question falls away.

Dr B E NZIMANDE: Mr Speaker, the answer that the hon the Minister has been given to table here is totally unsatisfactory. [Interjections]

In fact, there is a possibility of a cover-up. Why do I say this? Firstly, in a statement issued to The Daily News by Mr Memela, spokesperson of the KwaZulu-Natal premier, immediately after the imbizo, he said that R20 228 was spent on refreshments and hiring a tent, chairs and toilets. He said that the money was made available “by the government of KwaZulu-Natal through a Vote on public functions.” Later, on 16 March, Mr Memela retracted this statement by saying:

I have been informed by the premier that no government funds paid for the so-called imbizo. An account was opened during the week previous to the imbizo into which private donations were paid.

That is what he said.

Immediately two questions arise. Firstly, why did Mr Memela make the earlier statement in which he quoted an exact amount and gave details of the account from which this came? This is a very strange kind of misunderstanding, which he claims it is. Secondly, can a public official like a premier convene a meeting in his official capacity which is then funded from private sources? Is this not a basis for corruption?

A further question also arises as to how those private monies were disbursed from the special account that Mr Memela is talking about? Is it acceptable for a government to open special accounts with funds from unknown private sources and then to have it disbursed by public officials? That is the question.

We are very suspicious of this answer. When Inkathagate first hit the news, it was denied. Later it was proved that the apartheid government did indeed secretly fund the IFP through slush funds. Now we have the same situation here. In the light of this we call upon the Minister to ask the Public Protector as well as the Auditor-General actually to investigate the fund-
Institutions create home loans bank

THREE life offices — Southern Metropolitan, Norwich Life and the Independent Development Trust — have banded together with the Ekom Pension Fund, Nedcor and the Independent Development Trust to create a new home loans bank, the Credit and Savings Help Bank (Cash Bank).

Cash Bank CEO Christine Glover said the new bank, which received a provisional banking licence this month, would target low-income home loans market through home loans provision to employer groups. Cash Bank would be offering fixed rates for loans for periods of up to five years. This translated to a range from 18.8% for smaller employers to 22% for larger employers. Traditional banks have yet to offer fixed-rate lending for low-income housing, with the issue still under debate.

The bank's creation flowed from the formation of the Group Credit Company two years ago, which offered home loan advances to employees against a portion of their provident fund benefits. Glover said trading operations would begin on April 1, with the bank providing a fully fledged deposit-taking service. While focusing primarily on home loans, with security for the loans backed by employee retirement funds, general purpose loans would also be made available.

Bank

She said Cash Bank would be tapping a market that was still beyond the strict credit criteria of the larger financial institutions, and could offer financing flexibility impossible for the larger banks.

Theta Securities, which was responsible for the bank's financial structuring, said the innovative financial model could unlock millions for low-income housing and give the reconstruction and development programme "a massive shot in the arm".

Theta MD Leon Kirkjito said that while the use of retirement fund benefits to finance low-cost housing was enjoying increased acceptance among employers and institutional investors, employers and employees had to be careful of schemes which liquidated pension fund investments. "It is usually in the interests of fund investors that accumulated contributions underpin a loan rather than provide an instant cash injection into a housing scheme."

He said the bank's structuring would ensure that fund members who did not enjoy housing loans did not cross-subsidise members who did.
The last hurdle for RDP housing

With the government-funded Mortgage Indemnity Scheme (MIS) due to be finalised shortly, the only real obstacle in the way of the RDP housing programme is the proposed Builders Defects Warranty Scheme.

The Budget made a provision of R50 million for the MIS, which is aimed at reducing the risks of lending money in the low-income housing market, where banks have pledged to provide 50,000 home loans this year.

However, a further condition is attached to protect consumers (and at the end of the day, the banks), namely, that builders stand by their products for a certain period and that a fund is implemented to cover defaulting builders.

In recent years, defects in newly constructed houses have caused problems for consumers and, in certain instances, have resulted in bond boycotts.

In most cases, the builders have left the site and the banks, which have provided the long-term finance, have suffered.

It is not surprising, therefore, that the government and the banks have called on the building industry to come to the party.

The industry’s response has come through the umbrella body the Council for Construction in South Africa.

The steering committee’s proposed scheme, for which they are presently trying to get grassroots support, includes the establishment of a National Home Builders Registration Council, backed up with a Home Builders Warranty Fund.

The intricacies of putting together such a scheme are immense.

The UK, for one, has had a scheme in place for 60 years and it is still being fine-tuned.

The banks have consequently agreed to an interim scheme to help avoid further delays in getting the housing programme off the ground.

The proviso, however, is that the industry commits itself to having a final product in place within a certain period.

Currently under negotiation, but expected to be about six months, getting industry consensus on a final scheme (and one which will carry government and bank approval) will indeed be a challenge.

The council is currently conducting roadshows around the country to drum up support and get input for an interim scheme and a commitment to working towards a final scheme.

If last week’s roadshow to drum up support in Cape Town, and the earlier meeting in Durban, are anything to go by, it would appear that there is a very rocky road ahead for the council.

Further setbacks to the RDP housing programme cannot be ruled out.

The interim scheme, which will involve registration of builders, does not include a defects warranty fund nor a major bureaucracy, which are the major bones of contention for critics of the final proposed scheme.

While most builders at the Cape Town meeting were in favour, at least in principle, of an interim scheme, that is where about half of these present — mainly the established contractors — would like it to end.

They were eventually persuaded to work towards a final product but not without reserving their right to “abhor the process at any time”.

This was in spite of warnings from the chair that this could leave the Western Cape out in the cold without mortgage loans being granted in the region. Alternatively, they were warned, they could face legislation.

The issues of contention — raising the blood pressure of a fair number of builders and threatening to derail the housing initiative — revolve mostly around what builders perceive to be an unacceptably large new bureaucracy, which will cost the industry about R150 million a year by the turn of the century.

The end result of this new bureaucracy, they argue, will be to significantly push up the cost of housing to the end user.
New electricity payment system: Plessey

Tellumat said it has introduced a new automatic vending machine which uses pre-payment electricity meters that would enable consumers to buy electricity any time by swiping their cards through the machine, inserting coins and pressing the button.
Boycotts leave Eskom R923m poorer

Sentiment in the townships is changing, but non-payment of electricity bills has left Eskom with huge problem debts

BY DEKKY TOOMAY

The non-payment philosophy in the townships has left Eskom with problem debts amounting to R923 million, says John Maree, chairman of the Electricity Council.

These debts would have been higher but Eskom had taken over about R50 million worth of assets which it had been able to offset against them.

The debts have not been written off but full provision has been made for them in the balance sheet.

Maree said that sentiment in the townships was changing, which had made it easier for Eskom to collect electricity payments and to cut off electricity supplies to users who were not paying their bills.

He said about half the professional and supervisory posts at Eskom were expected to be filled by blacks by the turn of the century.

"There is a tendency generally to assume that affirmative action black advancement is synonymous with the lowering of standards. That's not our experience. In fact the four blacks on our management board are immensely competent people. They are doing their job and making an immense contribution to Eskom."

Maree has good news about Eskom's progress in 1994: it is now ranked among the world's five biggest generators of electric power.

He said Eskom was continuing to reduce the cost of electricity in real terms and was forging ahead with electrification. It brought power to 254,383 houses last year and plans to wire another 300,000 houses this year.

Maree said that Eskom's commitment in 1991 to reduce the price of electricity in real terms by 20 percent between 1992 and 1996 would be met.

The company has committed itself to cutting prices in real terms by a further 15 percent between 1994 and 2000.

"We have managed to maintain relentless downward pressure on our costs and to balance this with unparalleled investment in national electrification while strengthen-

ing our balance sheet."

Eskom was providing electricity services to an additional 1,000 houses every day, he said.

The electrification programme was costing about R1 billion a year.

Chief executive Allen Morgan reported that revenue rose by 11.8 percent to R15.4 billion as a result of a net tariff increase of 7.6 percent and an increase in sales volume of 3.9 percent. Operating expenditure rose by 10.7 percent to R8.96 billion after including a net provision for arrear debts of R201 million.

Net income amounted to R2.27 billion which was 37.5 percent more than in 1993. Net income on a current value basis amounted to R407 million compared with R14 million in 1993.

This had resulted in a real return on assets of 4.3 percent (4.1 percent).

Accumulated reserves increased to R16 billion.

Eskom had virtually completed its local fundraising but could tap the American market later this year if rates there improved, he said.
Water talks to continue

CENTRAL government was not happy about a proposal that water affairs in KwaZulu/Natal be transferred to the province but negotiations with provincial leaders would continue, a spokesman for Water Affairs and Forestry Minister Kadri Asmal said yesterday.

Thembis Khumalo said KwaZulu/Natal premier Frank Mdlalose was told, at a meeting between Asmal, Mdlalose and members of his cabinet to discuss water management earlier this month, that this area could not be regionalised. No province could claim to own certain rivers as they ran through different provinces.

Khumalo was speaking after the Inkatha Freedom Party tabled a proposal in the legislature on Tuesday that the province wrest control of central government control over land, water and forestry.

Khumalo said Mdlalose was told that in terms of the new constitution water could not be made a provincial matter. Water management was a Ministerial duty.

Khumalo said his department had been surprised that the matter had been raised in the KwaZulu/Natal legislature as a future meeting was still in the pipeline.

Inkatha’s proposal also called for land affairs to fall under the province to deal with the issue of evictions, land invasions and landlessness of disadavantaged people.

Land Affairs spokesman Helmut Schuster said a trust had control of the land and that at a full Cabinet meeting last year it was decided that the trust would be revised.
Municipality water leaking away

Some municipalities lost more than 50% of their water due to leakages, dripping taps, overflowing reservoirs and un-metered consumption, the auditor-general said in his general affairs report yesterday.

Such wastage was a matter of particular public interest and the Water Research Commission was developing procedures to deal with unaccounted water, Henri Khuéver said. — Sapa.

■ The salaries of SABC and Telkom management were “highly confidential” and would not be made public, Post, Telecommunications and Broadcasting Minister Dr Pallo Jordan said yesterday in reply to questions from the DP’s Kobus Jordan. — Sapa.

■ Indemnity had been granted to 126 people since 1990 — 22 of these since the presidential inauguration in May — Justice Minister Dullah Omar said in response to a question from Danie Schutte (NP) yesterday. — Sapa.

■ The Gauteng registration rate for the local government elections has risen from about 5% at the end of February to about 19%, according to provincial government figures, with just under 1-million people having registered to date. — City Reporter.

■ The schools feeding scheme was operated by the Government of National Unity and not the ANC. Therefore, accusations over non-delivery should be levelled at it, Health Minister Dr Nkosazana Dlamini-Zuma said yesterday.

Sharply critical of NP members who suggested problems in the presidential school feeding project were the party’s fault, she said: “The ANC does not accept lectures from people who over the years have starved kids and not allowed them to go to school.” — Sapa.

■ The Department of Education had disregard ed advice and gone ahead with a “fruitless” R205 000 advertising campaign to get pupils to pay exam fees in 1993. Auditor-General Henri Khuéver said yesterday.

Just days after the advert appeared, fees had been cancelled, resulting in a loss of nearly R25-million. — Sapa.
Warranty could raise house prices 2%

THE builders' warranty mechanism could raise the price of low-cost houses by 2%, considerably less than the 10% originally estimated by the construction industry, says Deloitte & Touche consultant David Porteous.

A financial model prepared by the accounting firm found that R990 for a R45 000 house would be contributed to the mechanism by home builders and ultimately consumers.

The 2% contribution was made up of fees paid for plan approvals, to be undertaken by a national home builders' registration council, and an insurance levy to be paid into a home builders' warranty fund.

The construction industry had feared that the levy could amount to between 3% and 5% of the sale price of a house, but Porteous estimated that it could be as low as 1.5% during the first year.

Further, this levy would decrease progressively, and could amount to around 1.3% by the year 1999/2000 when the warranty scheme was expected to be fully operational.

The model estimated that payments would increase marginally to 2.38% during the scheme's second year of operation, but would also move progressively downwards to amount to 2.03% by the turn of the century.

The infrastructure required to monitor the mechanism would cost R28.6m during the first year of operation, rising to R55.4m by the year 2000. Porteous said this was based on the assumption that 52 500 houses would be built in the first year and approximately 800 500 by the turn of the century.

Housing Minister spokesman Johan de Ridder estimated that the comprehensive mechanism would take about a year to implement. An interim scheme was being negotiated between government, banks and builders to temporarily replace the full-blown scheme, and this should be finalised by the end of this month.

Absa credit assistant GM Pieter Marais said the warranty scheme was designed to give consumers peace of mind when it came to buying a house.
WATER SUPPLIES

Beyond Highlands

Seven years — that’s all the time that’s been bought for drought-ridden Gauteng by the development of the R14bn Lesotho Highlands Water Project.

Now urgent investigations have begun into major schemes to supplement the project. With the first water only due to be pumped to the province in 1998, water experts say the Lesotho project will barely cater for the province’s needs until 2005.

Department of Water Affairs & Forestry officials say it is of the “utmost imp-
portance” to secure further water supplies for SA’s industrial heartland.

One of the options is to extend the Highlands Project by a number of dams, tunnels and pumping schemes at a cost estimate of R3,2bn (1994 prices).

Results of a R30m pre-feasibility study involving three consortiums of consulting engineers will be ready by July. Commissioned by Water Affairs, the study is investigating other potential source catchments: the Tugela, the Orange and the Mzimvubu in the Eastern Cape.

Schemes under consideration are:

❑ Three large new dams in the southern tributaries of the Tugela (the Mooi, Bushmans and Little Tugela rivers), including a 125 m high dam, using spare capacity in the Drakensberg pump storage scheme to transfer about 470m³ of additional water (at a cost of about R2,6bn) a year to the Vaal system;

❑ A large dam (140 m-150 m high) on the Buffalo River, with other dams on the Sundays and Tugela rivers which would yield about 650m³ a year at a cost of about R3,7bn;

❑ A scheme to transfer water from the Orange River across the Free State: the R4,7bn Caledon Cascades Scheme, using a series of 20 weirs to be built on the Caledon to reverse the flow of the river; and the R5,3bn Goedemoed option, using 466 km of canals and 31 km of tunnels; and

❑ The Mzimvubu scheme, providing up to 1,2bn m³ of water a year and involving a larger storage dam and three transfer options: through the Kraai River to the lower Orange (Gariep Dam); the Tugela option (delivery to the Tugela system and transferring the water across the Drakensberg to the Sterkfontein Dam); and the Tseolike option, delivering the water through the Lesotho project. Any of these options could cost up to R15bn.

Study project manager Johan van Rooyen highlights the importance of the Vaal River augmentation planning study: “Apart from Gauteng, where water demand is growing at about 6% a year, Eastern Transvaal’s power stations, the Free State gold fields, the North-West Province gold fields and the Northern Cape agricultural holdings all depend on the Vaal system for their water supplies. While we are looking at various options to cut down and save on water use, this would not make any major impact and we, therefore, urgently have to investigate alternative sources which can start delivering by 2005/2006.”

He notes that there are large potential benefits for the source catchments, as the projects offer the opportunity for joint development which will supply water needs in those areas. To ensure that these benefits and other consequences are identified, the department has embarked on a major public involvement programme, through the study teams, down to grassroots levels.

Decisions are expected relatively quickly. After receiving the pre-feasibility studies, Water Affairs is likely to appoint consultants to start full feasibility studies by the second half of this year.
SANKIE MTHEMBI-NKONDO

The gentle feminist

When new Housing Minister Sankie Mthemb-Nkondo (44) sits in Cabinet meetings — one of three women there — and hears one of her 25 male colleagues talk about the pivotal role women can play in the RDP’s grass roots self-help schemes, she wonders how much more women can be expected to bear.

In rural areas, she muses, they are the bearers of water, carriers of wood, providers of meals and so on. In cities, economic need demands that they also earn wages. Now they must start producing bricks — and without any support structures such as crèches?

While her ministerial predecessor, the late Joe Slovo, focused on the hardships of the homeless, Mthemb-Nkondo will specifically address the needs of women. Her aim is to change the general male attitude in SA towards women.

“ANC men are more enlightened than most,” she believes, “but not all. Our society must be normalised. It’s time men participate in the home and accept the important decision-making role women can play in government.”

Not that her concern for the homeless, and for squatters in particular, is any less than was Slovo’s. But she brings new ideas to the challenge.

There are, for example, the considerable, unspent resources of the Welfare Department, of which she was previously Deputy Minister. Maybe social workers could effectively be used in the Masakhane (“let’s build together”) township reconstruction drive — for example, to find alternative accommodation for those unable to afford normal housing.

Gentle and sincere in manner, Mthemb-Nkondo is a serious and deliberate thinker. She does not change gears quickly once she delves into a subject — unless a topic arises which could reflect poorly on government.

That is perhaps explained by her experience in diplomacy. Having obtained a BA in education from the University of the North, she went into exile in 1977 and remained there until 1993.

During that time, she worked for the ANC’s international affairs department. She was chief of its Bontleng mission from 1989 until 1993. That last year she was appointed deputy head of the department. By then, she had already been on the ANC’s national executive committee for three years.

Divorced, with a daughter of 11, she spends her limited leisure time enjoying music “of all sorts” or writing.

Poet and fiction writer, she yearns to produce a sequel to her European contest-winning short story on the evolution of a woman from liberation struggle to power politics.

She denies the woman mentioned is her. The story, she says, was more universal.
Parched policy

Minister of Water Affairs & Forestry Kader Asmal is nothing if not enthusiastic about his job. Waxing lyrical, he last week sketched out a scenario that partly foresaw a drought-stricken, parched future — yet at the same time promised everyone the earth, or at least the waters thereon.

The portfolio over which he presides is bedevilled by laws governing water use. In a new publication by his department called You and Your Water Rights, he argues for the consolidation of at least 34 existing Acts in one water law, and asks for public submissions on how this is to be done.

He describes water as “one of the basic ingredients of life, without which no form of life would exist.” This is undoubtedly true, if obvious, but where Asmal has broken new ground is in his use of the constitution as a guarantor that all shall have water to drink, flush and irrigate.

Indeed, he uses the chapter on fundamental rights in the interim constitution of 1993 to define the issues and the basis on which submissions are to be framed.

The constitution says, for example, that “every person shall have the right to respect for and protection of his or her dignity.” Asmal reflects that “it is not possible for dignity to be maintained amid grinding poverty, of which the lack of basic services

 Other rights are cited and attached to water rights. The overwhelming pressure of the argument is that “there are clearly de facto inequalities in the area of water supply and where this is contributed to by law, changes will have to be made.” In short, the inheritance of colonial and apartheid law must be overcome to ensure universal water supply and water-borne sewerage.

No civilised country can allow its citizens to die of thirst or the gross diseases of poverty — at the very least, attempts to alleviate destitution are fully justified and within the prerogative of the State. Asmal’s argument, however, is fairly crudely based on accusations of “us versus them.” This is apparent in his frank comments at a media conference, that his intentions amount to striking at “the citadel of power and wealth in SA.” The “rich” — as he defines them — must be penalised for their use of water.

Thus, in announcing a 10% hike in irrigation water tariffs, Asmal excluded certain “designated socio-economic schemes” where the rise would be limited to 5%. There are other exceptions, but the intention appears to be to penalise industry and, possibly, garden lovers so that “there is enough for the needy but not for the greedy.” This is price control plus selective rationing and if implemented with severity — as Asmal apparently intends — would most likely have the effect of driving marginal concerns to bankruptcy, destroying jobs and revenue for any social programmes.

Asmal’s contention that water has in the past been allocated on racial grounds is absurd. While it is uncontestable that major irrigation schemes and water for industry have diverted water from its traditional courses in SA (mostly into the hot air), these schemes have benefited the poor in that they enable food to be grown and work to be created. In the absence of evidence that anyone anywhere in SA is actually dying of thirst, Asmal’s economic views are strictly Marxist in that they posit a finite quantity of resources which needs to be redistributed on purely social grounds.

Land Affairs Minister Derek Hanekom’s concurrent attack on drought relief — which he says has encouraged maize growing in inappropriate areas, and inefficient farming generally — is at odds with Asmal’s vision, though it may have a hidden political agenda related to land redistribution. The point is that SA is nothing if not marked by wholesale population movements in response to economic signals. A loading of city costs for water would thus penalise the poor as well.

If anything, water usage in industry is subsidised; that is where its long-term productivity is most marked. The constitution also guarantees the right “freely to engage in economic activity.” And as for suburban consumers, surely the constitutional right to dignity and a clean environment includes growing roses?
Eagle eyes watch
Franschhoek housing

KAREN STANDER
Weekend Argus Reporter

A CONTROVERSIAL low and middle-income housing project in the picturesque Winelands town of Franschhoek is likely to get the go-ahead, but this does not mean the charm of the town will be destroyed.

Residents are determined to ensure the houses conform to its style and have vowed to keep an eagle-eye on developments in the town, where all plans have to be passed by a council-appointed aesthetics committee.

Town Clerk Meyer Siebrits said many of those who objected to the project referred to a "squatter community" on council commonplace.

There was even speculation that the "influx" of squatters was intended to swell the number of people who would vote for the African National Congress in the local government election.

Asked to comment, ANC Western Cape media officer Brent Simons said the ANC supported the provision of housing but was not in favour of large numbers of squatters, or any other group, being moved into an area.

In fact, the development was for formal housing, said Mr Siebrits. It consisted of 60 plots between 180 and 312 sq m. Semi-detached houses built on them would be sold for R75 000 to R100 000.

He said the council had approved the development in principle and advertised for objections. About 300 people objected and the developers would be given an opportunity to respond. A final decision was expected at this month's council meeting.

Mr Siebrits said some objectors felt their property values would be affected and others were concerned about increased traffic and available drinking water.

Like all new developments, the project would fall under the jurisdiction of the town's aesthetics committee and would be strictly controlled.

The committee consisted of councillors, architects and residents and were guided by the town-planning scheme.

Attorney David Jacobs, representing a group of residents opposed to the project, said the group had accepted there was no way to stop the development.

"And, we must face it, there is a need for housing," he said.

They would confine themselves to ensuring the development was controlled, there was strict adherence to aesthetic standards and no temporary structures would be allowed.

If these guidelines were followed, the group would be satisfied, he said.

Mr Jacobs said he did not believe the development would have a strong influence on property values.

Asked about the squatter rumour, Mr Jacobs laughed. He admitted he had heard the story, but ascribed it to malice.

Jean Turban, acting-chairwoman of the Franschhoek Ratepayers' Association, was still not satisfied. It was simply poor zoning to situate low-cost housing in the middle of high-priced properties, she said.

She said the ratepayers' association had not yet decided whether to appeal to Western Cape Premier Henning Kriel if the council gave the project the final go-ahead.

Housing backlog near 1,5m

CLIVE SAWYER
Weekend Argus Political correspondent

SOUTH Africa's urban housing backlog is close to the 1.5 million mark.

But to date, fewer than 200 000 housing subsidies have been provided.

The Western Cape has an urban housing backlog of 141 000, the fourth highest in South Africa.

According to figures disclosed in the senate by Minister of Housing Sankie Nkondo, the worst backlog was in Gauteng, with a backlog of 358 353 units.

Second highest was KwaZulu/Natal (303 632) followed by the Eastern Cape (150 543).

Replying to a question in the national assembly by Jac Rabie, MDC, Nkondo confirmed that the housing subsidy for individuals earning less than R800 a month was increased to R1 500.

This increase would result in additional spending of R173 million in the next financial year, but no subsidies for individuals in terms of the new scheme had been approved yet because the scheme came into effect only on March 15.

But projects already approved could be revised on application to one of the provincial housing boards.
The Department is made aware of the misappropriation of funds through rumours and articles in the media. To date there has been alleged misappropriation of approximately R6.9 million. Investigations in this regard are still being carried out.

When the Department is made aware of the misappropriation of funds the following steps are taken:

- An investigation is done at the organisation(s) by officials of the Department at Provincial level.
- The services of External Auditors are contracted if necessary to investigate the financial documents of the organisation(s).
- If there is an indication of misappropriation of funds or that a crime has been committed the South African Police Services are requested to investigate the matter.
- Funds are suspended if necessary.
- If the investigation by the official(s) indicate that misappropriation of funds has taken place through ignorance then remedial actions are done to correct the problem.

### Extent of housing backlog in each of the provinces

30. **Sen S D FISHER** asked the Minister of Housing:

(a) (i) *What is the extent of the housing backlog in each of the provinces and (ii) in respect of what date is this information furnished and (b) how many subsidies were available as at the latest specified date for which information is available and (ii) how will such subsidies be distributed amongst the provinces?*

The **MINISTER OF HOUSING**:

(a) (i) The backlog in respect of housing units in urban areas in the various provinces are estimated at:

<table>
<thead>
<tr>
<th>Province</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Cape</td>
<td>171 542</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>150 543</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>23 456</td>
</tr>
<tr>
<td>Free State</td>
<td>77 306</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>303 632</td>
</tr>
<tr>
<td>North-East</td>
<td>36 911</td>
</tr>
<tr>
<td>Gauteng</td>
<td>566 853</td>
</tr>
<tr>
<td>Eastern Transvaal</td>
<td>23 987</td>
</tr>
<tr>
<td>Northern Transvaal</td>
<td>55 091</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1 439 331</td>
</tr>
</tbody>
</table>

(ii) 31 December 1994

(b) Available information as on 28 February 1995:

<table>
<thead>
<tr>
<th>Province</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Cape</td>
<td>4 551</td>
</tr>
<tr>
<td>Gauteng</td>
<td>78 183</td>
</tr>
<tr>
<td>North-West</td>
<td>28 740</td>
</tr>
<tr>
<td>Eastern Transvaal</td>
<td>29 092</td>
</tr>
<tr>
<td>Northern Transvaal</td>
<td>12 007</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>37 446</td>
</tr>
<tr>
<td>Free State</td>
<td>4 030</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>3 367</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>508</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>197 896</td>
</tr>
</tbody>
</table>
FOREIGN companies are eager to get involved in the potentially lucrative field of low-cost housing in SA. Three approaches for SA partners are included in this week’s list of joint venture offers, made through the Trade Department’s investment centre. All offer different types of technology.

There is also an inquiry from an Italian civil engineering company looking for partners in construction projects ranging from roads to nuclear power plants.

The offers are: 3/14/95

- **BRITAIN:** A British company wishes to form a joint venture with an SA company for the supply of low-cost, durable, speedily manufactured and erected housing units, made from pre-fabricated foam glass panels using local resources.

- The foreign investor will provide a foamed glass manufacturing unit. Bricks, made on site, will be provided by the local partner. Local expertise will also be used for site plans and design work.

- **JAPAN:** The Japanese company wishes to enter a joint venture with a suitable local company to build low-cost, single-storey houses using a highly technological PVC extrusion. The houses can be completed within five days and are maintenance free, with a life expectancy of 70-80 years.

- **UNITED STATES:** The US company wishes to establish a joint venture with a suitable SA partner interested in developing, affordable houses, schools and other buildings, using fly ash-based wall board panels. The wall board panel is cost effective, fire retardant, possesses high sound transmission coefficients and is high in insulation value.

The foreign partner is willing to contribute a fully automated turnkey plant, know-how, training, technical support, and cash equity.

The SA partner should be a highly experienced developer and have the ability to procure low-cost housing contracts.

- **ITALY:** An Italian civil engineering company wishes to form a joint venture with a suitable SA company for the construction of roads, railways, tunnels, metal structures, special foundations, dams, nuclear and thermoelectric power plants, special works in reinforced concrete and industrial plants.

For further information, contact Phoko Weleto at (012) 318-8800 or Helen Dawson at (012) 318-9709 at the Trade & Industry Department’s Industrial Development and Investment Centre, fax: (012) 522-4528.
Banks to negotiate with occupants

Critical talks on housing repossession

GOVERNMENT and the banking industry are negotiating the restructuring of more than R1,1bn in debt related to 16,000 repossessed properties and non-performing loans.

Banking and government sources said at the weekend that the talks, which should be finalised within weeks, were a crucial part of government's efforts to end the bond boycotts. Negotiations were at a sensitive stage, revolving around moves to sell repossessed properties to their occupants at predetermined prices. It was feared that if prices were too low this could spark another round of boycotts by those who had been paying their mortgages.

In addition, the mortgage indemnity scheme, which was expected to kick in within weeks, would cover some of the repossessed properties and could make government liable for significant payouts.

Housing Ministry spokesman Stephen Lauder said the discussions were part of the accord negotiated between banks and government last year in a bid to draw the banks into the low-cost housing market.

In terms of the accord, each individual property held by the banks would be assessed in terms of the risk cover provided by the indemnity scheme.

association of Mortgage Lenders president Johan Myburgh said the banks had about 11,000 repossessed properties and 5,000 non-performing loans.

“Mortgage lenders have a lot of capital locked up in these houses and we are looking at ways of releasing it,” Myburgh said.

“We have been unable to access the majority of these properties due to a breakdown of law and order in township areas.”

Myburgh said the banks were prepared to negotiate with people occupying the repossessed properties to take them over at the as-yet unspecified price.

Banks would be flexible with disadvantaged occupants, and negotiations could lead to occupants paying lower mortgage instalments, which would increase over time.

Should occupants be unable to pay for the houses, the “right-sizing” principle contained in the indemnity scheme would be used — they would be moved to more affordable housing.

This would be done by newly created service company Servcon. Servcon would also use “right sizing” to help people under threat of eviction.

Sources said government was being called on to provide a cash incentive for defaulters to assist with their relocation, but the Housing Ministry would not be drawn on the details of this.

Myburgh said the indemnity scheme would be used only as a last resort if banks and government were unable to negotiate bond repayments or relocation with occupants. The indemnity scheme, meant government would protect banks from non-commercial risks where they could not repossess properties because of a breakdown of law and order in a particular area.

However, Housing Ministry spokesman stressed that the scheme would only cover those areas the state deemed fit, so communities which refused to return to a state of law and order would not receive mortgage loans.
Urban use to be reduced by 20%

Households will face water curbs from May

(STAFF REPORTER)

Households will bear the brunt of urban water restrictions to be imposed by Water Affairs and Forestry Minister Professor Kader Asmal from May 1.

The restrictions, a result of the low water level in the Vaal Dam, will affect all areas drawing water from the Vaal River system, Asmal said last week.

Asmal said a 20% restriction would be imposed on all urban water use.

This would be made up of a 30% savings on domestic use and 10% on industrial use.

"The intention is to target mainly garden irrigation as well as leakage and wasteful practices, but not to curtail industrial production at the cost of water supply," Asmal said.

It would be left to the water boards to achieve these savings through specific measures yet to be announced.

"Savings measures may include a ban on hosepipes and the introduction of sliding scales where people who pay a reasonable amount for basic water use but more for excessive water use," he said.

Restrictions on water drawn for irrigation purposes started at the weekend, marking the beginning of the irrigation water year.

"Supplies are limited, demand is rising and recurrent droughts are a feature of our climate. Water conservation should become a way of life for all of us," Asmal said.

He added that the restriction showed the importance of the recently announced National Water Conservation Campaign.

Farmers might have to face a 40% water restriction, but no formal decision had yet been made on this proposal.

Apart from Gauteng, other areas including Standerton, Kimberley and the Free State Goldfields would also be affected as they draw water from the dams in the main stream of the Vaal River.

The restrictions would also apply to users from pipelines that serve Eskom power stations on the Highveld region of the Eastern Transvaal.

The situation at the Vaal River would be closely monitored and reviewed in September, Asmal said.
Housing backlog persists

SOUTH Africa's urban housing backlog is close to the 1.5 million mark but to date less than 200,000 housing subsidies have been provided.

According to figures disclosed in the Senate by Minister of Housing Mrs Sankie Nkonde, the worst backlog is in Gauteng, with a backlog of 566,653.

Second highest was in KwaZulu-Natal with 303,632, followed by the Eastern Cape with 150,543.

The Western Cape has an urban housing backlog of 171,542, the fourth highest in the country.

Replying to a question in the National Assembly by Mr Jac Rabie, Nkonde confirmed that the housing subsidy for individuals earning less than R800 a month had been increased to R15,000.

This increase would result in additional spending of R173 million in the next financial year. The new subsidy scheme came into effect on March 15.

No subsidies for individuals in terms of the new scheme had been approved yet, because of the short lapse of time since the announcement.

But projects already approved could be revised on application to one of the provincial housing boards.

The criterion would be that the additional resources would have to be used to improve the housing of the applicants in the context of the project.
By Molagadi Pela

Areas dependent on the Vaal Dam for water supply will soon experience restrictions, despite recent showers.

According to a statement issued by Water Affairs and Forestry Minister Mr. Kader Asmal, the cuts follow very low rainfall during the past summer and the extremely dry years of 1991 to 1993.

Domestic users will be restricted to consuming 30 percent less, industrial users to 10 percent less and irrigation to 40 percent less.

He said water restrictions for irrigation purposes were instituted from April 1, while cuts for urban and industrial use will commence on May 1.

Asmal said the restrictions demonstrated the importance of the recently announced National Water Conservation Campaign.

"Supplies are limited, demand is rising and recurrent droughts are a feature of our climate. Water conservation should become a way of life for us."
TUESDAY, 4 APRIL 1995

The Minister for Housing

The Minister for Safety and SEC.
SCENARIO: BE FACED INSURGENTS

1. We are facing a situation where a new conflict has erupted in the region. The insurgents are using the situation to challenge our authority and expand their influence. The government needs to respond quickly and effectively to maintain control.

2. We need to assess the current situation and gather intelligence. This includes understanding the capabilities and motives of the insurgents, as well as the potential response to our actions.

3. Once we have a clear picture, we can develop a strategy to counter the insurgents. This may involve using military force, economic sanctions, or a combination of both.

4. We must also consider the long-term implications of our actions. It is important to plan for the future and ensure that our response is sustainable and effective.

5. Finally, we need to coordinate with our allies and partners to ensure that our efforts are supported and that we can achieve our goals.

Note: This scenario is a hypothetical example and should be used for training purposes.

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Free State

TRADITIONAL EDUCATION

The state of Free State (FS) is facing significant challenges in its education system. The number of students attending schools has been declining over the past few years, and the school infrastructure is in need of repair. The government is considering implementing new policies to improve education quality, but there is resistance from some stakeholders.

1. The state government needs to work closely with local communities to understand their concerns and ensure that the new policies are acceptable.

2. The educational budget needs to be increased to fund the necessary improvements.

3. The government should also consider offering incentives to teachers to retain them in the profession.

4. The state education board needs to be restructured to ensure better governance and accountability.

Note: This is a hypothetical example and should be used for training purposes.
Homes backlog growing

ANALYSTS believe SA's housing backlog is larger than official statistics and will continue to rise until 1998 because the delivery of homes will be outstripped by population growth.

Housing Minister Sandile Mthembu-Nkondo said last week there was a backlog of 1.45-million houses throughout SA, with Gauteng registering the largest shortage at 566 853 homes.

BMI building research unit head Liezel Lewis believed the 1.45-million urban backlog was closer to 1,55-million units, which had grown from an estimated 1,3-million shortage in 1992.

Government's target of delivering 1-million homes within five years would be outstripped by SA's population growth, particularly as fewer than 35 000 units had been constructed last year.

Lewis estimated that almost 240 000 houses needed to be built each year just to keep up with population growth.

For the first three years of the reconstruction and development programme, no inroads would be made into eliminating the backlog.

He said: the urban housing shortage could reach more than 1,6-million units by the end of 1997, by which stage the national housing programme should be delivering enough units to address both the backlog and population growth.

A study by Planact, which consults on housing and urbanisation, pointed out that government estimates did not include urban hostel dwellers or rural and farm-worker housing.

The Planact study estimated that once these were included, the total backlog could increase to between 3-million and 3,4-million units.

Analysts said there could be no doubt, however, that government was beefing up its homebuilding programme significantly.

Newhaco CE Rod MacGillivray described the approval of 155 000 project-linked subsidies to date as impressive, although he warned that it could take up to two years for the first houses to come on stream.

"It takes between 14 months and two years before such projects are delivered. Factors such as township proclamation, planning approvals, tendering and site servicing have to be taken into account," he said.
to end bond boycott
Govt and banks in talks

Chiefs, NGOs to be included in negotiations soon

The Star / TN

BY JOYAL SASTRAN

(12) Jan 14/95

NEWS
Better facilities in the pipeline

R92-m for upgrading

TOWNSHIPS, CBD Set to benefit

from the provision of essential services:

By Joshua Raboroko

The Greater Johannesburg Transitional Metropolitan Council has approved R92 million for the provision of essential services in black townships and the city centre.

The services include provision of water, health-care, sanitation, road repairs, street lighting, transfer of houses and the creation of jobs.

GJTMCC's executive committee chairman Colin Matjila told a Press conference in Johannesburg yesterday it was hoped the money would bring "emergency relief" within three months to areas where the need for basic municipal services was critical.

The townships include Soweto, Diepmeadow, Dobsonville, Alexandra and the Johannesburg central business district. He said a "clean-up" operation in areas where the past solid waste removal services ranged from inadequate to non-existent would be effected. These included

Matjila said health-care services included mobile clinics, medical aids, immunisation and growth monitoring of children, family planning and nutritional advice.

The repair programme focused on upgrading and providing water, sanitation, roads and stormwater drainage.

Another initiative would focus on the transfer of houses. In Soweto, Diepmeadow, Dobsonville the programme involved 65 000 rented houses and 45 000 homes in Johannesburg and Roodepoort.

The transfer of housing in Alexandra was investigated and restoration of basic services was underway in the township's hostels.

A uniform and equitable rates base would be introduced in the areas and residents would be urged to pay for services.

The Johannesburg CBD, as the hub of economic activity in the country, would be upgraded by the provision of security, public conveniences, taxi ranks and cleaning of public spaces.
Residents to get access to housing loans again

End to bond boycotts in sight

By Joshua Khaboroko

Discussions are at an advanced stage between the Government and financial institutions to finalise an accord to end bond boycotts. The boycotts have cost the banks more than R1 billion.

The accord is expected to be signed within a few weeks, Sowetan was told. President of the Association of Mortgage Lenders Mr Johan Myburgh said the banks had 11,000 repossessed houses and 5,000 unserviced sites in the townships, which had been granted on loans.

He said: "Mortgage lenders have a lot of capital locked up in these houses and we are looking at ways of releasing it. "We have been unable to access the majority of these properties due to a breakdown of law and order in townships."

The banks, he said, were prepared to negotiate take-overs, at a price still to be announced, with people occupying the repossessed houses.

Banks will consider disadvantaged people — a move that may lead to their paying lower instalments.

Spokesman for the housing ministry Mr Stephen Laufer said the accord was part of the accord negotiated between banks and the Government last year.

In terms of the accord, initiated by late Housing Minister Mr Joe Slovo, each individual property held by banks would be assessed in terms of the risk cover provided by the indemnity scheme.

The scheme means that Government will protect banks from non-commercial risks in areas where they cannot repossess properties because of the possible outbreak of violence.
Hitch holding up US housing funds

THE Housing Ministry's National Housing Finance Corporation stands to receive substantial funding from the US government to facilitate SA's low-cost housing programme, but delays in setting up the corporation are impeding the process.

There are indications that the corporation, aimed at promoting and facilitating mobilisation of all types of housing credit, will be fully operational next year at the earliest.

US ambassador Princeton Lyman said this week that the US government was poised to extend its housing guarantee programme to government entities, including the National Housing Finance Corporation.

The guarantee programme was initiated last year, when the US Agency for International Development (USAid) joined Nedcor and First National Bank in an operation to raise about R1 600m to finance black home ownership.

Lyman said USAid secured about $75m in guaranteed loans for Nedcor and FNB, which in turn matched these funds two-for-one. This had created a mortgage pool of more than R800m which would be directed to housing for South Africans earning between R1 500 and R2 500 a month.

Lyman said the programme was growing at such a pace that the US government's original commitment, which spanned three years of housing guarantees for the private sector, had been condensed into one year.

"Our housing guarantee programme in SA has so far been directed to the private sector," he said.

"But as the SA government establishes mechanisms which can utilise these resources, such as the proposed National Housing Finance Corporation, we stand ready to extend the programme to government entities."

Government and industry sources said the National Housing Finance Corporation was in the process of being implemented, but a new CEO and other staff members still had to be appointed.

One source stressed that the corporation was a longer-term intervention to facilitate the ongoing mobilisation of credit to the lower end of the housing market, and it took time to set up the necessary infrastructure and channels to achieve this.

The source said lending to the lower end of the market would start this year without the corporation being in place.

However, banks would enter the market only once the mortgage indemnity scheme and interim builders warranty mechanism were in place. These were expected to be operational by the end of this month.

Sources said the banks and government were planning a countrywide advertising and marketing campaign to promote the low-cost housing programme.
Policy problems halt rural housing project

THE building of accommodation for farm workers had come to a halt and R60m in state subsidies would have to remain untapped until the Agriculture and Housing departments had thrashed out a new policy, sources said yesterday.

Agriculture Department financial assistant director Koos Smit said farmers' applications for housing subsidies could not be processed because new guidelines on ownership and responsibility for managing the subsidy scheme had to be finalised. The subsidy scheme was given R60m for the 1995/96 financial year — down from R72m last year.

Talks between the two departments, the Rural Foundation and agricultural unions had led to a recommendation that the Housing Ministry take over running the subsidy scheme from the Agriculture Department. The department was awaiting a final decision.

It had also been suggested that ownership of the newly built houses on farms should go to farm workers instead of farmers. However, farmers were unlikely to agree to this.

Smit said a more realistic solution would be for farmers and workers to draw up leases to ensure security for workers.

Meanwhile, the Northern Cape Agriculture Union has called for the scheme to be upgraded. Union GM Johan van Rensburg said the union rejected proposals that workers should own the dwellings because it was impractical. The union would make recommendations to the National Housing Forum about adjustments to the housing scheme, he said.

The co-ordinator of the joint technical committee of the Housing Department and the National Housing Forum, Diet von Broemsen, said a rural housing scheme was still being developed. The question was who really benefited from state subsidies when farmers bought or improved their properties.

The subsidy scheme had to be restructured to benefit the worker. Restructuring the National Housing Forum had delayed the process.
Housing Trust to get R100m loan

The Development Bank of Southern Africa is to grant a R100m bridging loan to the ailing SA Housing Trust in a bid to boost the delivery of homes at the lowest end of the housing market.

Development Bank operations GM De Villiers Botha said the bank had agreed in principle to provide the loan. A detailed proposal would be handed to the bank's board this month to be ratified formally.

The bank and the trust had agreed that the loan should be used to build homes on serviced sites held by the trust for the lowest end of the housing market, he said.

The bank required the ministries responsible for Housing, Finance and the reconstruction and development programme to underwrite the loan, and there had been an agreement in principle on this issue.

Late last year, the bank launched an investigation of the trust to ensure it had the institutional capacity to make loans available to low-income earners and to service them, Botha said. "Should the loan be approved formally, it will be the first time the bank has moved into the long-term mortgage market, but we believe it is imperative to facilitate the construction of homes for SA's poor."

A cloud has been hanging over the trust's future. As the largest financier of housing for low-income families, it had been hit hard by the decade-long bond boycott and had been plagued by defects in houses for which it provided finance.

ROBYN CHALMERS

The trust's report last year said on an average loan of R13 000, the non-payment of monthly instalments by about 14 000 boycotting clients deprived at least 22 200 homeless families of accommodation.

This also affected the bottom line, with the trust posting net losses of R62.2m (R53.7m) for the 1994 financial year. The trust's end-user finance subsidiary, Khayalethu Home Loans, saw monthly collections deteriorate to 50% against 60% during the 1993 year.

Accrued interest on accounts more than doubled to R111m at year-end from R53m previously, which meant the trust had to provide R66.8m against long-term mortgage bonds.

Trust MD Wallie Conradie said the future of the organisation depended on the resolution of the bond boycott and the success of the Housing Ministry's Masakhane advertising campaign. However, the trust received a boost last year with former Barclays Bank MD Chris Ball's appointment as executive director. Sources said this restored some of the credibility it lost as an old government-funded organisation.

Sources were not convinced that Ball would remain long at the trust, speculating that he could be called on to head government's national housing finance corporation once it was established. Ball was not available for comment yesterday.
US mission criticises Naidoo

A delegation of Atlanta investors has criticised N.17 Naidoo, the minister in charge of reconstruction and development, for being uncertain about which building materials to use in constructing low-cost housing.

Naidoo told potential investors from Atlanta that the government was looking at cheap housing models for the RDP housing project.

"Given that the vast majority of our raw materials are exported, an opportunity exists for local beneficiation programmes. We are looking at projects that will allow for cooperation and joint-venture agreements," he said.

Serious

Atlanta delegates were unhappy with his response:

"It looks pretty serious that the government wants to build houses but doesn't even know where it's going to get the raw materials from.

Part of the job creation programme should be the use and development of natural resources," one said.

Models had been presented by the CSIR and American housing company Fanny May that would make use of "abundant natural resources", but Naidoo had given no details about plans for beneficiation programmes.

Delegate Sam Barber commented that "job creation should be the top priority, rather than the provision of services, because people need the money to pay for the services".

"He added that it was unrealistic to expect white taxpayers to continue to "foot the bill".
Kader Asmal: Making love not war over water

KADER ASMAL was born in Stanger, Natal, on October 8 1924. He remembers a conventional upbringing in a large, argumen
tative family — "the nearest equivalent I can think of is a Jewish family in the Bronx."

He describes his father as a failed shopkeeper because during the war he gave too much credit to white housewives whose husbands were the orange flush on their shoulders.

"I remember the local white attorney said, 'you must send them a final notice, you must bankrupt them'. But my father was so angry, he said, 'they are fighting your war and you want to send them to Carey Street'."

"So we were a poor family. All he could do was give us the opportunity to go to school — you came first you got half-a-crown, you came second you got two shillings, you came third you got a kick in the backside."

He traces his awakening in politics to an encounter with Chief Albert Luthuli, former president of the ANC and "a towering figure", who was banished to the Stanger area.

But he also remembers, at 13, proposing a motion in the local Muslim Cricket Club, that it throw open its doors to everybody.

By the age of 18 he was reading Harold Laski's The Grammar of Politics and the complete works of Winston Churchill "in my Angophora period."

Asmal became a teacher, taking his BA through Lindsay, and set off for Britain in 1959 to study for a law degree at the London School of Economics.

It was the beginning of an exile lasting almost 15 years, 13 of which he spent in Dublin, lecturing at Trinity College in human rights, labour and international law and ending up as Dean of Arts.

In 1963 he helped establish the British and the Irish anti-apartheid movements. He was called to the Bar in London and Dublin.

"People forget that I couldn't come home for years, for a start, because I had a white spouse. I married an English girl, Louise Parkinson. But I was also part of the resistance, part of the underground."

"My wife found it hard when we first arrived here. She was the first secretary of the AAM in London, and in 1999 most of the features of the society she had been fighting against were still in place."

"The country was much worse than when I left it, because of the Group Areas Act. Nowhere, except perhaps in the Jewish ghettos of Nazi Europe, have people been so physically, spatially, geographically, imprisoned. It's still an appalling problem that will take more than a generation to deal with."

Asmal describes himself as a liberal and a humanist, his religion, he says, is a private matter "but there is a vast spiritual motivation to everything I do."

This kind of passion led him, he says, to change the whole policy direction of his department within two days of taking office.

"Community water, conservation, equality — those are the objectives. I don't use buzz words like transparency, but I want to involve the public."

"We didn't publish our white paper in the Government Gazette. We handed a vast conservation campaign to a pamphlet called You and Your Rights and distributed at 100 copies per house."

"We put up ideas. For the first time we suggested that the environment must be given a share of water. Should the law have been made in advance? At present, 90 percent of water is used by farming, 5 percent by domestic uses, four percent by mining."

DO we have too many swimming pools? I don't want to make a judgment. But we are one of the few countries in the world that use up water for swimming pools. You must draw conclusions from that. Nor do we regulate the use of wasteful sprinklers.

"If people want pools they must pay for the water. We must consider recycling, desalinisation, better use of storm water, even the tank in the garden, which is the greatest potential."

"Trees use water, but afforestation makes money provide jobs, and is at least regulated by licence. Sugar cane uses twice as much water. We need to provide our food production, but we've a sparsely populated country and cannot possibly give permanent relief every time there's a scarcity."

His Judaism, he insists, is tempered with realism.

"I want a world, as the author Gabriel Garcia Marquez said, where the poor are happy. It doesn't mean people accept deprivation, but that the effects of deprivation are remedied."
'Good news' from housing official

LONDON — A dramatic announce-
ment setting out government’s hous-
ing targets for the next few years is
to be made by Housing Minister San-
khe Mthembu-Nkondo during her bud-
get vote next month.

Housing director-general Billie
Cobbett said yesterday at a Homeless
International conference on the gov-
ernment’s housing policies that the
policy speeches in the National As-
sembly on May 16 and in the Senate
on May 18 would review progress
made so far and identify obstacles
which had been removed to get hous-
ing delivery under way.

“I think it will be one of the biggest
good news packages in the SA hous-
ing sector,” Cobbett said.

However, those expecting to hear
that large numbers of houses had al-
ready been built would be disappoin-
ted — housing delivery had been held
back deliberately while the policy
and institutional framework were
put in place.

This framework would lay the
foundation for government to deliver
the 1-million units promised during
the lifespan of the government of
national unity to 1999.

Cobbett expected housing con-
struction to begin seriously in May/
June, when most of the obstacles
which had been holding up delivery
would have been removed.
Low income home loans available soon

□ ‘Normalised lending in five years’

JOSEPH ARANES Municipal Staff

FROM early in June banks and financial institutions will start lending money to accredited mortgage lenders at the lower end of the housing market.

In terms of the October 1994 Botshabelo housing agreement signed between the Housing Ministry and the Association of Mortgage Lenders, financial institutions agreed to lend money for low income housing on condition the state guaranteed repayment.

A Mortgage Indemnity Fund was formed which signalled the return of major banks to the lower end of the housing market.

The fund will administer the Mortgage Indemnity Scheme (MIS) and will indemnify an accredited mortgage lender on a defaulted loan when it has been proven beyond doubt that the State has failed in its duty to maintain the due process of the law.

The role and function of the fund are in line with the objectives of the white paper on housing to normalise the lending environment and to mobilise credit for low-income housing.

Fund chairman Johan de Ridder said: "With the MIS, government puts its money into the belief that it can lead South Africa to a normalised lending situation within five years.

"The full commercial risk on mortgage lending will however be carried by the participating lenders and financial cover to all mortgage lenders will be provided by the beginning of June."
NO WATER: Waste falls into the bin on to drying plates. An efficient ventilation system means that air flows into the container and through the waste. As the waste decomposes, dried matter falls from the grid onto drying plates and spouts into the collection tank. Because of low pressure in the tank, no odours escape.
Housing plan 'within weeks'

GOVERNMENT would join forces with the provinces to launch a wide-ranging housing campaign which included investing significant public funds in needy areas, Gauteng housing minister Dan Mofokeng said yesterday.

Speaking at a Smart Centre Club and Allied Bank function, Mofokeng said the campaign, expected to be launched within weeks, would be aimed at mobilising housing credit and the resumption of payment for goods and services.

The campaign would run alongside government's Masakhane campaign aimed at putting an end to bond boycotts, and would encourage private sector investment.

This follows an allocation of R68m in this year's national budget which would go towards residential urban renewal projects.

A government spokesman said an urban investment planning team was being established to prepare an urban investment policy for war-torn and run-down areas.

Part of the campaign would be run in conjunction with the banking sector. Housing Ministry spokesman Stephen Lauter said the Ministry was working closely with banks on a broad information package to ensure that communities understood their options.

Facilitating the speedy release and servicing of land was a further priority, and this would be boosted when the Development Facilitation Bill was officially sanctioned by Parliament this year.

Mofokeng said the Gauteng housing department was committed to achieving the national target of building 1-million homes over five years. The provincial housing board had approved 77,000 applications for subsidised housing amounting to R58m.

Housing experts said this week the launch of the mortgage indemnity fund last Friday was the strongest signal yet that the Housing Ministry's national housing programme could get under way within six weeks.

Government has been struggling to implement the accord reached last year with banks to facilitate lending into the lower end of the market, but a number of components look set to be in place by the end of May.

These include an interim builders' warranty mechanism, under negotiation between banks, government and builders, the indemnity scheme and Servcon, a service company to assist consumers with home ownership.

Mortgage indemnity fund spokesman David Porteous said financial cover to all accredited mortgage lenders under the scheme should be provided from early June.

Porteous said the fund, chaired by consultant Johan de Ridder, would administer the mortgage indemnity scheme.

It would indemnify an accredited mortgage lender on a defaulted loan should there be a breakdown of law and order in a particular area, he said.

The Housing Ministry has stressed that the scheme would not be used to bail out defaulting home owners.
Self-help projects are as suited to sanction as
they are to Kwa Mashu.

(FEBRUARY 12, 1945)

4,000 new homes need to be
built by June, 1946 in Kwa
Mashu to accommodate the
expected influx of the next
year. A project of this scale
requires careful planning and
organization to ensure that
the homes are completed on
schedule.

The main points to be
considered in the planning
of these homes include the
design, materials, and labor
resources. The design should
be suitable for the climate
and the cultural needs of
the residents. Materials
should be sourced locally
and economically.

Labor resources are
another crucial aspect. The
project needs to have
adequate labor to ensure that
the homes are completed
on time.

In conclusion, the
self-help project in Kwa
Mashu is a significant
effort to provide housing for
the growing population.

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The picture shows a traditional
KwaMashu house with its
corner entrance and
characteristic architecture.

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The text continues:

The main point is that the
self-help project in Kwa
Mashu is a well-planned
effort to provide housing for
the growing population.
End of the housing blues?

By Ismail Lagardien
Political Correspondent

THE long wait for the delivery of housing is about to end.

While the delivery of houses over the past year has plodded along at snail’s pace, a major announcement by the Housing Minister Sankie Nkondo is anticipated within weeks.

This was reported yesterday from London where Nkondo and the director-general of housing, Mr Billy Cobbett, were meeting with officials from the European Union on housing matters.

"I think it will be one of the biggest good news packages in the South African housing sector," Cobbett said.

Nkondo’s Press secretary, Mr Stephen Lauffer, confirmed yesterday "good news is on the way". He said Nkondo would make the announcement during her budget speech in late May.

Cobbett said the construction of new houses could start in May or June.

Lauffer also confirmed that 197,000 housing subsidies had been approved over the past year.

Meanwhile in Cape Town, official figures released by the Department of Housing indicate a slow trickle in the delivery of housing units, with Northern Transvaal being hit the worst.

According to official figures, less than 10,000 housing units were built in six provinces during 1994, the vast majority of them in the National Party-controlled Western Cape.

While no figures were provided by the department for North-West, Eastern Transvaal and KwaZulu-Natal provinces, the figures for the rest of the country are: Western Cape 4,383, Gauteng 1,648, Eastern Cape 1,364, Northern Cape 1,068 and Free State 498.
Low-cost scheme for building houses

By Isaac Moledi

A British company will present its plans detailing a low-cost scheme for building houses during a trade show in South Africa next month.

About 30 British companies have been organised by Sheffield and Rotherham Chamber of Commerce and Industry with the support of the United Kingdom Department of Trade and Industry, to take part in the show from May 13 to 24.

Michael Dyson Associates, a leading UK consultancy in concrete housing, will be detailing the project which makes maximum use of unskilled labour.

The system can be used by contractors and developers under licence and is suitable for large companies wishing to provide housing for their labour force.

Members of the mission who intend to invest in this country include prominent suppliers of engineering materials, including a major provider of turnkey projects for the glass, steel, foundry, sugar, cement, petrochemical and aluminium industry.

An innovative new master-alloy that enhances key engineering properties of the castings, particularly wear-resistance will also be introduced.

The master-alloy offers opportunities for more cost-effective use of cast and wrought ferrous products in heavy-duty applications. Among other technologies to be introduced are precision-mounted points used for aggressive fettling in foundries and the more delicate finishing operations in tool rooms and investment casting facilities.
Housing plan for Mercedes workers

DAIMLER Benz, the parent company of Mercedes Benz SA, will provide R57m to leverage credit for the construction of 1,000 low-cost homes for its employees which will be situated within walking distance of their work.

Mercedes Benz communications manager Shane Hegarty said yesterday a section 21 company called Siyakha had been set up after consultation with workers and the National Union of Metalworkers of SA.

Siyakha would facilitate the construction of 1,000 homes at about R54,000 each in four locations — Johannesburg, Pinetown, Pretoria and East London.

"The houses will be concentrated mainly in East London where our manufacturing concern is located and we expect about 900 of the employee homes will be built in this area," he said.

Daimler Benz would place the R57m with a financial institution and government's project-linked and individual subsidy would also be utilised where possible.

The remainder of the funding would come from financial institutions, so should workers leave their employment at Mercedes Benz, their obligation would be with a bank as opposed to the company.

Mercedes Benz had been looking at methods of ensuring workers did not have to travel long distances to get to work, which inevitably cost them a significant percentage of their monthly income.

"The purpose of the venture is to accommodate our workers in housing they can afford with pleasant surroundings, which will cut down on the high cost of transportation."

Construction on the houses was expected to begin in June this year, and Hegarty estimated the first houses would be ready by August or September. Several building companies would be used to construct the homes, and a housing consultant had been appointed to oversee the process.

This is the second such scheme instituted by a major organisation in SA. During 1993, Murray & Roberts embarked on a similar development called Graceland.

M&R engineering CE Ian Colepeper said workers could spend up to 20% of their salaries getting to and from work. In spite of SA's sophistication in terms of technology and infrastructure, the country still had very immature transport systems.

Graceland provided accommodation for workers close to work in the form of 800 homes ranging from R35,000 to R65,000.

Hegarty said Mercedes Benz had been looking into this sort of accommodation for a number of years, beginning when the company set up a housing, education and social responsibility fund.
AFFORDABLE HOUSING

Lessons from the Cape

Low-cost housing developer Newhco faces two threats in Cape Town. One is a rise in unit costs, forced on it by resistance to higher density development. The other is a flood of 1 200 Gash (Good address, small home) simplexes on to the Cape Town market in the past six months — with many other projects about to come on stream.

The effect can be seen on the nonprofit organisation's pilot projects.

Two Gash schemes by other companies have been pulled from the market and sales of new units costing R200 000 or less are generally sluggish.

In contrast, the city's second-hand residential property market achieved a five-year sales record in February.

Newhco says affordability is not the problem causing sluggish sales in two infill developments, one in Rondebosch East, the other in Woodstock. It says the trouble is in selling units before building to less sophisticated buyers.

Newhco is now selling units in middle-income areas at prices on a par with those in upmarket areas. Prices for its one-, two- and three-bedroomed duplexes are R100 000-R165 000 in what it says is middle-income Rondebosch East.

Richprop Property Organisation, for instance, is selling units in more upmarket areas such as Claremont at R121 000-R142 000.

Newhco argues its target market is government employees and second-time buyers, primarily from Athlone and Crawford. It puts their incomes at R4 000-R6 000.

And it says its pricing, at R2 000/m² including VAT and all costs, is in line with other developments in Cape Town. "Where ours is different from all other developments is that each unit has a private garden and back yard," according to Newhco operations manager Richard Arden.

But buyers are unappreciative.

In the first phase of the 106-unit development, there are only 15 firm buyers for 25 units.

In its first development on Devon Road in Woodstock last year, the company took four months to sell six units. These were priced between R74 000-R88 000.

No-one has signed up in its third development, on Dublin Road in Woodstock, though construction has started on nine units in a 31-duplex scheme.

Newhco admits its original pricing in Rondebosch East, intended to start at R80 000, was thwarted by existing residents of the established, low-density suburb.

An additional cost was incurred by the emphasis on design. Cap Architect's Victoria & Alfred Waterfront fame were employed. Consultants' fees were also higher than expected because of the four-month consultation process before sub-

mission of plans.

If Newhco is to succeed with another 11 developments in Cape Town, it is going to have to offer a product which is cut to the bone, developed quickly and sells fast.

Newhco's past successes in higher density or infill housing in Jeppes Town, Johannesburg, are because it kept prices around R65 000 for three-storey walk-ups.

SA's Gash king, Richprop MD Johan Franck, who is operating in Cape Town's traditionally white suburbs, is looking at Newhco's progress with interest — and not without sympathy. He also plans to enter the affordable housing market.

To date, he has built Gash developments in Johannesburg, Durban and Cape Town.

In the Cape, he is also affected by the surfeit of Gash units. Of the 1 200 units that came on stream since October, 600 have been hit.

At Milner Gardens in Claremont, for instance, only 41 units out of a total 48 have sold in a two-month marketing exercise.

This is what Gash developers describe as sluggish.

"In normal circumstances, we would have sold out all our units in two or three weeks, as has been our experience in Bloomsbrand with 80 units. In good areas, sales are quicker. At Harbour Island, it took one morning to sell 60 units, in Hermanus a weekend for 138 units," he says.

Prices in these developments were as low as R118 000.

Richprop's approach, as distinct from Newhco's, will be to offer units at a much lower price. Two-bedroomed units of 42 m² and three-bedroomed units at 61 m² will sell for R65 000 and R79 000 respectively.

"We'll have to work off a low spec, which means people will have to upgrade the unit over a number of years," Franck says. His first project will be in a formerly coloured area in the southern suburbs, where average monthly incomes are R1 600 or less. Richprop wants to target the higher earners of around R2 500 in this area to buy his units at R65 000, which at this price would qualify for the R5 000 government subsidy.

The company will start building a 500-unit, mixed-use development — where people live above their work space — in the second half of the year. Buyers are plentiful at this price, says Franck.

INVESTMENT

Pioneering moves

Since January, Old Mutual Properties has bought R70m worth of property in Gauteng and the Western Cape, in areas it has not previously explored. Most of its purchases have been close to existing formal and informally settled black communities. And the company plans to develop the industrial component, which will provide employment to people living in adjacent areas.

This is a departure from previous institutional initiatives in townships, which have been retail-orientated. National investment manager Tommy Osborne says: "There are obvious risks in investing where we have not traditionally gone, but we believe they are now growth opportunities."

Previously, the closest OMP has come to this type of investment was the purchase of industrial land at Marconi Beam in Milnerton, in the Cape, close to the informal shack-dwelling community.

From Cullinan Holdings, which is looking for more liquidity by disposing of its property, the company has bought R30m worth of land parcels in Gauteng: 52 ha in Chloorkop, 101 ha in Olifantsfontein and 42 ha in Boksburg North.

The Clayville and Olifantsfontein sites are next to one another and located immediately east of Midrand and north of Tembisa. Part of this land is zoned industrial; use of the balance is still being decided. The Boksburg land is situated in the industrial township of Anderbolt.

Osborne says a further investment of R5,6m was made in the prime industrial node of Jet Park, on the East Rand, where two sites comprising 75 000 m² were purchased. This brings OMP's undeveloped land holdings in Jet Park to 340 000 m².

In the Western Cape, the society has bought an 11 000 m² shopping centre in Mitchell's Plain from OK Bazaars Pension Fund for R29,5m.

OK Bazaars is the major tenant, occupying 70% of the lettable area.

And in Khayelitsha, it has bought a 41 000 m² site for R5m. Situated in a more formal residential settlement in the township, on Lansdowne Road and Washington Square, it is zoned for commercial and retail use. OMP says it has options to buy further vacant land in the area and is investigating development opportunities.
Commercial property brokers are reporting record turnovers in leasing and sales and a sharp rise in office rentals over the past six months. In Rosebank and Sandton, rentals of R43/m² gross are now being achieved—a level previously unimaginable.

As medium and small businesses become more active, an increasing number of small deals is boosting the market. And pressure is coming from foreign companies—either as reinvestors, new entrants or expanding operations—seeking new office accommodation facilities and factories.

A delegation of 80 Dutch property investors, ranging from private individuals to large institutions, visited recently and some are now negotiating with Steff Commercial. Last month, a new deal between Steff and a Taiwanese electronic distributor was struck; the company bought a 44m warehouse in Strijdom Park, Randburg. An Australian operation is looking for 40 outlets to retail luxury items, while companies such as McDonalds are seeking nationwide food outlets.

MD Colin Blacher says Sandton, Rosebank, Rivonia, Woodmead and Epsom Downs are the most popular rental markets for foreign corporates. Foreign merchant banks Citibank and Dutch ABN Amro will be in Sandton, among others.

Steff has appointed a developer to provide a “turnkey” service to more specialised investment among locals and foreigners in sectional title offices and industrial units. This means the company will package the financing and develop and manage the project. It will also find tenants if necessary, sometimes with the foreign company.

A Scandinavian, Belgian and German companies have expressed interest in the rising trend towards commercial property ownership as the market turns in favour of landlords and rentals rise rapidly.

Broker RMS Syfrets says most of the interest from European companies is serving continues be in warehousing/distribution centres.

Golf estates, though under-marketed internationally, have attracted interest. Ten percent of JCI’s R40m of sales in eight months at its Dainfern Golf Estate and Country Club has been to foreigners.

Allen Usher, who, Dainfern Golf & Country Club ... a growing niche market in SA together with Noel Stamford, turned around Dainfern’s sales performance, has entered a joint venture with a European company GRI Europe—a leading specialist in golf estate marketing—to form Golf Resorts International. GRI Europe has opened offices in Salzburg and Frankfurt to market a R200m SA portfolio. The first sales have already been made, says Usher.

Usher is harnessing overseas development interest in 400 golf courses—of which less than 5% have a residential component. This is a growing niche market and Usher says joint venture plans are on the drawing board.

Foreign interest in residential property is most pronounced in Cape Town. Since April last year, it has accounted for about 10% of Pam Golding Properties’ turnover in the city. February and March have been record sales months for this group in the Western Cape, at R72,7m and just under R80m respectively.

Demand among foreigners—mostly Europeans—is usually in two bands: the first in the R1m plus market—where most are comfortable at R1.5m. Several sales, however, went past this barrier last month, indicating greater confidence. The other band is between R250,000 and R600,000.

Demand for open space—“a nice sized property on a large tract of land”—is often met in St James, the Boland, Llandudno, Hout Bay and Constantia and in the southern suburbs generally. Up-country buyers, looking for a holiday pad, dominate the Clifton and Camps Bay markets.

Steff Residential Properties, which is also having record sales months in the Western Cape—as well as in Gauteng—says it has begun to sell to buyers from Taiwan and Hong Kong in the northern suburbs of Cape Town, typically in Durbanville and Welgevonden, at prices ranging from R250,000 to R400,000.

Astute buyers would look to winter to buy in Cape Town. Nolan says foreigners tend to visit Cape Town between February and April and that is when sales volumes are highest.

In Gauteng, Far Easterners and north and central Africans, are the main foreign buyers. To capitalise on the trend, Steff will market property in Hong Kong at the end of the month through international associate Hamptons of London.

This growing international interest and a surge in outside competition will be discussed at the SA Property Owners’ Association first international convention, to be held on Sun City on June 28. Says association executive director Brian Kirchmann: “Competition could encourage our members to look to other countries.” He believes the convention will offer unprecedented networking opportunities.

URBAN RENEWAL

May summit

An inner city urban renewal strategy for Johannesburg will be debated at a summit on May 12. The process is engaging all inner-city stakeholders, including the Gauteng government, the Greater Johannesburg Metropolitan Council, civic organisations and business.

Councillor Lindsay Brenner says the aim of the summit is to view past policy and plans from the province and councils, in the light of current audits and evaluations, and formulate an integrated policy. The strategy of the Metropolitan Council, she says, “will encompass transport, social services, residential and economic development.”

Neil Fraser, executive director of the Central Johannesburg Partnership, an organisation representing business, communities and the council, says that the number of apartments in the inner-city has not increased since 1973.

He suggests an investigation into the use of basic accommodation like stripped-down dormitories.

Fraser says conservative estimates of the number of Johannesburg CBD’s homeless are about 6,000. An area being considered for development to ease this problem lies east of the Carlton Hotel between Hillbrow and the southern motorway. Brenner says it would pre-empt negotiations to say whether the Transitional Metropolitan Council would focus on upgrading buildings or building new homes.
Global plan for human wellbeing

The strength of Local Agenda 21 is that it is not based on elitist green perspectives only, instead there is a strong focus on human well-being.

The official launch of Local Agenda 21 in South Africa and Africa, took place at a two-day seminar in Midrand last week.

It was a joint venture by the Department of Environmental Affairs and Tourism and the International Council for Local Environmental Initiatives.

Deputy Minister of Environment Affairs and Tourism Bantu Holomisa gave the keynote address and stressed the need to give people a sense of ownership of their environment.

In his opening address, director-general of the department Dr Colin Cameron said: "It will serve little purpose if we manage to cope with the ozone problem while people suffer from the consequences of urban decay and rural destruction."

The International Council for Local Environmental Initiatives is working with 21 selected municipalities worldwide to design, test and evaluate its plans over the next three years.

Johannesburg, Durban and Cape Town are part of this programme.
Housing: Gauteng, Natal favoured

BY JOVIAL RANTAD

Gauteng and KwaZulu-Natal are to receive the biggest slice of the R1.3-billion 1995/96 national housing budget, the Housing Ministry announced yesterday.

"Gauteng will receive R457.4-million and KwaZulu-Natal R351-million. The Eastern Cape will receive the third biggest allocation, R273.6-million. Housing Ministry spokesman Stephen Lauter said: "The criteria for the allocation of funds, as agreed by provincial housing MECs and the national ministry, were a combination of demography, income profile, housing backlog and performance with regard to housing delivery."

Yesterday's announcement followed an agreement reached by Housing Minister Sunkie Mthembu-Nkondo and the MECs for housing from the nine provinces.

Housing received a combined R12.2-billion allocation in the national Budget announced last month.

Other provinces have been allocated as follows:

- Eastern Transvaal: R35.4-million.
- North-West: R126-million.
- Northern Cape: R82.4-million.
- Northern Transvaal: R154.8-million.
- Western Cape: R205.2-million.
- Free State: R124.2-million.
Pretoria: A housing allocation of R1.8 billion from the current budget to South Africa's nine provinces was announced by the housing ministry yesterday.

The announcement came after Housing Minister Ms Sankile Mthembu-Nkondo and provincial housing ministers reached agreement on the allocation of budget funds earmarked for housing.

The biggest share will go to Gauteng, which is to get R437 million, followed by KwaZulu/Natal with R351 million.

The Western Cape will get R205 million, the Eastern Cape R275 million, the Northern Transvaal R154 million, the North West R126 million, the Free State R106 million, the Eastern Transvaal R95 million and the Northern Cape R32 million.

The statement said criteria for the allocation of the funds were based on demography, income profile, housing backlog and performance with regard to the delivery of housing. The provinces could draw the funds in monthly instalments.

Of the total of R2.92 billion allocated for housing in the budget, about R2.8 billion was for capital expenditure, the statement said.

Of this amount, R700 million was reserved for spending on infrastructure. This will be allocated to the provinces once spending criteria had been developed.

About R292 million has been set aside for spending at the national level.

This includes R220 million for the National Housing Finance Corporation, R50 million for the Housing Support Centres, R10 million for the National Housing Education Programme and R5 million for the National Housing and Services Information system.

— Sapa
Housing budget allocated

ROBYN CHALMERS

was one of SA's largest. More than a million homes in the province were shacks.

A Housing Ministry spokesman said a combination of criteria used to determine the allocation of funds, including demography, income profile, housing backlog and delivery performance, had led to the change in the two provinces' fortunes.

The allocations had been agreed upon after lengthy negotiations between the housing ministers of the nine provinces.

The Eastern Cape received R273.8m, Western Cape R266.2m, Northern Transvaal R154.8m, Northwest R120m, the Free State R124.2m, Eastern Transvaal R95.4m and Northern Cape R33.4m.

Mthemb-Nkondo said the funds could be used for projects in various provinces.

Housing drawn by the provinces in monthly tranches. Provincial housing boards would allocate the monies to subsidy programmes. In Western Cape, which had not yet established a housing board, the Cape Province regional housing board would fulfill the necessary functions.

Mthemb-Nkondo said R229bn of the R232bn available for housing had been allocated for capital expenditure; R700bn of this would go towards infrastructure via the provinces once spending criteria had been developed; R291bn had been earmarked for use at national level.

Seed capital of R220bn for the National Housing Finance Corporation, which would mobilise wholesale finance for housing at the lowest end of the market, would be allocated from the R291bn.

Further allocations included R50bn for housing support centres being set up around SA by the Ministry; R10bn would go towards the national housing education programme and R10bn for the national housing and servicing information system.
FURTHER clashes are looming between several provincial housing ministers and government over the funds allocated to them by the Housing Ministry last week, industry sources say.

The dissatisfaction revolves around the ways in which provinces may spend these funds and the amounts allocated.

Several provincial housing ministers have criticised the incremental approach adopted at national level and are agitating to go ahead with their own policies. In addition, some provincial ministers, including those of KwaZulu/Natal and the Free State, said the funds they received were insufficient to address the housing crises in their provinces.

NICOLA JENKINS reports from Durban that KwaZulu/Natal housing and local government minister Peter Miller said he would apply for further funding, since the R351m allocated last week was "too small" to meet the province's needs. He was "disappointed" with the allocation, which decreased from 22% of the national housing budget last year to 19.3% this year, but he accepted the amount on the assurance that any province performing "satisfactorily" in providing housing would receive additional funding.

Housing Ministry spokesman Stephen Laufer said the allocations had been agreed upon by all provinces last week. National norms and standards for housing had also been set to ensure there were no distortions in housing development.

The Housing Ministry allocated R1.8bn in funding for subsidy programmes to the provinces last week. Industry sources said a few provincial housing ministers were determined to break away from the ministry's incremental approach and were hoping to secure funding from the private sector to achieve this.

Free State housing minister VaX Mayekiso said on Monday the national housing programme was unworkable. His province was committed to building structures no smaller than 40m². He regarded the national guidelines on minimum sizes as too low and said Free State's R124m housing allocation was too little to address the province's 185,000-house backlog.

Gauteng premier Tokyo Sexwale clashed with former Housing Minister Joe Slovo last year over Gauteng's scheme to build 160,000 low-cost homes a year. Gauteng housing minister Dan Mofokeng has recently told the national line, saying his province was committed to making a substantial contribution to building 1-million homes over five years. However, Gauteng was talking to international organisations about investing in housing in the province.

Sources said Eastern Cape housing and local-government minister Max Mamatjie was also unhappy with the national housing policy.
20% of funds already committed

Housing Dept hamstrung by NP projects

The Housing Ministry has had to allocate more than 20% of its current R2,92bn budget to housing projects and loans which previous housing ministries committed government to.

The legacy of apartheid will continue to affect the Housing Ministry for at least five more years as long-running schemes initiated by the NP are phased out.

The Ministry's housing funding acting director Dawie Strauss said yesterday more than R132m had been allocated to carry-over projects this year. These included the first-time home buyers' subsidy schemes — previously administered by the House of Assembly, House of Delegates and House of Representatives — and the state-assisted home-owners' savings schemes.

Strauss said a further R455m would go on interest on and capital redemption of private loans taken out by the now defunct national housing commission from unnamed foreign companies. The amount of funding and number of projects which previous administration departments committed government to had yet to be ascertained, and these contractual obligations would come to light only within six weeks. "We have asked the nine provincial governments to furnish us with figures on the amount of funding previous administrations committed to housing for black communities as soon as possible," he said.

Housing Ministry economics chief director Friek Barnard said the own affairs departments were asked not to commit new funds to housing schemes after June 30 1995, but some failed to comply. The departments were not compelled to adhere to the request and new funds had been committed, but the extent of the commitments was not yet clear.

The draft Housing White Paper released last year criticised past spending patterns for housing, saying one of the main reasons for SA's urban housing backlog was the poorly focused use of funds. "Statutory housing funds have been used for diverse purposes such as funding for bulk infrastructure, community facilities, interest rate and rental subsidies, which has resulted in diluted, dispersed and an inadequate impact of state expenditure," it said.

The commitments made to these poorly researched and often discriminatory projects under the old dispensation hampered former Housing Minister Joe Slovo when he came into office. Slovo said last year that he had "something of a nasty surprise waiting" on this score as previous ministries had "committed many millions of rand to housing projects".

The Housing Ministry allocated a total of R2,3bn to provinces last year for project-linked subsidy schemes, but Strauss said more than R1,4bn went on schemes which were carried over. This affected the funding allocation made to provinces by Housing Minister Sankie Mthembu-Nkondo last week, as emphasis was placed on the performance of provincial governments in spending the funds they received.

The performance of provinces in spending their allocations was influenced by the amount of carry-over projects they inherited, but this scenario would diminish significantly this year.
ELECTRICITY
Power broker Fri 21/4/95

A drive to entice large international investors to finance an integrated sub-conti-
tinental electricity infrastructure is under way under the auspices of the Southern African Development through Electricity (Sad-Elec).

Chaired by Eskom former CE Ian McRae, Sad-Elec is a nongovernmental organisation registered in Botswana.

With eastern Europe already clamouring for infrastructural investment, the organisation's chances of financial help appear limited given the scepticism with which projects in Africa are regarded.

But Sad-Elec Johannesburg-based planning GM Judi Koncz insists it will continue to seek investors in feasible infrastructural and market development projects.

Discussions are taking place with potential investors regarding transmission lines and power generation plants in Malawi, Mozambique, Zambia and even Ghana.

"Though we work closely with the 11-country Southern African Development Community (SADC), Zaire, Kenya and Uganda must also form part of our regional focus. But one can foresee this extending across the continent," she says.

Already Egypt is considering importing power from Zaire for re-export to Europe. And studies show the export potential of Zaire's 100 000 MW hydropower resource through Morocco or Algeria to Spain and then into Europe, she adds.

A proposed transmission line between Malawi and Mozambique (about 90 km) is one of Sad-Elec's priorities; other linkages being considered are between Zambia and Malawi (about 300 km) and Zambia and Tanzania (600 km). "We are looking at financing options for some of these. Because of long lead times, we are also engaged in dialogue with potential investors for expansion of generation on the Zambezi as well as in Zambia."

Sad-Elec helps to promote the development of markets for electricity.

"The SADC's achievement of forging a regional identity should not be underestimated. In the global context, this is a real asset which should be used as a foundation on which to build."

Sad-Elec's board of trustees includes regional power sector experts from Botswana, Mozambique, SA and Tanzania, along with international developmental specialists from Norway, Malaysia, the US, Australia and African Development Bank.
Public awareness campaign paying dividends

PHOTOGRAPHY: T.J. LEE

The media national manager is happy with the way the campaign has caught on in some towns.

Chris Nsegor

The campaign is not only for the benefit of the community, but it's also a way to promote the town's image.

The campaign was designed to raise awareness about the town's history and culture, as well as to attract new residents and tourists.

The campaign has been running for several months now, and the results have been encouraging. The town has seen an increase in visitors and new residents, which is a positive sign.

A new website was also launched to complement the campaign, and it has been well-received by the community. The website provides information about the town's history, culture, and events, and it has also become a platform for local businesses to promote their products.

The campaign has been funded by a grant from the state, and it will continue for another year. The town council is hopeful that it will continue to see positive results and will be able to sustain the campaign in the future.

In conclusion, the campaign is paying dividends, and it is a positive step towards promoting the town's image and attracting new residents and tourists.
New look at housing strategy

SOMEBWHERE between the politics of housing and the deliberations over housing policy, the real objective of putting people into adequate shelter as speedily as possible has been forgotten.

The ideas of parliamentarian Moses Mayekiso and the CSIR’s Tobie de Vos are an exception to this trend. Their proposal, however, is embedded in a lengthy RDP “wish list” which meanders between principles, guidelines and positive recommendations, through a 67-page policy document (see footnote). Yet what they say is significant and merits clarification.

Mayekiso and De Vos propose scrapping the present differential grants (according to income) for serviced sites and “starter” type structures. They favour an “equitable benefit”, i.e. a standard minimally serviced state-owned site to which households with monthly incomes under R1 500 would be entitled. The latter would enjoy perpetual tenancy (effectively a 99-year leasehold) over the land, but could if they so wished sell the improvements on the properties.

Depending on affordability, the households qualifying for this benefit could also purchase the sites from the state, at prices equal to the costs of development, on a freehold basis.

The authors recommend that superstructures be delivered incrementally through continuous upgrading of informal top units into formal accommodation over time. They stress the need for state support to facilitate the upgrading, a process which would be constrained by household affordability.

The authors argue that their strategy could end the housing backlog within five rather than 36 years (the time frame they calculate for the current subsidy) and, instead of the exorbitant costs of R12 500 and R15 000 grants across the board, at a sustainable cost to the fiscus.

They say there are 800 000 unused serviced sites immediately available at virtually no extra government cost, which would reduce total backlog (accounting for existing and new annual needs) from 4 million to 3.2 million; the balance of the sites could be delivered to end the backlog within five years.

They juxtapose this with 100 000 homes planned during 1994/1995, through the current government subsidy or grant, and the expectation that the annual 300 000 target for housing starts will only happen at the end of 1995.

To achieve these goals they recommend that each poor household’s subsidy fall to R8 600 on average is a total annual cost of R5,120m, which is within government’s target of 5% of the national budget. If implemented the savings guaranteed by the tendency to view policy objectives as either one housing markets or state provided accommodation. Mayekiso and De Vos’ proposal moves beyond this false dichotomy.

A further obstacle to the formulation of a pragmatic state housing policy is the lack of data acceptable to all major stakeholders in the housing market as objective knowledge. The title information that has been gathered does not enjoy acceptance by all parties.

For instance, a Free Market Foundation valuation of private assets in KwaZulu Natal (1988) suggests that strategic selling of only 10% of state land and municipal property assets into a booming property market, could yield as much as R3bn for this province alone. However, the reliability of this information is questioned by many stakeholders because its source is an advocacy organisation rather than an independent policy think-tank.

The objective of policy is surely to get as many of the homeless into adequate and suitable accommodation as soon as possible. As a matter of urgency the debate about housing needs to be re-opened, unblinded by ideological preconceptions which view the state meeting its targets and the private sector making a profit, as mutually exclusive options.

The ability of formal and informal housing entrepreneurs to adjust to conditions placed by the Mayekiso/De Vos proposals is high. An audit of the housing situation and the disbursements from government urgently needs to be undertaken.

An objective and realistic market valuation of private state-owned (including municipal) land and properties, should indicate how much extra revenue can be raised for housing through selected, strategic privatisation of fixed assets.

Paul Hendler is director of corporate housing policy at Bernhardt, Dunstan and Associates.

Revolution in the Provision of Homes: A People’s Struggle; booklet submitted to Botshabelo Summit, October 27 1994.
"Evidence of housing delivery"

A YEAR LATER 196 000 housing subsidies approved by RDP fund:

The building of more than 196 000 homes is in the pipeline and a surge in the building industry could be expected in the next year, Minister Without Portfolio Mr Jay Naidoo said in Pretoria yesterday.

He told a Press briefing at the Union Buildings the Government would by April next year "very definitely show evidence of housing delivery”.

Releasing a report on progress in the Reconstruction and Development Programme after one year, Naidoo said 196 000 housing subsidies had been approved so far from the RDP’s R1.5 billion housing fund.

"This means 196 000 homes are in the process of being planned or being put into place through the provincial housing boards,” Naidoo emphasised that new housing projects had to go together with the provision of infrastructure such as electricity, sanitation, roads and schools.

Linked to this "holistic programme" was the need to provide some guarantee to banks on the repayment of loans by lower-income groups. The mortgage indemnity scheme was a key element in this regard.

"Another important building block is the Government’s Masakhane campaign which aims to ensure that communities pay for the bonds and services they receive," Naidoo said.

A problem for communities in the past had been inferior workmanship by builders. A warranty scheme to guarantee against this had been set up.

"Those elements of the housing programme are now in place and this year you are going to see a kickstart in the economy relating to a surge in the construction industry."

Naidoo’s announcement is expected to help alleviate the housing problem.

— Sapa and Sowetan Reporter.
SA may face tax on energy consumption

PRETORIA — South Africans could face tax on domestic energy consumption and a road fuel duty as government tries to combat air pollution, which contributes to global warming. Environment Affairs Minister Dawie de Villiers says.

At the International Geosphere-Biosphere Programme conference on global environmental change, which began yesterday, De Villiers said SA was the biggest producer of greenhouse gases in Africa. "With the extra requirements of the reconstruction and development programme, production will in the short term increase rather than decrease."

A tax or duty on domestic energy consumption, a road fuel tax and an energy saving trust could be used in a local climate change action plan to finance the basic energy needs of the less privileged. Release of greenhouse gases should be included in integrated environmental management parameters. Overstepping limits "should lead to taxation or penalties". A road fuel duty could lead to faster development of electrical transport and better use of other options for private transport and deliveries in urban areas to cut down on pollution.

Burning waste and agricultural residue should not be unrestricted. Although fire was an indispensable tool in veld management, unseasonal and unauthorised veld burning should be curtailed and penalties considered for transgressors.

An information programme should be launched to help local trade, industry and the public sector adopt efficient energy-saving technologies.

The conference continues today.
No curbs, but use it sparingly

BY JANINE SIMON

Despite an earlier announcement, there will be no household water restrictions from Monday, only an impassioned call for water conservation.

The Department of Water Affairs and Forestry wants to sensitize urban residents to water issues and how to reduce consumption.

The department announced last month that it was to impose a 20% restriction on urban water use from May 1 due to the low levels of dams in the Vaal River system.

But bulk supplier Rand Water, with the support of local authorities and the department, has decided not to slap immediate restrictions on end-users, but to educate them on how and why they should be saving water.

If the campaign, which started this week with full-page advertisements in local newspapers, shows no results within two months, stricter controls will be imposed, said Rand Water communications manager Mandy Maepa.

The Vaal Dam is only 16% full, and Sterkfontein is at 30%.

"We have to ensure there is enough water for the industrial heart of the country until the next rains," Maepa said.

The 20% restriction is to be achieved by a 30% domestic and 10% industrial saving.

Here's how households can do their bit:

- Read your meter and monitor your account. A reasonable amount is 300 litres per person per day, or 30 kilolitres per family of five per month.
- Avoid deep baths and long showers.
- Use a bucket, not a hose, to wash your car.
- Put tissues in a waste bin — don't flush 11 litres of potable water to get rid of them.
- Water your garden early or late, not at midday when evaporation is highest.
- Don't let taps drip.
chrome-bearing steels.

It is expected that full annual production targets at the new plant may include 250 000 t of No 1 coal (185 500 t nickel-bearing austenitic steel and 70 500 t ferritic steels), 120 000 t of cold-rolled product (84 000 t austenitic and 36 000 t ferritic), 20 000 t of slabs, 18 000 t of plate and about 56 000 t of SCHR20 high-chrome steel products. Exports from the enlarged plant — the world’s largest single-site stainless steel plant, which would make SA the sixth largest global producer — should reach 35-50 countries.

Apart from its global target, Columbus aims to increase its sales to the local market from a current 45 000 t a year to about 100 000 t.

During the construction phase of the project, more than 6 000 jobs were created, with an additional 12 000 jobs in the local engineering and maintenance sectors. At full production, the plant will consume about 180 000 t of ferrochrome a year, securing 400 jobs at a chrome mine. In addition, its enormous use of electricity will ensure jobs at power stations and coal mines. At Middelburg Ferrochrome, which supplies Columbus with chrome, a further 500 jobs will be safe.

By adding value to previously unbeneficiated materials like ferrochrome, coal and nickel, creating jobs and earning valuable forex, Columbus is in the position to provide a valuable injection into the SA economy for decades to come.

Teething problems

Commissioning of the Majuba power station is back on track

Eskom’s Majuba power station has been in limbo for a number of years. But the first of its three-pack, 676 MW generating units is to be commissioned next year. Units two and three will follow in 1997 and 1998, respectively. The total capital investment is R4.8bn.

Says Brian Statham, Eskom’s energy management manager: “Generating units 4, 5 and 6 are also going ahead but the commissioning dates have not yet been finalised. I expect a decision will be taken by the middle of the year. Until then, the issue is subject to review and will depend on the strength of the economy, as well as the power-intensive Alusaf aluminium plant at Richards Bay coming on stream. Another factor which might have an impact on the decision is the availability of 950 MW of Cahora Bassa power as from 1997.”

Statham says HCB, the company responsible for Cahora Bassa, is understood to be issuing international tenders worth about R500m this year for refurbishment work.

Majuba’s chequered history includes a postponement of the first unit’s commissioning from 1992 to 1996. This delay was caused by a combination of two factors — Eskom was sitting on a generating surplus of about 15 000 MW in the midst of what was then a severe recession, coupled with grave political uncertainties. In addition, Majuba had a lot of trouble obtaining the coal reserves needed to sustain its projected 40-50-year life cycle.

“In view of the air pollution problem on the Highveld it was decided to move the power station further south, but this, unfortunately, also meant that we were moving away from the high-quality coal seams. And when Rand Coal found that, due to geological problems at the Majuba colliery, they would not be able to supply us with sufficient, good-quality thermal coal, we had a real problem. The priority was to suspend operations until we could find an alternative coal supply,” says Statham.

Since then, Rand Coal has been taken over by Trans-Natal and in April last year the decision was taken to refrain from providing coal from the lushe mine at Ogies in the Eastern Transvaal. “This coal is of good quality and is much easier to mine than was the case at the (now closed) Majuba colliery. The result was that, rather than adding costs, this solution will deliver coal to the power station at prices comparable with those originally envisaged for the project,” he says.

Even the R100m cost of an 18 km rail link being constructed from Palmford on the main railway line to the power station is being factored into the settlement arrangements with the mining house, says Statham.

It seems as if Eskom has come up with an appropriate solution to a problem which, at one stage, seemed to threaten the Majuba project.

Power to the people

Eskom’s plans for households will have spin-off benefits

Eskom hopes to electrify 1.75m homes by the turn of the century as part of its contribution to the RDP target of 2.5m by 2000. The balance of connections (about 800 000) will be done by the rest of the distribution industry — mainly local authorities.

What makes Eskom’s huge effort possible is that it is sitting with surplus installed generating capacity. There was a 24 798 MW peak electricity demand in 1994 against Eskom’s installed generating capacity of 39 746 MW.

Apart from Eskom’s mothballed capacity, additional power should come on stream when 1 400 MW flows into the grid from Mozambique’s Cahora Bassa hydro power plant in 1997. The Majuba power station, with a potential capacity of more than 3 000 MW, is also to be recommissioned within the next few years.

Eskom, with its 23 power stations, generates 97% of all electricity in SA and more than 50% of that consumed in Africa. Its 25 000 km transmission network is part of an asset base of R44,4bn. This statutory body generated a R1,6bn surplus in 1993.

Even though Eskom can easily meet its installation targets, the programme does
Vaal River and Vaal Dam. So the Vaal and Sterkfontein dams will have to meet Gauteng's water needs in the meantime.

The massive, four-phase LHWP, one of the largest tunnelling and civil engineering projects in the world, should provide sufficient additional water for SA's economic heartland for the next 30 years. Consumers, now served through the Rand Water Board with Department of Water Affairs water from the Vaal and Sterkfontein dams, have already started paying for the project through the imposition of an 18c/m³ levy on end users.

The one-year delay in the completion of the 45 km transfer tunnel will add about R500m to the project's cost. The tunnel must now be fully clad with concrete because of rock conditions.

Water Affairs managing engineer Willie Croucamp says: "The 18c/m³ levy instituted in 1988 is just the beginning of the eventual payment by future water consumers for the full costs, including finance charges, of the phased Lesotho project. A large percentage of the cost is currently being funded by loans from the World Bank, which provided US$110 m, the Development Bank of Southern Africa, export credit finance and other sources."

Phase 1 (A), now being completed at a cost of about R6.3bn including finance charges, includes the building of the Katse Dam on the Malibamatso River; the 45 km transfer tunnel to the Muela tailpond dam for the 72 MW hydro-electric station that will generate power in Lesotho; and a 36 km delivery tunnel from Muela Dam to the Ash River.

"The R1.4bn Katse Dam is now 44% complete. About 1m m³ of the dam's projected 2.3m m³ of concrete has already been poured. Water storage should begin by September — even though no water will flow in to SA before January 1998," says Croucamp. Local companies Group 5 and Concor share a 35% interest of the construction contract.

In terms of their enabling treaty, the SA and Lesotho governments are jointly committed to complete phases 1 (A) and 1 (B) of the project. SA, through its Trans-Caledon Tunnel Authority, guarantees full repayment of the loans entered into by Lesotho's Highlands Development Authority. SA will receive water and Lesotho hydro-power. Construction of Lesotho's Muela hydro-station is expected to begin this year with completion scheduled for mid-1998.

With most of the underground work on the delivery tunnel linking the Muela Dam and the Ash River in SA completed, it is now basically the completion of the Katse Dam, the concrete lining of the transfer tunnel in Lesotho and the building of the Muela Dam and hydro-power station that stands between Gauteng and its first water from Lesotho.

Meanwhile, LTA and Group 5 Construction, which in November were awarded the R230m contract to upgrade access roads to the site of the proposed 958 m m³ Mohale Dam, have about 32 months to complete their work. Mohale Dam, together with a 30 km interconnecting tunnel to the Katse Dam, a small weir on the Matsoku River and a 6.4 km transfer tunnel from there to the Katse Dam, will form part of Phase 1 (B) of the project and should be completed by 2003.

Croucamp says consulting services for the main contracts for Phase 1 (B) are now being procured. Contracts for construction should commence by 1997-1998.

"The total water capacity of Phase 1 will be 30 m³/sec — but actual delivery, as defined in the treaty, was based on Gauteng's demand," says Croucamp.
Feared price hikes a threat to housing

A predicted 18% rise in building costs this year would severely hamper government's bid to build 1-million low-cost homes in five years, analysts and industry spokesmen said this week.

Recent surveys by the Central Statistical Service (CSS) and Stellenbosch University's Bureau for Economic Research (BER) show the building sector has emerged from a five-year recession and costs are moving rapidly upwards.

The BER survey found tendering competition among contractors and sub-contractors dropped last year and building costs rose an average 10.6%. This followed average increases of 2.9% in 1992 and 5.2% in 1993. Building costs had started to stabilise at higher levels, and increases of up to 18% this year were possible.

CSS figures showed that prospects for the construction industry improved to such an extent that work in hand at the end of last year amounted to R10.3bn — a 9% improvement over September 1994.

The residential property market in particular had taken off, with CSS figures showing a 52% hike in building plans applied for during the year.

Housing

proved during this January over January

Last year, Housing Director-General Billy Cobbert called on building material manufacturers to contain the compaction to keep building cost rises reasonable, and today manufacturers agreed that rises were in line with inflation.

Cobbert said that should prices begin to spiral, it would threaten government's housing programme and force the implementation of price controls.

However, analysts said this week that there were indications that manufacturers were breaking out of the compact because of rising prices in international markets, increased labour costs and efforts to recoup losses incurred over the past five years.

Building Industries' Federation of SA executive director Ian Robinson said labour costs were a major concern to manufacturers, and the compact could be rendered ineffective as labour unions had not been included. "If the compact is to be effective, we must have an urgent commitment from the unions that labour cost increases will be linked to productivity."
Township housing concerns

Focus on Business

B

By Multimedia Manager

loan limit despite past losses

loan problem

Banks deny

28/1/95

2/3

[Image of a newspaper page with text and graphics]
The MINISTER OF HOUSING:

(1) No.

(a) Western Cape.

(b) At this stage a date for the establishment of a provincial housing board in the Western Cape has not yet been determined. The Regional Housing Board for the Cape Province however, continues to perform the functions of a regional housing board in terms of the provisions of section 8(1)(a) and (b) of the Housing Amendment Act, 1994 (Act 8 of 1994).

Parliamentary Counsellor: remuneration/access to office facilities

46. Mr A J LEON asked the President of the Republic:

Whether, with reference to the reply to Question No 1 on 14 September 1994, the Parliamentary Counsellor assigned to his Office (a) receives any remuneration, (b) has access to (i) office, (ii) transport and (iii) other facilities and (c) is provided with any staff and/or other administrative assistance; if so, (i) what are the relevant details in respect of the said Counsellor and (ii) (aa) by what specified authority and (bb) from what budget are each of these services being provided?
Winnie proposes 200 homes a month

FORMER deputy minister Winnie Mandela's Co-ordinated Anti-poverty Programmes would be able to build 200 houses a month in Phola Park, near Thokoza on the East Rand, if the Gauteng government approved its tender, said a programme proposal which was released yesterday.

It said the tender would be submitted to housing minister Dan Mofokeng in the next week.

Gauteng's housing board has been considering the proposal to build 320 low-cost houses in Phola Park. Its reaction has been favourable.

The programme's plan is for three- or four-bedroom houses with kitchen, lounge, inside toilet and bathroom. The houses would be 46m² or 66m² in area. All would have electricity, it said.

The project, the programme said, had the potential to create 700 jobs. Local men and women would be trained to make bricks.

There would be no big-company involvement. — Sapa.
"COMMUNITIES MUST TAKE THE INITIATIVE"

RDP for those who pay

The President said he expected an acceleration in the pace of rural development during the second year of democracy. The President also announced that the commitment of the Department of Economic Affairs to rural development would continue.

Mr. Mandela also said he believed that the government would be able to achieve its goals in rural development by ensuring that money was allocated to those who needed it most. He added that the government would continue to support rural communities and that it would work hard to ensure that they received the necessary resources.

The President also emphasized the need for communities to be involved in the planning and implementation of development projects. He said that the government would work closely with communities to ensure that their needs were met.

In conclusion, the President said that the government was committed to rural development and that it would continue to work towards this goal. He encouraged communities to be active in the process and to work with the government to achieve their development goals.
Mkhabela new chairman of housing board

The new National Housing Board, which advises the government on housing policy, will be chaired by National Housing Forum plenary vice-chairman Ismael Mkhabela. Housing Ministry director-general Billy Cobbett said at last night's Interbon Trust housing competition award ceremony that housing consultant Matthew Nel would be vice-chairman of the board.

Other members of the 16-strong board included Newhco's Taffy Adajae, Building Industries Federation of SA executive director Ian Robinson and Sanco's Sandi-Mgidlane.
Major housing deal on the cards for SA

CLIVE SAWYER
Political Correspondent

KUALA LUMPUR. — Talks are under way about a major low-cost housing project in South Africa, to be built using Malaysian expertise and funding from either Australia or the United States.

Discussions about the project have been held with various parties during Deputy President Thabo Mbeki's visits to Malaysia and Australia.

Malaysian Deputy Prime Minister Anwar Ibrahim told a luncheon here in honour of Mr Mbeki that the project in South Africa would be done "with the help of other friendly countries".

Informed sources later indicated that a question-mark hung over whether American funding would be used because of legal bars on the use of US funds where third-party countries would have control over how they were spent.

Another key unresolved point is a Malaysian proposal that funding be channelled by Malaysian, rather than South African, banks.

If the project goes ahead, it will be typical of the kind of joint project which Mr Mbeki has advocated during his tour.

The Malaysian government has taken bold steps over 20 years to end its housing shortage. The government has forced the private sector to co-operate by requiring that 30 percent of all developments include housing for low-income people.

The Malaysian deputy secretary-general of housing, Way Abu Bakar Wan Tek, said his government catered for three categories — low-income earners, defined as earning less than R1 000 a month, poor (R700 a month) and very poor (R300 a month).

The poorest group was given R3 000 a month to repair and expand their dwellings.

For those categorised as poor, there were two methods of assistance. Those with land were given long-term soft loans to build houses. Those without land were given land to settle on a "kibbutz-style" basis.

For people in the low-income group, the government provided subsidies, or prompted the private sector to cross-subsidise low-income housing by its 30 percent requirement.
FLATS AND TOWNHOUSES

Where the demand is

A recent survey among black and white contractors, by the BMI Building Research Strategy Consulting Unit, sheds light on expected demand for new homes. Respondents believe only 25% of white home-buyers will buy units valued at more than R150 000. The bulk of the demand — about 60% of the white market — they say, will be for homes costing R65 000-R100 000, and three quarters of it is for homes below R150 000.

Confirmation of this pattern of demand comes from a 145% increase, in January 1995 over the previous January, in the value of building plans passed for flats and townhouses. Central Statistical Service reports a rise from R96,7m to R236,4m. In contrast, value of ordinary home plans passed increased by only 55%, from R239,5m to R372,9m.

BMI figures are corroborated also by the latest Amps 1994 demographic survey by the SA Advertising Research Foundation. The breakdown of national household income statistics (see table) compares very closely to the estimate of expected demand by the respondents in the survey.

BMI MD Llewellyn Lewis says this data shows that only about 15% of the total and 49% of the white market can afford homes valued at R65 000-R100 000.

He estimates that about 75% of the total market, and about 95% of the black market, require homes valued at R65 000 and less. Purchases in this lower end are largely assisted by government subsidies.

Property economist Erwin Rode suggests one reason house buyers are going downtown is the loss of tax benefits associated with housing subsidies provided by employers. The phasing out of tax benefits began about 10 years ago and has led many employers to offer employees taxable cash instead of taxable subsidies.

Rode has frequently pointed out how the housing market was skewed by the wide incidence of employer subsidisation.

Rode and Seeff Residential MD Bernard O’Riain agree there is a need for lower-cost homes and suggest it is being met by the construction of Gash units. These are mostly flats. Like Lewis, they say higher interest rates and rising building costs are also responsible for the trend.

Rode queries one of BMI’s conclusions that about 72% of new home buyers will be first-time home buyers who are “unlikely to look for a home in the price range above R150 000.”

He says, at most, 7%-15% of the market is in rented accommodation and would qualify as first-home buyers. This includes youngsters living at home.

Both query another BMI conclusion that “there is a serious imbalance between the supply of housing and effective demand and that housing has been priced out of the reach of the majority of white buyers and, of course, buyers of other population groups as well.”

Seeff says its sales of homes between R65 000 and R400 000 are evenly spread. Seeff has, however, found that in the R65 000-R100 000 bracket there is much movement among whites from traditional flatslands such as Berea and Yeoville, to one knows the need in rural areas, if only because the Housing Department’s responsibilities were only recently extended to them. To date, government has dealt only with legal impendiments to rural development. The intractable demographical and economic problems have yet to be tackled. Until they are, few if any RDP-backed houses are likely to be built there.

Rural, in this context, means either the former homelands or commercial farms in the once-white SA. They present different challenges to those trying to improve the lot of the poor.

Investigations have shown that homeland residents — mostly old people and children — do not place a high priority on having well-constructed houses. What they want most, says Tanya Abrahamse Lamola of the RDP office, is safe, reliable water and some government support for farming efforts.

But even if the Water Affairs Department can provide a rural community with water, the settlement has to be large enough for reticulation to make economic sense. And its members, Water Affairs Minister Kader Asmal has made clear, must be able to pay for it.

Few homeland communities meet both requirements.

The problems facing provision of rural housing are even more acute, says Housing Department director of urbanisation management Diet von Broembsen.

First, only project applications, as distinct from one-off houses, qualify for the subsidy. That makes good sense from a building cost point of view. But Von Broembsen says: “There is no question of creating large new housing projects in the rural areas or of resettlement.” The plan, it seems, is to devise different housing subsidy policies and rules for rural beneficiaries that will enable the money (up to R15 000 for those with monthly incomes of less than R800) to be spent on improving services (roads, water and sanitation) within the settlements they already occupy.

That may prove an unwise decision. Many rural settlements are small and widely dispersed. That is why they lack the schools and clinics, to say nothing of economic activity, that would make them socially feasible.

Whatever decisions are taken, projects will have to be conceived and implemented by local government. But, as Lamola and Von Broembsen observe, local government barely exists in rural areas; there is virtually no institutional capacity to deliver.

Finally, there is the question of land tenure. Government’s housing subsidy is available only for freehold land — a rare

<table>
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<th>Type of solution</th>
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<td>Luxury/Sash</td>
<td>6.6</td>
<td>9</td>
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</tbody>
</table>

Gash units in Johannesburg’s suburbs.

While some of BMI’s findings are debatable, the perception among contractors of affordability levels is a useful indicator of reduced expectations among middle class people. Rode sees this as a positive development: the lowering of housing standards among the white population will free resources to meet demand elsewhere.

RURAL HOUSING

Problems on the ground

Housing Minister Sankie Mthembu-Nkondo believes the RDP target of building 1m houses by 1999 will be met. Even if her optimism proves justified, there will still be a huge housing need at the turn of the century as the inherited backlog of 1.5m is thought to be growing by 200 000 a year.

And that’s only in cities and towns. No...
Minister announces names of housing board members

HOUSING minister Sanki Mthembu-Nkondo said yesterday that the new National Housing Board, with representatives from the regulators, suppliers and consumers of housing, reflected the housing process in SA.

Mthembu-Nkondo officially announced the members of the restructured board yesterday after months of speculation.

The board, to be chaired by National Housing Forum vice-chairman Ishmael Mkhabela, is the primary advisory body to the Minister and administers the national housing fund.

She said the restructure of the board was a result of changes in the field of housing since the elections last year.

Mthembu-Nkondo said the outgoing board, chaired by Jaap de Loor, had "skillfully charted housing through a time of significant transition".

The original housing board was set up by former housing minister Louis Stull towards the end of 1993 and consisted of 18 representatives from government, business and the public service.

However, housing analysts said the Shill-appointed board was highly controversial and the government had pledged to restructure it after last year's elections.

Mthembu-Nkondo said deputy chairman of the new board was housing consultant Matthew Nell.

Other members included Construction and Allied Workers Union general secretary Matthew Oliphant, South African Homeless People's Federation executive member Rose Molokoane and PlanAct project manager Mphumi Nxamale-Nkalo.

His board was represented on the board in the form of Barlowe executive director Andre Lambermont, Standard Bank divisional director Jopie van Honschooten and Building Industry Federation chairperson of SA executive director Ian Robinson.

Chiluba overrules Zamex's suspension

ZAMBIAI Express Airways (Zamex) yesterday resumed scheduled services between Zambia and SA after Zambian President Frederick Chiluba overruled a decision by his transport ministry to suspend the airline's operations.

Zamex, a local independent airline controlled by Zambian business interests and affiliated to the SA regional carrier SA Express, ceased operations on Tuesday after its licence was revoked by Zambian authorities.

Transport and Communications Minister William Harrington announced the airline's suspension on Thursday.

Harrington earlier this week cancelled Zamex's permission to operate its Livingstone-Johannesburg route before suspending all its operations from Zambia claiming it failed to honour an agreement to employ Zambian nationals and had not registered its aircraft with IATA.
Housing board will cater for shift in focus

ROBYN CHALMERS

The restructuring of the National Housing Forum to focus on monitoring housing policy and lobbying government was well under way following last week's appointment of members to the new National Housing Board, a spokesman said at the weekend.

The forum spokesman said many of the National Housing Forum's functions would be taken over by the new board, whose duties would include formulating policy proposals as well as advising the Housing Ministry on housing policy.

A document outlining the functions of the restructured forum said its overall emphasis would be on monitoring housing policy developments and facilitating the public's ability to respond to and lobby its points of view.

The forum's new role would encompass three areas — lobbying government on policy, communication and capacity building, monitoring policy and focused responses.

It would continue to have 19 members, but would pursue "emerging stakeholders" to ascertain to what extent they could become involved in the forum.

"In keeping with the forum's support for civil society's participation in the National Housing Board, the forum will organise meetings for consumers and suppliers on request."

Referring to its role in relation to the board, the forum would be responsible for establishing the basis of representation for housing suppliers and consumers on the board, while the Housing Ministry would establish the basis of representation for housing regulators.

The new board's chairman, Ishmael Mkhabela, said proposals for members to the board had been forwarded to the Housing Ministry.

The forum's operating structures would decrease significantly, and the joint technical committee's term of reference would be transferred to the board, while the chairman's team would be disbanded. The co-ordinating committee would, however, continue to exist.
A true partnership between the government, the private sector and local communities was a fundamental requirement for turning the housing initiative into a success, said Clive Tasker, managing director of Portland Cement.

Delivering the keynote address at the National Association of Home Builders' convention in Sun City yesterday, Tasker called on the government to take the lead in creating a public environment that was conducive to attracting the required private investment both from financial institutions and domestic households to ensure the success of the housing initiative.

He also called on the government to follow a broad economic framework focusing on a higher rate of economic growth, an increase in the level of employment, the containment of inflation and a further reduction in the size of the deficit to bring it in line with International Monetary Fund guidelines.

Tasker said the government should, moreover, encourage a culture of saving through the implementation of policy instruments that would increase the level of disposable income and redirect savings, towards mortgage lending institutions.

For the housing initiative to succeed, the government also needed to eliminate the remnants of the old housing framework and to streamline the bureaucratic system, he said.

In addition, it was essential for the government to create clear guidelines to ensure the utmost level of policy coordination and, at least, a minimum level of uniformity in legislation and regulations, Tasker added.
Housing moving into high gear – minister

BY MAGGIE ROWLEY

This had been insisted on by the government together with the banks because of the history of shoddy work in low-cost housing in recent years, which had contributed to bond boycotts by consumers and in turn led to the banks boycotting the townships.

Opening the National Association of Home Builders’ annual convention at Sun City, she said the increased housing budget had been a clear signal from the government that it was serious about getting the housing initiative going.

Urging builders to recognise the opportunities arising out of the subsidy system, she said it was now time for them to come to the party and start building on a scale unprecedented in the country’s history.

It had been agreed that in the reorientation of the country’s housing economy, all parties involved in the task of housing the nation should bear some of the pain, she said.

For the construction industry it had been painful to accept the Builders Defects Warranty Scheme designed to cover defects in housing.

In Soweto electricity payments rose from 20 percent to 65 percent within four months, in Tembisa, the people have organised rubbish removal, in Durban 900 000 hostel dwellers have vowed to start paying rents again and across the country payments are up as a sign of growing civic responsibility,” she said.
SUN CITY — Gauteng housing minister Dan Mofokeng yesterday called on government to allow greater flexibility in the use of subsidy funds to house SA’s homeless.

Mofokeng told the National Association of Home Builders conference that while the province accepted the national concept of using savings to mobilise housing credit, other methods also had to be examined. “We should not be giving consumers handouts, but should be allowed to come up with other ways of using subsidies to leverage credit.”

Changing the subsidy provision from own resources at provincial and local level was one method and would assist local authorities in dealing with specific conditions. He also called on government to review its policy towards charging VAT on subsidies.

The lack of end-user finance was one of the biggest constraints facing all provinces in implementing their housing programmes. As a result, Mofokeng said the Gauteng government was considering the institution of a fair lending mechanism linked to provincial banking. “This is considered necessary to ensure the equitable distribution of credit within society to support a sustainable housing delivery system and nurture small and medium-sized businesses.”

Northern Transvaal housing minister John Domba said the province’s housing profile was mainly composed of communal rural settlements and a definition of acceptable housing should be made. “If, for example, it is decided that rural rondavels are not an acceptable form of housing, then most of rural Northern Transvaal will be deemed unsheltered.”

The province was aiming to build more than 11 000 low-cost homes this year in a bid to make inroads into the 67 000 urban backlog.

The province was aiming to build more than 11 000 low-cost homes this year in a bid to make inroads into the 67 000 urban backlog.

Sapa reports Mofokeng told the International Conference on Planning Legislation, Housing and the Environment in Africa, held in Johannesburg yesterday, that international input was critical to the success of Gauteng’s housing programme of 100 000 homes a year.

His ministry faced a range of problems, among them funding a 500 000 housing backlog.

Government had inherited separate racial structures. “Our major task is now to reintegrate these structures, to reorient them to serve the people and to restructure them so that there is efficient and effective delivery.”

Resources had to be focused on poorer areas and urban areas needed to be revamped to serve both communities and business. Delegates from 14 African, European and Caribbean countries are attending the conference.
Housing planned for all

SUN CITY — The Housing Ministry was working on drawing SA’s 23-million poor into the housing process, director-general Billy Cobbett said yesterday.

At a National Association of Home Builders conference, Cobbett said government had been criticized for catering largely to the top end of the housing market. One of the reasons for this focus was that government believed the wealthiest segment of SA’s population would kick-start the housing process.

Most of the mechanisms needed to begin housing delivery were in place, allowing government to look at intervening in the housing market for the poorest of the poor.

Cobbett dismissed speculation that the project-linked subsidy, with a maximum limit of R15 000, would be increased to cater for the poor.

“We may have to redesign the application of the subsidy... but the quantum will not be altered,” he said.

Government would rather promote the role of savings in mobilising household credit, making this a central feature of housing credit.

“The moves represent a major opportunity for the private sector and communities, and government believes they should match the state in its endeavours.”

The soon-to-be-launched national housing finance corporation would play a major part in funding housing for the poor.

Housing Minister Sankie Mthembu-Nkondo said the housing drive was ready to move into high gear, with the builders’ warranty mechanism approved, a new National Housing Board appointed and 197 000 subsidies approved.

The bigger Budget allocation was a clear signal that things had to get moving.

“It is a sign that the demand for housing is being met by government with a growing willingness to finance housing. Now it is the turn of the home builders to come to the party and start building,” she said.

The challenge was to find ways to strengthen emerging contractors without neglecting the interests of the consumer.
Nedcor's share of home loans falls

BANKING group Nedcor was unable to match the other major SA banks — Standard, Absa and First National — in terms of increasing or maintaining its share of home loans and total advances, latest Reserve Bank D1900 figures for February show.

The figures, which measure the market share of all SA banks in terms of their assets and liabilities, showed a fall in Nedcor's share of total advances to 15.9% in February from 16% in January and a decline in its share of the home loans market to 18.6% from 19.9%.

The group's share of total assets, however, was unchanged at 16.4% between January and February.

Banking analysts said the latest statistics confirmed a trend of declining market share in terms of Nedcor's share of most categories of advances in the past year.

The analysts noted this was surprising given the high rating the banking group's share price enjoyed relative to the rest of the sector.

The analysts said that during the 1994 financial year Nedcor had focused its attention on maintaining its client base and enhancing its distribution strategies. This had been the primary cause for its shrinking market share.

Nedcor executive director Mike Leeming said Nedcor was concerned about the strong rise in consumer credit currently characterising the banking industry, and it was distancing itself from business areas which involved substantial increases in consumer credit extension.

Leeming said the group's recent foray into the retail market through its smart card project with Edgars and other members of the SA Breweries group had targeted a selective client base and was relatively small compared with the increases in consumer credit among other players.

First National Bank showed an increase in its total assets market share, with a rise to 19.6% from 19.3%, while the Standard Bank group grew its total assets market share to 22.4% from 22.3% in January.

Absa showed a marginal decline in its share of total assets to 28.5% from 28.7%. But Absa group executive Frans du Toit described the February figure as a temporary blip.
Policy for storing of maize reserves needed

Louse Cook

In terms of the new maize marketing scheme which started this month after single-channel marketing was scrapped, the Maize Board was so long in a position to keep prices below the price of imported maize when SA faced shortages, said Cowrie.

Low prices were "desirable from a national viewpoint to ensure maize products remain affordable, particularly in the inland of the country", he said.

"It is also desirable from an industry viewpoint as maize products can lose significant market share to other starch products if prices become too high." Cowrie said SA currently enjoyed a steady market for maize for human consumption. But increased demand from population growth had largely been cancelled out by a drop in maize consumption.

Cowrie said that in terms of the new marketing system, the Maize Board would accept maize from any farmer unable to find a commercial buyer and pay a floor price.

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Branding may be legislated

Nicola Jevew

DURBAN — The Livestock Brands Act may be reviewed and branding may become compulsory as a measure to combat the R80m-a-year stock theft problem. Agriculture Deputy Minister Thoko Msane said.

Addressing the National Stock Theft conference yesterday Msane said owners benefited from branding as it proved possession, the SA Police Service (SAPS) could easily trace stolen animals, the pounds could trace owners and the consumer benefited through savings in a more efficient livestock industry.

SAPS deputy national commissioner Zoliisa Lavisa said the number of cattle stolen had increased from 24 965 in 1990 to 46 138 last year — less than half were recovered.

The theft of sheep and goats had increased to 125 894 from 80 802 over the same period. Only 25 525 were recovered last year.

Should the law change, farmers would have six months to register a brand and unidentified stock could not be sold.

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Benefits in regional power

Edward West

CAPE TOWN — The electrical grid system being discussed for southern Africa had the potential to supply the whole continent and even export hydro-power through Egypt to Europe, according to a report by energy researchers at the Institute of Futures Research at the University of Stellenbosch.

Regional co-operation in the commercial energy sector offered mutual benefits to southern African countries, they said. Although SA had 62% of sub-Saharan Africa's generating capacity of 46 646MW, its capacity for its own needs would be fully utilised by 2000.

After that, SA would need to secure 1 000MW to 1 500MW additional capacity each year. Either coal or nuclear power stations would have to be built, involving major financial commitments.

Both options would involve adverse environmental effects. SA was already among the 15 countries with the world's worst atmospheric pollution from industrial sources, the researchers said.

Countries in southern Africa had the potential to supply SA's future requirements at lower cost and with less environmental risk. Zaire had the largest resource for electricity generation in Africa, with a total potential of 100 000MW.

Its current output was 3 533MW, or 3.5% of potential capacity. Export capacity could generate significant foreign exchange. In addition, grid interconnections offered technical advantages such as maintaining lower reserve requirements for any given level of reliability, which would in turn allow a reduction in costs.

Two initiatives examining electricity co-operation were under way.

Regional co-operation in the commercial energy sector would minimise the costs of energy supply, reduce environmental effects, raise regional trade levels, provide foreign exchange and add momentum to the long-term vision of full economic integration among Southern African Development Community countries.
Low-cost housing loan rates slammed

Mortgage lending at fixed loan interest rates of 22.5 percent or more being proposed by financing institutions for low-cost housing would make housing unaffordable to about 70 percent of low-income families, Chris Ball, the executive chairman of the South African Housing Trust, warned yesterday.

Speaking at an annual convention of the Association of Home Builders in Sun City yesterday, Ball said that if finance was offered at rates of more than 20 percent, very few households would be able to afford to buy housing despite generous subsidies.

This, he argued, would not represent success in housing policy and ways had to be found to make housing more affordable for at least 50 percent of low-income earners.

Ball identified three ways of providing lower-cost loans: retail savings, widely used in other countries, should be applied to low-cost housing; employer allowances or subsidies should be used to reduce the cost of borrowing; or money raised from various sources by the National Housing Finance Corporation could be used.

The housing trust, he said, was formulating a starter home loan product which would allow low-income earners who qualified for subsidies to get into core housing through a R10,000 loan for as little as R110 a month for the first year.

Annual increments for the next five years would be R21 a month, he said.

After five years, the repayments would peak at R215 a month and the loan would be converted from a stepped loan to a fixed loan, he said.

Repayments on this basis for someone earning R800 a month would initially represent 13 percent of their monthly income, rising to 15 percent of monthly income by the fifth year if it increased in line with inflation.

“Product concepts such as this are attempts to stretch around the high lending charges to get more families into housing, and need to be examined carefully and applied appropriately,” Ball said.

“We are comforted to find that similarly structured products have been well-used elsewhere,”

Despite the problems, Ball said he expects the long-awaited explosion of activity in the housing sector to begin in July.

He said the National Housing Policy frameworks and processes were in place.

Chris Hock, the managing director of Rural Finance Facility, also said that formal financial institutions could serve the lower end of the housing market.

He said the facility saw incremental housing — the gradual, private investment in existing housing stock, mostly by the property owner — as an important part of the housing strategy.

Better access to housing finance for low-income households increased their control over the housing process as clients of financial institutions, rather than as beneficiaries of the state.

Low income, he added, was the key constraint to access to housing finance.

Hock said that, excluding farm and domestic workers, South Africa had 5 million formally employed people — and about 1 million mortgage bonds.
Electrification of rural areas 'a priority'

Deputy Business Editor

A LACK of development in South Africa's rural areas could frustrate attempts to raise living standards in the cities, Public Enterprises Minister Stella Sigcau said today.

She was addressing the opening session of a two-day meeting of managing directors of electricity utilities in Africa and the Indian Ocean.

Ms Sigcau said unless rural areas were developed, cities would become congested and urban development plans would be difficult to implement.

"Electrification of the rural areas must be a priority."

Without electricity, other RDP projects could not be viable.
New mortgage package to be aimed at poorest

SUN CITY — The SA Housing Trust was ready to introduce a new mortgage package aimed at the poorest end of the market, executive chairman Chris Ball said yesterday.

Addressing the National Association of Home Builders conference, Ball said the proposed product made use of housing subsidies. It was an inflation-linked scheme focused on a low entry instalment which could amount to R110 a month over 20 years.

Banks were discussing interest rates of 22.5% and 20% for fixed and variable rate lending. If finance was offered at rates in excess of 20%, "only 25% to 30% of households using subsidies will be able to afford to purchase housing", he said.

The trust aimed to get more low-income households into low-cost housing on a sustainable basis by providing them with loans.

To do this, they needed a product with a low entry instalment which increased over its term with inflation, or as a proportion of inflation.

Taking a R10 000 loan over 20 years as an example, Ball said a borrower's initial monthly instalment would be R110, peaking at R215 in year five.

It would then become a fixed loan with annual increments of R21 a month.

"Wages in SA have tended to increase at inflation plus 2%. The buyer is protected and the lending institution is unaffected if it has refinanced the contract on a long-term basis," he said.

The product could be structured as a purchase or rental contract.

Ball said community housing associations should be introduced so as to reduce loan losses and operating costs, and in this way decrease finance costs.

Housing Ministry consultant Johan deRidder told the conference the interim builders warranty mechanism would be implemented in early June following the inclusion of a development programme for emerging contractors.

He said mortgage lenders, government and emerging contractors had all agreed to the interim arrangements.

The Building Industries Federation of SA, representing formal contractors, was expected to rubber stamp the proposals in two weeks.

Emerging contractors had come to the party only after it was agreed that a programme would be designed to eradicate barriers blocking the entry of small builders.

DeRidder said that from June 5, a standard warranty agreement between builders and home buyers — part of the interim scheme — would be a prerequisite for the extension of end-user finance. Standard home building guidelines would also be introduced.

The national home builders registration council — also part of the scheme — would be set up in June. From the beginning of August, contractors applying for end-user finance would have to prove they had applied to be registered on the council.

DeRidder said the council's board would have to submit recommendations on the establishment of a back-up mechanism to council members by the end of September.

The interim mechanism had deficiencies but it was imperative to get it up and running so government's low-cost housing programme could begin.
Housing programme to start 'within weeks'

SUN CITY — Delegates at this week's National Association of Home Builders conference were told the long-awaited national housing programme would be implemented within weeks.

Speakers representing government and business were confident all the mechanisms negotiated over the past year would soon be in place. These included the National Housing Finance Corporation, the builders’ warranty mechanism and the mortgage indemnity scheme, while the new National Housing Board and the Masakhane Campaign were already operating.

Housing Minister Sankie Nkomto said the approval of 197 000 subsidies across SA was testimony to the fact that housing was ready to move into top gear. She said while not everybody would live in a palace, construction was under way in every province with thousands of houses in the pipeline.

"The challenge for all of us is to find solutions which strengthen our push for the empowerment of emerging contractors while ensuring that we do not impact negatively on the interests of the consumer."

While welcoming the progress on the housing programme, Pretoria Portland Cement divisional MD Clive Tasker said government still had a number of issues to address.

Tasker said there was an urgent need for government to eliminate the remnants of the old housing framework and then streamline the bureaucratic system.

The fragmented system of homeland and own affairs departments had brought about a significant degree of overlap, duplication and confusion within and without housing institutions resulting in inefficiency and wastage.

He said the collapse of local government structures throughout SA was a contributing factor, making the success of the November elections imperative.

Moreover, government should come up with clear and concise guidelines on the relationship between central government, the provinces and the various local authorities in the field of housing to ensure policy co-ordination.

"It is essential that there is at least a minimum level of uniformity in legislation and regulations when dealing with the various national, regional and local authorities."

He said there remained a stark contrast between the resource and skills base of the predominantly white-owned formal construction sector and the relatively disadvantaged, less formal black-owned sector.

"Government tender procedures and procurement policies will increasingly be aimed at narrowing this gap and the housing subsidy policy will be geared in favour of emerging entrepreneurs," he said.

National Home Builders' Association president Victor Booth said other challenges facing the housing process included the expected shortage of building materials and the growing trend towards land invasion.

Booth said government had to address the issue of rural housing and how communities could become actively involved in projects.

ROBYN CHALMERS
'RDP housing could counter rates rise'

BY ROY CORAYNE
REPOSTA BUSINESS EDITOR

It was imperative that the
reconstruction and development
programme came on stream this
year to counter the negative effects
of expected interest rates rises,
which could stifle new develop-
ments in the housing market from
next year.

However, there was a window
of opportunity of roughly a year
before this happened, Johan
Snyman of Medium Term
Forecasting Associates told the
National Association of Home
Builders and Urban Developers
conference yesterday.

Snyman said the effective price
of a house was the monthly mort-
gage instalment — and the most
important factor influencing this
instalment was the level of mort-
gage rates.

Two reasons to support this
assertion were the fact that people
usually bought houses with long-
term credit and the expenditure on
a mortgage instalment usually con-
stituted between 25 and 30 percent
of a homeowner's monthly budget,
he said.

If interest rates rose, the home-
owner felt it in the pocket almost
immediately. This argument
implied that cyclical interest rate
factors were of prime importance
to the wellbeing of the housing
industry, he said.

Snyman said it appeared that
the housing authorities were pin-
ing their hopes on the RDP, the
National Mortgage Indemnity
Scheme, the Builders' Warranty
Scheme and the Masskhathe "Let us
build together" campaign to ensure
housing delivery.

Together with private sector
finance — the banks have promised
to make funds available for 50 000
small loans — the affordable hous-
ing segment should be revitalised
during coming years, he said.
Code of conduct to set mortgage loan criteria

LENDING criteria for mortgage loans extended to low-income earners would be non-discriminatory, and transparent following the recent consensus reached on a banking code of conduct, Standard Bank divisional GM Jojie von Horschoten said yesterday.

Housing sources said the code meant redlining would become a thing of the past as banks could no longer grant mortgage loans based solely on the geographic area in which the property was located.

Von Horschoten said major mortgage lenders had committed to the code to ensure they operated within a normal business environment on a nonracial and non-discriminatory basis.

The code dictated that mortgage lenders would provide education on mortgage finance and related issues as well as disclose all the relevant fees, interest rates, charges and the other conditions relating to a loan.

He said in cases of bona fide economic hardship, lenders would provide counseling, financial advice and where possible a restructuring of repayments.

This related in part to negotiations between government and banks on the estimated 16 000 repossessed properties and non-performing loans of mortgage lenders.

Von Horschoten said the banking sector had set up a fully resourced service company, called Servcon, to interact with occupants of these properties and attempt to break the logjam on bond payments.

"The objective, together with state support, would be to normalise the occupants' position or where there is no affordability, help the occupant in a rightsizing arrangement (whereby a smaller, more affordable home was found)," he said.

Affordability had become a politically sensitive issue with prospective homeowners, and mortgage lenders had agreed on certain criteria as a result.

Rather than stipulate a percentage of income, traditionally a 25% ratio was applied to work out the instalment and thus the loan size, the lender's disposable income after housing expenses would, he said, be the determining factor.

Lenders would also place a limit on the total credit obligations of the applicant, so credit commitments should not exceed 35% of monthly income.

Applicants would be required to put down a minimum deposit of 5% out of their own savings.

Von Horschoten said banks would work with applicants who had not yet accumulated any savings to allow the deposit to build up over a period of between nine and 12 months.

In a bid to guard against the impact of interest rate increases, he said banks were well advanced in their investigation on the feasibility of fixed rate instalment loans to low-income borrowers.
Getting water to the people

BY ANITA ALLEN
SCIENCE WRITER

"Leave it to the professionals" gains new meaning in the supply of water and sanitation with the establishment of a joint venture partnership between a local company and the world's largest water and sanitation supply group.

Group Five and the French company Lyonnaise des Eaux yesterday announced the formation of a new company, Lyonnaise Water Southern Africa (LWSA). Water Sanitation Services South Africa (WSSA), originally part of the Group Five company, becomes a subsidiary of LWSA.

Taking advantage of a gap in the local market, the new partnership offers the option of using the private sector to supply public services. This would mean LWSA's operating, maintaining and upgrading supply and sanitation, and arranging private sector finance, with the local authority retaining ownership of assets and control of quality standards and tariff settings.

Making history

In 1992, WSSA made SA history by signing the first long-term contract between a private company and a local authority. In the first three years of its 25-year contract with Queenstown, services have not only been upgraded and extended to disadvantaged communities, but a 20% reduction in costs has been achieved.

A key factor in the new partnership's success in meeting the challenge of community water supply would be what the company calls "delegated management contracts". Under this system, local people are consulted and then employed and developed to run the process, with the partnership supplying the training, technology and injection of capital.

"The major advantage of delegated management is that the private sector can offer municipalities management and operation of water and sanitation systems, customer management and financing assistance," says Jean Claude Ambert, executive director of LWSA.

One of largest projects the international company has been involved in is the upgrading of services in Buenos Aires.

In two years, the consortium in which Lyonnaise des Eaux has a 30% share has achieved a 90% recovery of customer payments, and a 27% reduction in costs.
TV, radio, press to help home-buyers with advice

SPECIAL CORRESPONDENT

JOHANNESBURG: The Housing Ministry, with help from the private sector, has launched a multimedia initiative to help prospective home-owners with advice on buying a house.

The project, a joint venture between the ministry, Barlowes and the SABC, includes television programmes, radio broadcasts, newspaper articles and a toll-free number offering advice to prospective home-buyers.

More than R2 million had been invested in the housing programme, Future Foundations, to promote first-time home-ownership, SABC spokesman Mr. Johan Venter said at the launch yesterday.

The television programme, to be screened in 26 episodes, is due to start on NNTV and CCV on May 17. A radio version will also be broadcast on 10 radio stations, and major newspapers will publish information.

A toll-free number will be introduced in the next few weeks.

Speaking at the launch, Housing Minister Ms Sankie Mthembi-Nxondo said the series would help people to make informed decisions about housing.
Education drive on housing

THE Housing Ministry has teamed up with big business and the media to launch a wide-ranging information campaign to educate prospective home owners on housing issues.

Announcing the venture yesterday, Housing Minister, Sankie Mthembi-Nkondo said the Future Foundation’s initiative would include a comprehensive television, radio and print campaign.

Mthembi-Nkondo said the campaign would help prospective home buyers to make informed decisions on housing, which was central to a tolerable and dignified life.

She said the decision to finance the campaign spoke of the private sector’s involvement in an area which would transform the lives of millions of people.

The venture was sponsored by Barlows to the tune of more than R2m, and was aimed at 5-million adults nationally.

An educational television series to be broadcast on MNTV and CCV would spearhead the programme, which would be adapted for broadcast on nine radio stations. A print media campaign would be undertaken in major newspapers.

Barlows operations director Russell Chambers said construction of 1-million houses by 1999 was a formidable challenge, but sound policies were being put in place to achieve this target.

"Ultimately, success depends on high levels of cooperation between many diverse players and this is why this campaign is such a worthwhile project.

"Because the shortage of housing is one of SA’s most pressing concerns, we believe that by sponsoring this education project we will be helping to stabilise and grow the housing environment," he said.

Chambers said Barlows viewed investing in the campaign as going some way towards delivering on pledges made at the signing of the Housing Accord in Botshabelo last year.

Topics to be featured in the series included responsible citizenship, the house as an investment, individual subsidies and their use by prospective home owners and bank financing and its application to the community.
LOW COST HOUSING

Competition results

Three winners were announced last week, out of 26 entrants for Interbou Trust's first low-cost housing competition.

Emphasis was on the design of a housing project, in a rural or urban context, rather than on cost-cutting building products or systems. Hence the title of the competition: From Concept to Construction.

Homes had to cater to households with incomes of R800-R3,500 a month, which makes them eligible for government subsidies.

The schemes were judged on a number of criteria:
- Underlying strategy;
- Processes of consultation;
- Proposed financial arrangements;
- Involvement of the community for whom the project is designed; and
- Reasoning behind the urban and architectural design.

There were three joint winners.

One was an organisation called Foundation for Education with Production. It worked in collaboration with a firm of architects and designers — Albonico & Sack Architects & Urban Designers.

It submitted a plan for an urban, residential densification scheme in Bertrams, Johannesburg. Parts of this project are already under construction.

The second is a site and service development taking place in South Pinetown, Natal. It is the work of the Built Environment Support Group of the University of Natal and local civic. The third, by Builders Management Services, is an urban project in Pinetown, near Daveyton.

Sponsors of the competition included Building Industries Federation of SA and Fedare.

Department of Housing director-general Billy Cobbett awarded the prizes of R13,000 each.

If the competition is repeated it should be broadened to include categories for products and systems which result in significant cost savings. They deserve attention individually. Similarly, many showhouses are being built for as little as R7,000, minus serviced site costs. They also need to be judged separately.
'People's houses' from VW

GERMAN car manufacturer Volkswagen yesterday said it would start producing and selling low-cost, prefabricated houses in South Africa from June, tapping a market in the housing shortage.

The houses—made of 7 cm thick plastic and containing two rooms, a living room, kitchen and bathroom—would first be offered to VW workers in Uitenhage and later on the open market.

The houses will cost about R30,000 and can be erected in three days.
Volkswagen to sell houses

FRANKFURT: Automaker Volkswagen AG said at the weekend it would start producing and selling low-cost, prefabricated houses in South Africa from June.

A VW spokesman said the houses — made of 7cm-thick plastic and containing two rooms, a living room, kitchen and bathroom — would initially be offered to VW workers in Uitenhage.
"People’s house" from VW: Volkswagen has built the first prototype of a "people’s house", ultimately destined for the overseas market, in the eastern Cape. Made from styrene-like material, the modular two-bedroom home will be ready soon and will sell here for about R20 000. See Background & Analysis.
Volkswagen to make beetle-proof houses

JOSE Lopez de Arriortu, one of the senior directors of Volkswagen AG’s main board, promises to be back in SA in June to keep a date on a building site. The Mexican-born Lopez will be here to build the first of the motor company’s prefabricated houses for employees.

He and Volkswagen SA MD Heinrich Holtmann will put up the first house and he adds, with the flamboyance of a committed marketing man, that the pair of them will live in two of those houses.

The job, according to Lopez, should take the two men three days. That is the estimate of how long it will take a homeowner and a couple of his neighbours to erect the fully-modular home using equipment no more complicated than a few hammers and screwdrivers.

Once the first house has been put up, the idea is to start building a village of 500 houses in August for employees of VW’s Uitenhage plant. Exports are next.

Lopez is reluctant to talk about technical details, so he will not say what the houses will be made of except that it is a chemical with secret ingredients. Shades of Coca-Cola’s syrup or the seven secret herbs Colonel Sanders dunks his fried chicken in.

The walls, and, it seems, the roof will be made of the secret chemical which VW will buy in SA. Lopez’s reticence has, perhaps, less to do with an uncharacteristic reluctance to tell everything than the fact that VW is still busy securing patents for the chemical.

He says the construction material has good sound, heat and cold insulation prop-

Volkswagen

erties. And, with unashamed hyperbole, he compares the feeling of spaciousness inside the house to that inside St Peter’s in Rome. The implication is more mundane.

Because of the insulating properties of the construction material, there should be no need for ceilings.

Price is still debatable, but Lopez believes the cost of a 50m² modular house with two bedrooms, a kitchen, bathroom and living room could be cut from its present R20 000 to as little as R13 000. But and here is the rub, this could depend on Volkswagen using its massive purchasing power to source materials in the cheapest markets. In other words, SA suppliers had better be price-competitive or the materials purchase contracts will go elsewhere.

Once the Uitenhage village is under way,

WV plans to initiate exports of completely knocked down house kits to Brazil, Mexico and Zimbabwe.

Again, SA will benefit only if it is price competitive. If not, VW’s other plants will make the housing kits.

The project gives new meaning to the expression mobile home. Foundations are apparently not necessary. The house can be erected on a base anchored to the ground and be disassembled and moved.

Has Volkswagen rethought the concept of the people’s house as it did with the people’s car? Lopez exudes that confidence. He believes demand could grow exponentially and, in almost the same breath, points to the exponential growth in car sales in Brazil where VW makes cars ordinary people can easily afford.
Look at us, we live like animals

Mandla Mkhwanazi reports on the grim and filthy conditions at a hostel in Mamelodi.

Assumptions they are often overlooked when the issue of better housing is discussed.
Campaign to inform new home buyers

The Housing Ministry, with help from the private sector, has launched a multimedia initiative to help prospective home-owners who need advice on how to buy a house.

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More than R2-million has been invested in the housing programme, Future Foundations, to promote first-time home-ownership, SABC spokesman Johan Venter said at the recent launch.

The television programme, to be screened in 26 episodes, is due to start on NTV and CCV on Wednesday.

A radio version will also be broadcast on 10 radio stations, and major newspapers will carry printed information.

The toll-free number would be introduced in the next few weeks, said Venter.

Housing Minister Sipho Mkhwanazi said at the launch the series would help people make informed decisions about housing.
'Cheap deal' for Eskom

JOHN CAVILL

LONDON — The $100m international five-year revolving credit signed by Eskom and eight banks on Friday would set a benchmark for other SA borrowers, said a spokesman for JP Morgan, senior lead manager for the syndicated loan.

Priced at 0.875 percentage points over LIBOR (London Inter-Bank Offered Rate for six months dollars), currently 6.125% or funds drawn during the first three years and LIBOR plus 1.125% percentage points for the last two, the facility was a “cheap and flexible deal” for Eskom.

Even though the credit had not been guaranteed by the government, Eskom had been able to raise the credit 1.5 percentage points cheaper than the $750m loan issued by the Republic of SA in December.

The Industrial Development Bank was reportedly to be in the market for a three-year syndicated loan at a similar rate of 0.875 percentage points over LIBOR.

Commenting on criticism that the five-year term of the credit was “not right” for SA because it took the lenders past the date of President Nelson Mandela’s retirement, the spokesman said the banks had taken account of the political factors.

“But we also looked at business we were lending to. "This was a client-driven deal. A one-year facility would have been inappropriate for a business like Eskom.”

R100m boost for SA Housing Trust

THE struggling SA Housing Trust has been given a new lease on life with the approval of a R100m loan from the Development Bank of Southern Africa to be used for housing at the lowest end of the market.

The trust is the largest financier of low-cost housing in SA and has been hard hit by bond boycotts over the past decade, posting a net loss of R13m for the year to June 1994.

Development Bank northern region GM Salty Nortje said recently the loan had been approved on a 12-year basis in consultation with government, but the money would be transferred only after government had approved certain conditions.

The bank required the ministries responsible for Housing, Finance and the reconstruction and development programme to underwrite the loan. There had been agreement in principle on this issue. Government’s back-up was needed as the trust was a public finance company with a range of nominal voting shareholders, but with the state as provider of its equity funds and to be guarantor of the trust’s loans.

Nortje stressed that the loan did not indicate the bank was entering into a new field as a secondary financier of housing, but it was the first time the bank had moved into the long-term mortgage market.

Operations GM De Villiers Botha said the loan had been approved on the understanding that the trust would use the funds to build homes on serviced sites held by the trust for the lowest end of the housing market.

Botha said the bank had launched an investigation of the trust late last year to ensure it had the institutional capacity to make loans to low-income earners and to service them.

Trust executive chairman Chris Ball said last week that the trust had the largest capacity in SA to make housing loans available to low-income households. It also had a development division with significant capacity as well as 6000ha of land to be used for housing.

Ball said the biggest challenge was financing low-income households, as there was not yet a proved market for financing in this segment. There had been a number of failures when organisations had attempted to address the market, including the trust.

Ball said more than 29 000 houses, with a gross loan value of R700m, had been financed through trust subsidiary Khayalethu Home Loans.

Substantial provisions had been made against the loan assets. This was mainly because of the nationwide boycott of payments.

He said the net loss for the current financial year would be greater than the previous year unless there was a change in payment patterns in May and June.
NEWS FEATURE People are encouraged to pay for services to help rebuild the country

One of Masakhane's aims is to improve the quality of life for all South Africans

Garbage removal is one of the services that people have to pay for.

Masakhane, the call to cooperate

By Musa Zondi
ARCHBISHOP Desmond Tutu wearing his purple robe sweeps into the large room, smiles and says: "Now is the time to start paying."

"Masakhane. Let us build our country together," he says.

The advertisement is for Masakhane, which has as its aim to encourage people to pay for services and to help rebuild disadvantaged communities and societies.

Why should people now pay? During the years of struggle — which may not be over yet — a weapon used with devastating effect was the refusal to pay for services. The aim was to make the country ungovernable.

Now that a democratic Government is in office, people should cooperate to make the country governable again and improve the quality of life.

Masakhane — let us build together — aims at:

• Speeding up the delivery of basic services and housing;
• Stimulating economic development in both urban and rural areas;
• Promoting the resumption of payments for rent, services and bond instalments;
• Creating favourable conditions for large-scale investment in housing and services infrastructure, as well as in economic development; and
• Promoting conditions conducive to effective and sustainable local governance.

The campaign hopes to achieve this by:

• Mobilising state, private sector and community resources;
• Enhancing the administrative capacity of local government;
• Raising awareness of the benefits of local government services;
• Mobilising communities to take charge of their own development.

Main issues

The issues that the campaign attempts to address are:

• Local government finance services
The Reconstruction and Development Programme largely depends on what happens at local level. It is with this in mind that local areas are being given a priority — to rehabilitate infrastructure, systems and facilities essential for the effective rendering of services. This priority also extends to those areas that did not have services before, such as informal settlements and rural areas.

• A stable housing environment
Through the partnership of business, government and individuals, the campaign will lend support to the creation of a sustainable housing environment. The campaign will also try to motivate those with an interest in housing to enter into partnerships that will accelerate an improvement in housing and help to stabilise living conditions in communities where houses are deteriorating.

• Local economic development
This is of critical importance to the survival of the whole concept. Without money most of these grand schemes will not work. Local economic development strategies are to be developed to encourage private, public and community investment in local areas. This will be done by supporting specific development and economic activities aimed at creating partnerships between local authorities, communities and the private sector.

• Building legitimacy
The campaign will support the local elections in November and the building of proper structures in rural areas to enhance the delivery of services to these areas. An example of this is the Moretele Water Project which was unveiled in March and which will supply 150 000 people with clean water.

• Communication and community education
Spreading the message as Archbishop Tutu is doing. This also involves advertising in both print and electronic media and mobilising the community.

For more on Masakhane, watch NTV at 9 tonight. The programme is repeated every Wednesday lunchtime on CCTV.
Plan for mass housing

The government's long-awaited housing plans are to be launched on Monday, June 5. Housing Minister Ms Sindiwe Mthembu-Nkondo announced yesterday.

New housing incentives and subsidies, bank loans for people earning R3,500 or less a month and housing support centres were among the plans, she said in the debate on her vote in the National Assembly.

She also revealed a new plan in government strategy to shift subsidies to individual households away from development firms.

Co-operatives

Ms Mthembu-Nkondo said all housing waiting lists would be scrapped and subsidies would be given on a first-come, first-served basis each quarter.

However, there would be subsidies to allow for the formation of housing co-operatives and associations which offered rental accommodation.

She said that from June 5 people earning R3,500 or less a month would be able to apply for subsidies individually. "Individual subsidies will make access to housing easier for many people."

Banks would also start lending money to people who earned less than R3,500 a month, from June 5. These loans would be made available on a commercial basis in conjunction with the subsidies.

"As part of the subsidy and loan scheme, the banks are to introduce a housing savings scheme on June 5 that will allow eligible clients to save for a minimum of nine months towards the goal of a housing deposit," Ms Mthembu-Nkondo said.

* See Page 20
New subsidy scheme for houses

Political Staff

THE government's mass housing initiative will begin in earnest on June 5 with the introduction of a revised state subsidy scheme, says Housing Minister Sankie Mthembu-Nkondo.

The initiative is backed by an 80 percent increase in the national housing budget from R1.6 billion to R2.9 billion.

Acknowledging that the housing provision programme "has indeed been slow in the first year", Ms Mthembu-Nkondo said the government now had its policies in place to "transform the way South Africa is housed".

Among the measures announced by the minister in her introduction to the housing budget in the National Assembly were a revision of the state subsidy scheme and steps to remove bureaucratic and legal red tape standing between prospective homeowners and new houses.

State subsidies of up to R15 000 will now be made available to individual households earning less than R3 500 a month.

In the past, only approved housing projects qualified for subsidies. There will be no more waiting lists and subsidies will be made available four times a year.

Other measures to speed up housing provision include the implementation of the agreement between the government and the Association of Mortgage Lenders for banks to lend in the lower end of the market.

The agreement with the banks also comes into effect on June 5.

Ms Mthembu-Nkondo said the new subsidy scheme provided "a significant range of choices".

As many as 200 300 subsidies had already been made available and a "consolidation" subsidy would allow a person who had state assistance to secure a serviced site to build a structure.

A system of institutional subsidies would allow the formation of housing co-operatives and associations.

This would eventually make rental accommodation available.

But the minister warned that even with an increased housing budget "it is nowhere near large enough to satisfy demand all at once".
Govt mass housing plan kicks off soon

Robyn Cashmore

CAPE TOWN — Government’s long-awaited mass housing programme will kick off on June 5 with a new set of subsidies, creation of housing support centres and innovative loan schemes forged with banks.

Presenting her budget speech to the National Assembly yesterday, Housing Minister Sankie Mthemb-Nkondo said solutions to the housing crisis would centre on an alliance between government, the private sector and individuals.

Mthemb-Nkondo said from June 5, banks would implement the record of understanding forged last year with government when they began lending to people earning below R3 500 a month.

Loans as small as R10 000 repayable over up to 20 years would be available across SA, provided cover was available in terms of the mortgage indemnity scheme. A nine-month savings scheme would be introduced for those who could not afford the minimum 5% deposit.

Mthemb-Nkondo said a solution to the sensitive issue of the estimated 32 000 repossessed properties and non-performing loans held by banks and the SA Housing Trust had been found, in the newly-formed Servcon Housing Solutions — a joint venture between government and lenders.

Servcon would offer a once-off deal to willing occupants, allowing them to restructure their loan. She said individual, consolidation and institutional subsidies would be introduced to complement the existing project-linked subsidies.

Individual subsidies would be extended to eligible applicants earning R3 500 a month or less. Consolidation subsidies would enable those who had received a serviced site from government to build a small top structure.

Institutional subsidies would allow creation of housing co-operatives and housing associations and also provision of rental accommodation.

Mthemb-Nkondo said subsidies would be issued four times a year on a first come, first served basis.

To increase what the subsidy could buy, a housing support centre programme would provide advice, finance, training, job opportunities and reasonably priced building materials to the most disadvantaged communities. The nine provincial governments had established task teams to plan and implement this system.

The Development Facilitation Bill should soon be approved to release land rapidly for housing, she said.

She was confident that subsidy measures for rural communities would be announced soon.

The Housing Ministry had made good progress on the rationalisation of a number of housing institutions left behind by the former homelands, and a final proposal on the National Housing Finance Corporation would be presented to the Cabinet within two months, she said.

See Page 16
Housing delivery plan still fraught with obstacles

ROBYN CHALMERS in Cape Town

The housing delivery plan is still fraught with obstacles, as indicated by recent developments. The Ministry of Housing is facing challenges in delivering the planned homes without significant delays or setbacks.

The Housing Ministry has been criticized for its slow pace in delivering homes, especially in areas where demand is high. The Ministry has been urged to speed up the delivery process to meet the growing housing needs of the population.

The housing delivery plan is expected to create thousands of new homes, but the Ministry has struggled to meet its targets. Some of the challenges include bureaucratic delays, lack of funds, and insufficient land.

The Ministry has acknowledged the challenges and has promised to work towards overcoming them. However, critics argue that more needs to be done to address the root causes of the delays.

The Ministry has also been criticized for not involving communities in the decision-making process. This has led to protests and resistance to housing developments in some areas.

The Ministry has promised to improve communication and engagement with communities to address their concerns. However, the effectiveness of these efforts remains to be seen.

In conclusion, the housing delivery plan is facing significant challenges, and the Ministry needs to take urgent action to overcome them. The country needs affordable housing to address the growing housing crisis, and the Ministry must prioritize this issue to meet the needs of the population.
Mass housing start-up

From Page 1

Loans as small as R10 000 will be made available.

However, the Minister warned that even with an increased housing budget “it is nowhere near large enough to satisfy demand all at once.”

“Housing is a long-term undertaking for our country. It is going to take us many years to deal with the backlog. This is not just a matter of financial resources but also of technical skills and materials.

“My promise is that we will expedite, we will approve as many subsidies as is humanly possible each year.”

She said the Government needed time “to sort out the mess” it had inherited.

‘Toilets in veld’

“We have very deliberately said that we would rather accept an extra month or two of septic tanks if it allows us to get the framework for the future right.

“We were determined to discuss our policies openly and to reach a workable consensus for the future so that we could avoid a repetition of the toilets in the veld. She identified the release of suitable land for housing as a key issue.

The Development Facilitation Bill introduced last year was being re-drafted and the Prevention of Illegal Squatting Act, clauses of which are now considered unconstitutional, was being reconsidered to help speed up land release.

The Minister will also present a final proposal on a housing finance corporation to the Cabinet within the next two months.
Homes for the poor

By Ismail Lagardien and Joshua Raboroko

The Government yesterday announced its first major step to alleviate the housing crisis through a programme of subsidies and loan schemes for lower income groups.

The plan, which comes into effect on June 5, also includes steps to resolve the bond boycott problem and has been welcomed by housing associations and potential home buyers.

Minister of Housing Mrs Sankle Mbembi-Nkondo told Parliament the Government is determined to build legal, institutional and financial infrastructures before actual houses can be built.

Opening the housing budget debate Mbembi-Nkondo said: "We now have the policies in place which will allow us to do precisely that."

From June 5 prospective home owners who earn less than R3 500 a month can go to banks and other financial institutions to apply for subsidies. The subsidies will be granted on a first come, first serve basis. There will be no waiting lists and grants will be made four times a year.

Loans as small as R10 000 will be made available "on a strictly commercial basis" in conjunction with subsidies and repayable over 20 years, provided that the Mortgage Indemnity Scheme is available.

The MIS is a system which allows banks to repossess the properties of bond defaulters in accordance with normal civil law procedures.

In terms of the new deal the Government will compensate the banks for a limited period of three years to avoid the repossessions of houses.

“This means that red lining is dead,” Nkondo said yesterday. Access to credit will also be improved.

Banks are to introduce a housing savings scheme which will allow eligible clients to save for a minimum of nine months towards money for a deposit on a house.

"By doing so, people on tight incomes will be able to demonstrate their willingness and ability to set a certain amount each month for housing — an amount which will later become their mortgage repayments.

Housing support centres are also to be established for people who cannot afford loan repayments.

Chairman of the National Housing Board Mr Ishmael Mbhuzela said the announcement was a move in the right direction. He was optimistic that even the lowest earners would benefit from the scheme, which he said would reduce the housing backlog and help needy people and alleviate the squat- ter problem countrywide.

A potential home buyer, Mr Moses Mtshwane, said the scheme did not explain how the unemployed, disabled and aged would benefit.

Association of Mortgage Lenders' spokesman Mr Japie van Hofwegen said his organisation welcomed the plan.
Govt owed over R13bn in outstanding loans

MORE than R13 billion is owed to the government on a variety of loans for housing, infrastructure and other community facilities.

Freedom Front MP Dr Willie Botha said this figure had been given yesterday in evidence before the Joint Standing Committee on Public Accounts.

The government should "spell out how this liability will be spread among provinces and local authorities so that timely steps can be taken to handle the problem," Dr Botha said. --- Political Staff
Housing loan areas known by next month

Robyn Claassen

AREAS in SA where banks would extend finance for low cost homes would be identified by the mortgage indemnity fund by June 5, Housing Ministry sources said yesterday.

A number of smaller developers yesterday expressed confusion about where banks would begin lending.

This followed the Housing Ministry's announcement that its mass housing programme kicked off on June 5.

In her speech to the National Assembly this week, Housing Minister Sankie Mthembu-Nkondo said banks would make loans as small as R10,000 available in areas covered by the indemnity scheme.

A Ministry source said an investigation was under way by members of the mortgage indemnity fund to identify areas around the country where law and order was either being upheld or had been restored.

Mortgage loans would not be available in areas where there was an absence of law and order, but there would be a continuous review.

This would be undertaken by the board of the mortgage indemnity fund with its members to be appointed by a number of ministries.

The fund, established last month under the chairmanship of housing consultant Johan de Ridder, would also administer the mortgage indemnity scheme.

The mortgage scheme would indemnify accredited mortgage lenders on defaulted loans when it had been proven beyond doubt that the state had failed in its duty to maintain the due process of law.
Pay-dodging still hits Eskom

Non-payment of electricity accounts was still one of the most significant financial threats facing Eskom, the corporation's chairman Johan Maree said yesterday.

Non-payment was expected to decrease gradually, and cutting off service to individual non-paying customers was starting to have the desired effect, he said.

It was clear that in the thrust to achieve a normal society, non-payment had to be addressed by everyone involved.

Maree said Eskom was giving attention to both the advisability of privatizing and ways of doing so. There was no doubt the corporation would attract a great deal of local and international investor interest if there were a decision to privatise.
Government promises tendering system review

**Nafcoc calls for pre-’94 tax write-off**

**TRANSFER LAND** Nafcoc chief urges member donation to the RDP:

By Mzimkulu Malunga

Black business in Gauteng wants all taxes owed to the Government before April 27 1994 to be written off.

Addressing the 25th annual general meeting of National African Federated Chamber of Commerce yesterday, the organisation’s president Mr Mashudu Ramano called on the Government to write off all rental arrears and taxes owed before last year’s elections.

Ramano also called for the transfer of all land and premises owned by previous black local authorities and currently occupied by black business people for more than 10 years.

He called on his black business colleagues to each donate R100 a year to an RDP fund that would support schools in the rural areas of Gauteng.

“We want access and transparency in the awarding of government tenders,” he said, adding that many big businesses had lobbied hard for more than three years for their contracts with the Government to be renewed.

Ramano also announced that negotiations were in progress with a major financial institution to access finance for black business ventures.

**Junior chamber**

He said that through a joint venture between Nafcoc and Shell Live Wire Programme, the organisation’s junior chamber would be established.

Addressing the same conference, Gauteng MEC for economic planning and finance Mr Jabu Moleketi echoed Ramano’s call for black business not to sit back and wait for Government aid.

He told about 300 delegates that the Government wanted to create an environment in which the economy could grow and create jobs. He also assured the delegates that the tendering system in the province was being reviewed.

The meeting was also addressed by the Danish ambassador to South Africa Alf Johnson, who promised that his country would facilitate joint ventures between black-owned businesses and Danish business people.
Finding ways to pay

Problems with payments for serviced sites are delaying their allocation.

There are roughly 200,000 serviced sites available countrywide, developed by a number of agencies such as the Independent Development Trust (IDT), the former four provincial administrations, the former National Housing Commission (now superseded by the National Housing Board) and development boards.

And, as a result of previous government commitments, more serviced sites are being produced. In the Cape Flats, for example, a serviced land project, initiated by the Cape Provincial Administration two years ago, will produce 40,000 serviced sites over the next three years.

But delivery has been delayed because, in some communities, there have been bitter disputes about the allocation of the sites.

Cautong Provincial Housing Board chairman Martin van Zyl proposed to the National Association of Home Builders & Urban Developers conference in Sun City last week that sites be allocated to those who can afford to pay up to R200 a month. He said that given a R750 loan — the average cost of an IDT site — a 20-year repayment period and an 18% interest rate, monthly repayments would amount to only about R115. He pointed out that many renters of backyard shelter pay more for their premises without ownership benefits.

He also suggested bending the present subsidy rule which decrees subsidies must go to the serviced site and the house. He said that in some instances the entire subsidy should be devoted to the purchase of a house. And the cost of the serviced site should be funded by a loan to be extended by a local authority.

This could be funded in the market at market-related rates. Until three years ago, local authorities were able to raise money in this way but the refusal of central government to continue providing implicit guarantees put a stop to the practice.

Given its huge debt burden, it seems unlikely that central government would be prepared to extend its liabilities.

Certainly, departure from the present subsidy rule would solve an embarrassing political problem. Fear of a backlash on the ground against 16 m² homes with toilets has been one of the biggest deterrents to delivery to date.

If the subsidy rule could be bent, housing MECs who have promised minimum house sizes of around 40 m² might be able to deliver on their promises.

For the building industry, the sooner provincial housing MECs find a way out of the impasse the sooner they can get on with the job.

Housing director-general Billy Cobbe told conference delegates that government will not increase subsidies. He said the only way government can meet the needs of low-income earners is to encourage self-help schemes and innovation.

In a self-help scheme at Oukasie outside of Brits, SA Homeless People's Federation members are building a 62 m² house for R10,200. This proves that, within the subsidy limit, houses larger than those promised by the MECs can be produced.
the area they want to live in:

Low earners
Greater choice for

FIRST COME People can choose

NEWS FEATURE WIS will not censure persistent defendants or those who claim a free ride

sowetan Correspondent
sowetan 19/6/94

Sowetan 19/6/94

Correspondent
Sowetan
Eskom report reveals public

Power debt at R293-m

REDECE TARRIFF Eskom on track to fulfil its RDP promise:

Arrears in payments for electricity countrywide total R923 million. This figure, for December last year, is contained in Eskom's annual report which was tabled in Parliament this week.

Eskom chief executive Allen Morgan said efforts were being made in cooperation with all levels of Government and civic leaders to get people to pay.

At the end of last year, there was an improvement in payments in some areas, including Soweto.

"There is a growing realisation that the country cannot afford to provide services if customers are not paying for these."

He said Eskom was on track to fulfil a 1991 promise to customers to reduce the price of electricity by 20 percent in real terms by 1996.

Eskom was confident of meeting its reconstruction and development programme commitment of reducing the price of electricity by 15 percent between this year and 2 000.

Mr Morgan said Eskom had achieved commendable financial results with revenue for the past financial year having increased by 11.8 percent to R15 417 million.

This was caused by a net tariff increase of 7.6 percent and a 3.9 percent increase in sales.

The increase in sales was caused by an upswing in the business cycle. Operating spending was R9 963 million, an increase of 10.7 percent.

Costs included decommissioning fossil-fired power stations (R192 million), management rationalisation and early retirement (R110 million) and medical aid post-retirement benefits of R51 million.

Net income was R2 268 million, a 37.8 percent increase over 1993.

Accumulated reserves were R16 005 million, Morgan said.

— Sowetan Correspondent.
There shall be houses for all

The government's brave new housing loan scheme will bring houses within the reach of the poor, writes Gaye Davis

A YEAR to the day after Joe Slovo first walked into the Ministry of Housing to give it the shake-up of its life, his successor, Sankie Mthembu-Nkondo, could this week announce a June 5 start for government's mass housing programme.

Unveiling new subsidy and loan and savings schemes, giving people earning R3 500 and less a foothold, and plans for housing support centres offering advice and cheap building materials, Nkondo paid tribute to the man whose first act as housing minister was to tell his director-general he wanted him to go.

Nkondo's deputy director-general, Neville Karsten, remembers the day well - he and his colleagues were reeling with shock at the announcement that "a communist, someone seen as Public Enemy Number One", was taking over.

"One expected to meet an ogre, yet found a quiet, gentlemanly person who was very forthright, knew exactly where he was going and what he wanted to do and who spelled out his policies in such a way that one could completely identify with him," Karsten said this week.

Of all the ministries, housing has perhaps had the smoothest transition. One reason for this is the work that preceded the April 27 elections - painstaking and often painful consultations with stakeholders brought together in the National Housing Forum.

Slovo's arrival aroused fears that the work done in devising a housing policy based on free-market principles would be washed away by command economy enthusiasts - but he quickly allayed them.

Said Karsten: "He accepted the work that had already been done, so we could build on it. We had a broad framework in place but at that stage it was a very shaky skeleton - we had to clothe it in flesh. We had a good basis on which to start - all we needed was the strategic thinking."

Slovo gave it his incumbent director-general, Louis Koch, took early retirement and former National Housing Forum powerhouse Billy Cobbett came in.

"The day after, Joe addressed the entire department. He told us what had happened and spoke about the need to work together. In this way, he was able to cement relations between the old officials and the new," Karsten said. "Without him, we would not be where we are today." And without the pre-election years of negotiations with the National Housing Forum, the new ministry may well have found itself obstructed, sabotaged or generally debilitated by foot-dragging old-guard bureaucrats.

Refining the "shaky skeleton" of a legal, institutional and financial framework to get delivery going was the first priority of the new ministry. It meant the actual rate of delivery dropping to historic lows while all the pieces were put into place - but also means a new policy that is sustainable.

From June 5, Nkondo announced this week, banks will start lending to individuals earning less than R3 500 in terms of the record of understanding forged with government last year.

Consolidation subsidies, for people who have already had state assistance in the form of a serviced site, will be available for building "small but solid" structures.

And a new system of institutional subsidies will be introduced, allowing people to form housing co-operatives and associations - and opening the way for cheap rental accommodation.

Bank loans will be offered across the country, but only where cover is available in terms of the Mortgage Indemnity Scheme (MIS) - in other words, areas where due process of law can be applied. Loans will be granted on a strictly commercial basis, and could be as small as R10 000, repayable over 20 years.

Those unable to afford the five percent deposit will be able to save money towards it over a minimum of nine months - and there will be subsidies to match the deposit they have saved for.

To meet the ministry's part of its bargain with the banks - which undertook to solve the problem of houses formally repossessed, and which lending agencies cannot get access to - Nkondo announced the creation of a new organisation, Servcom Housing Solutions.

A joint venture by the department of housing and lenders, it will offer people living in the estimated 30 000 repossessed but still occupied homes a chance to reschedule their loans and resume payment or - if this is unaffordable - help find cheaper accommodation.

But Nkondo warned that although housing got the largest budget increase of any department, it was still "nowhere near large enough to satisfy demand all at once", while the backlog would take years to deal with.

Communities across the country should accept that "nothing will move, nothing, if we do not take responsibility for ourselves" by paying for housing and services, and the repair and protection of community assets.

"This is what Masakhane is all about," she said. "A strategic alliance where government, the private sector and individuals within their communities pool resources to transform and uplift South Africa."

It was an unfortunate fact of life that most South Africans - those sidelined in the past by both government and the private sector - would never be able to afford housing on credit. But they are the focal point of the new policy.

"Let us be quite frank. The maximum subsidy of R15 000 will seldom, if ever, buy outright the kind of house people imagine when they turn to daydreaming. But it will do something South Africa has never seen before. It will provide the poorest people in our country with a tangible and workable housing opportunity.

"It will provide them with security, services and a structure. It will give them water, waste water disposal, solid walls and a roof. It is our task to ensure that people who have little to add to the subsidy can maximise the advantages to be gained from what little they have - whether it be their own labour, minimal savings or other skills."

Housing support centres would be set up in each province to provide, over time, advice, finance, training, jobs and cheaper building materials to the poorest of the poor.

But ultimately, said Nkondo, only South Africa's people could decide "whether we are to get to work building or not" - by organising within their communities and paying for housing and services, "because a rand withheld is one rand less for new housing or upgraded services".
regulators, suppliers and buyers of housing — will better reflect the crucial process she is steering.

The articulate Mkhabela, former vice-chairman of the National Housing Forum, says the board is the main advisory body to the Minister and administers the national housing fund. “We also listen to the concerns of other parties and sift what’s not working from what is.”

Mkhabela, a schoolteacher turned professional community organiser, makes the pithy observation that “the housing delivery process is not like baking bread — it takes a little longer.” Still, Mthembu-Nkondo has said the approval of almost 200 000 subsidies is testimony that housing is in top gear.

Though soft-spoken and with a philosophy grounded in theology, Mkhabela is, by all accounts, firm and incisive. His deputy, housing consultant Matthew Nel, says: “Ish operates with a commitment to expediting and getting things done — but from a background in community mobilisation. He has an incredible ability to reach decisions without others feeling unreasonably pressured into untenable decision-making. He also has great charm.”

Soweto-born Mkhabela read geography and biblical studies at the University of the North; he has also studied sociology and communications. He started teaching in 1977 and later became an organiser for Suchod. He was detained in mid-1978 and subsequently banned. “This gave me time to promote social processes because no institution would take me on.”

He then became involved, through the Witwatersrand Council of Churches, in the plight of people forcibly removed from their land and other victims of injustice. In 1991, he founded and is still executive director of the Interfaith Community Development Association.

Mkhabela also happens to be the founding chairman of the radical Azanian People’s Organisation. “I stepped down in 1985 to concentrate on community work. I found party politics conventional and ritualistic — and ultimately limiting.”

Mkhabela is married and has three daughters. He enjoys sport and reading — including “a fair dose of theology.”
State builds 16 028 houses

The state and local authorities built 16 028 houses and provided 128 000 serviced sites in 1994, Minister of Housing Ms Sankie Nqondo said in written reply to Mr Mike Ellis (DP) yesterday.

About R1,3 billion had been spent to accommodate an estimated 80 000 people, she said.

Political Staff, Own Correspondent and Sapa
The MINISTER OF EDUCATION:

(1) No. This matter is the responsibility of the provincial departments of education. However, the Heads of Education Departments Committee appointed a sub-committee to investigate the current provision of transport for pupils to and from their schools in the provinces.

(2) No.

Advisers/consultants appointed to advise Ministers/Department

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

(1) Whether she has appointed any (a) advisers and/or (b) consultants to advise her of her Department; if so, (i) what (aa) is the name and (bb) are the qualifications of each such adviser and/or consultant, (ii) for what (aa) purpose and (bb) period was each appointed and (iii) what remuneration package and/or other fee is being paid in respect of each;

(2) whether any fringe benefits are payable to any such advisers and/or consultants; if so, what are the relevant details of each case;

(3) whether any advisers and/or consultants are advising or assisting her or her Department at no cost to the State; if so, (a) what (i) is the name and (ii) are the qualifications of each such adviser and/or consultant and (b) what function is each performing within her Department;

(4) whether any (a) organisation, (b) bodies and/or (c) persons are paying the costs of the advisers and/or consultants referred to in paragraph (3); if not, what is the position in this regard; if so, what are their names?

The MINISTER OF HOUSING:

(1) (a) No.

(b) Yes.

(i) (aa) Dr C Thornhill.

(bb) Professor in Public Administration.
American housing aid for S Africa in jeopardy

The Argus Foreign Service
WASHINGTON. — The United States government’s R740 million housing insurance guarantee programme for South Africa is in danger of being scrapped this week in congress where the Republican Party majority is pushing through substantial cuts in foreign aid.

The housing insurance guarantees (HIG) — which underwrite private sector housing loans for blacks and could indirectly fund tens of thousands of housing units — have been dropped from the house of representatives foreign assistance legislation which has already been approved by the international relations committee.

The South African funding has been cut with similar programmes around the world. But the Clinton administration is battling to have the South African HIG programme reinstated when the foreign assistance bill is debated in the full House this week.

Some official sources said they were hopeful the Republicans would reinstate the South African programme but this was far from certain.

The United States government runs three housing insurance guarantee programmes in South Africa — a R277.5 million private sector programme, a basic shelter programme costing the same amount and a R171 million municipal housing programme.

The housing insurance money “leverages” greater amounts. In the case of the private sector programme, South African housing finance companies are matching the American money in the ratio of two-to-one.

This programme is expected to finance at least 22 500 housing units averaging R37 000 a unit. At the same rate, all three programmes would fund 50 000 homes.

Housing insurance seems to be the first specific programme in the American aid package for South Africa to be targeted for repeal by the Republicans as they slash foreign aid.

But other cuts could be on the way. The house bill has also reduced the Development Fund for Africa — out of which much of the foreign assistance to South Africa is financed.

If this proposal is eventually passed, it will be up to the Clinton administration to decide whether to cut the South African package or to leave it intact at the expense of other African countries.

And greater battles await in the senate where the proposed foreign assistance legislation abolishes the Development Fund for Africa completely.
Massive drive to promote home loans for low earners

EAST LONDON — SA’s ambitious tripartite home loans and subsidy scheme, aimed at enabling large numbers of poorer people to become home owners for the first time, will be launched in earnest this coming weekend.

“We’ve reached the stage in the housing accord (between banks and government) where the tyres are going to hit the tar,” said a leading banker with confidence.

Housing Minister Sankie Mthemb-i-Nkondo said in East London yesterday that a specially compiled tabloid — “Home Truths” — would be inserted in every newspaper in the country from Friday to Sunday explaining in the simplest possible language what prospective homeowners, whose earnings were R3 500 or less a month, should do to get a government subsidy and/or a bank loan.

The scheme flows from the Record of Understanding between government and banks initiated by former Housing Minister, the late Joe Slovo.

Mthemb-i-Nkondo told more than 3 000 workers at the Mercedes-Benz plant yesterday that a 6-million copies — a possible

record for SA — of the tabloid had been printed in English, Afrikaans, Zulu (for Nguni speakers) and Sesotho.

The massive information campaign will introduce the start on Monday of the accord between government and banks.

It is expected banks will grant up to 50 000 loans in the first year.

Using state-subsidies from a vastly increased national housing budget, government hopes to help hundreds of thousands of people every year.

Through the Masakhane (“Building Together Now”) campaign, it is stressed that services, rents and bonds must be paid for regularly.

“Most of all, we must put an end to non-payment. I can tell you as Minister of Housing that we will only achieve our targets for housing the nation if everybody pays for their housing.

Mthemb-i-Nkondo said the Masakhane campaign would “spread the message that the time has come for all of us to take pride in our communities. To organise and get involved. To pay for our housing and our services.” — Sapa.
Payment for services rising (123)

NATIONAL ASSEMBLY: Payment for local government services was on the increase, Provincial Affairs and Constitutional Development Deputy Minister Mr Valli Moosa said yesterday.

Speaking during debate on the department's budget vote, he cited as examples Bela Bela (Warmbaths), where payment increased from six per cent last October to 61% in March; Mamelodi (Pretoria) - 19% to 69%; Deepmeadow (Johannesburg) - 23% to 36%; and Khumza (Stilfontein) - nine per cent to 40%. — Sapa
USAid keen to provide mortgage funds

Robyn Chalmers

THE US Agency for International Development (USAid) wanted to extend its programme in SA to create a pool of funds for mortgage loans for people earning between R800 and R1 500 a month, housing and urban development officer Douglas Hefler said yesterday.

The aim of the extended programme would also be to secure bridging finance for emerging contractors, he said.

Addressing a National Association of Home Builders breakfast yesterday, Hefler said USAid was developing the extended programme with the Housing Ministry and the private sector to secure guaranteed loans. The amount to be made available had not yet been decided on, but USAid's original housing guarantee programme, initiated last year to raise funds for black home ownership, had created a mortgage pool of more than R800m.

This programme saw USAid secure $75m in guaranteed loans for Nedcor and First National Bank, which in turn matched the funds two for one. This created the mortgage pool for those earning between R1 500 and R2 500 a month.

He said USAid was also looking at a municipal environment development programme which would provide loans for provincial and local governments to develop infrastructural facilities.
Houses for the People: How to Apply

The Angeles, Thursday May 23 1969

Housing Survey

There are many thousands of people who qualify...
‘Starter packages are answer to benefits of housing subsidy’

STATER house packages designed and delivered through private enterprise and erected by local labour are the best method of ensuring that applicants derive the full benefit of the government’s subsidy scheme.

This is the view of Bob Low, regional representative of the Building Materials Suppliers (Cape) — one of six bodies in the private construction industry represented on the National Housing Board.

He was commenting on the possible establishment of building centres within disadvantaged communities being considered by government.

While the establishment of the centres was supported in principle by the building material suppliers, the criteria for the centres should revolve around the saving accruing to the owner-builder and the cost of maintaining the centre, said Mr Low.

Almost 80 percent of people needing houses earned less than R800 a month and these were the ones who qualify for the maximum subsidy of R15 000.

One of the major problems facing people who wished to own their homes, in spite of the housing subsidy available to them, was the problem of finding bridging finance, said Mr Low.

“The subsidy is paid only once the applicant has purchased the land and the top structure and legal transfer has taken place.”

“The implications of this are that the applicant, or builder, will have to fund everything until the final moment when the new owner moves into the house.”

SELF-HELP: The self-help project in Worcester’s Avian Park was one of the first housing projects approved in terms of the reconstruction and development programme.

“Another problem at this level is that the amount left over after land costs are deducted is at best R7 000 — not enough for a conventional house.

“Unless the recipient can raise a supplementary loan from the private sector, the benefit will be a only rudimentary shelter with a toilet.”

This would indicate owner-building as the best route to follow, allowing prospective owners to utilise their spare time effectively and avoid the profit-taking of a contractor.

“But even self-builders faced problems,” said Mr Low, highlighting the lack of credit rating as a major obstacle.”
Public and private sectors lay foundation for homes

The government has repeatedly stated that solving the immense housing backlog in the country is going to call for the combined efforts of the government and private sectors.

This is being achieved in the shape of financial assistance for those who do not yet own houses being granted by the government, with the aid of various subsidies and assistance programmes, while finance has also been unlocked by the financial institutions, which have been lured back into the low-cost housing market with the introduction of the interim builder's defects warranty scheme and the mortgage indemnity scheme.

Shoddy workmanship will no longer be an excuse to withhold mortgage payments because the interim builder's defects warranty scheme will oblige builders to guarantee their work for five years.

This scheme will be administered by the National Homebuilders' Registration Council, and banks have undertaken not to provide assistance to people who do not make use of builders who are accredited members of this body.

One of the prerequisites of banks re-entering the low-cost housing loan market was some safeguard from the government against defaulters.

Thus the Mortgage Indemnity Scheme has been introduced. The government will by June 5 finalise the areas in which banks may lend, and will under the MIS provide cover for the banks against mortgage defaulters.
Low-cost homes fast

By Isaac Moledi Sowetan 25/5/95

A BRITISH company specialising in low-cost housing has developed a fast-track modular construction system which it believes could significantly speed up South Africa's home-building programme.

The system could also enable black builders to play a greater role in the task of housing millions of the homeless.

Developed by Michael Dyson Associates, the system uses pre-fabricated reinforced concrete wall components which can be produced on a large scale or made on-site by small builders.

"The system enables builders and developers to make the wall panel components and erect them using unskilled labour. The entire walls of a 35sq m house can be erected in one day using this method," says chairman Michael Dyson.

"We estimate that the walls of a house of this size could be erected for between R5 000 and R6 000. The system has been used very successfully in the Middle East and Far East," he says.

Dyson was part of a 27-man trade mission from the Sheffield and Rotherham Chamber of Commerce and Industry that visited South Africa early this year as part of the Britain Means Business trade drive.

He says the system can be an ideal opportunity for black builders to get directly involved in the RDP housing construction programme and not leave all the pickings to major construction companies.

One of the largest single elements of the British Means Business trade drive is the provision of a fast-track housing system to help solve the country's critical housing shortage. For more information phone Tony White at (011) 4650-8422/1391.
Millions told of low-cost housing plan

EAST LONDON — The government today began a wide-ranging communications project to tell millions of South Africans about its low-cost house ownership scheme, which comes into effect a week today.

It also began the Masakhane Campaign Trail project, aimed at taking the Masakhane philosophy to remote communities throughout South Africa.

Announcing the communications project during a visit to the Mercedes Benz plant in East London, Housing Minister Sankie Mihembli Nkonko said democracy and empowerment were about information and the kind of knowledge that meant to people: "The decision is yours:"

He said that after investigating various options, it had been decided to print all relevant information on the low-cost housing package in a Home Truths tabloid that could become South Africa's housing Bible.

It was a step-by-step guide to everything South Africans needed to know and do to qualify for a subsidy.

More than 6 million copies of the tabloid had been printed in four languages. — Sapa.
Low cost housing loans kick off

Municipal Staff

THE long wait for low-income houses is over.

From June 5 the government will start making subsidies available, and financial institutions will start processing individuals who wish to apply for housing loans.

National Housing Minister Sanki Mthembu-Nkondo also announced a major education drive which involves the distribution of more than six million copies of an information tabloid called "Home Truths".

The tabloid will be inserted in all newspapers on Friday, as well as the weekend papers. It explains to people who qualify for housing subsidies how the process works, and how they should go about getting the subsidies and secure home loans.

The Ministry's press secretary, Stephen Lauer, said the tabloid was a step-by-step guide to everything people wanted or needed to know about housing.

"We know there are people out there who cannot read, and the information is quite difficult to digest, but we are sure that those who really want to benefit from the new housing policy will make sure they know how to do it."

Jopie van Honschooten, chairman of the Association of Mortgage Lenders' negotiating team, said they were happy that at last action was replacing meetings and talks.
Get set for the home run

Government to launch housing subsidy scheme

JOSEPH ARANES, Municipal Staff

THE building blocks are all in place, the plans have been passed and the government's promise to build one million houses in its first term of office has now finally become a reality.

From June 5, hundreds of thousands of households earning R3 500 or less will be in line to get government assistance for housing through a national one-off subsidy scheme.

The government has made R2.92 billion available for housing this year, 20 percent more than last year and almost all of this money will be used to help people buy or build basic homes with running water, sewerage and electricity.

Financial institutions have agreed to assist the government help house the homeless by making loans available to lower-income earners who can afford credit.

The question on the minds of many is: "How do you go about getting the subsidies?"

Every household earning R3 500 or less a month qualifies for a subsidy unless you were given a serviced site in the past as part of the government's Independent Development Trust (IDT) programme, or benefitted from other subsidy schemes.

If this is the case and your household income is R1 500 or less, you can qualify for a consolidation subsidy — the difference between the IDT subsidy and the new subsidy for which you qualify.

There are four categories of subsidies:

- Families earning R500 or less will get a R15 000 subsidy;
- If the income is between R601 and R1 500, R12 500 will be paid;
- If a family earns R1 501 to R2 500, R9 500 will be given, and
- Those earning between R2 501 and R3 500 will get R5 000.

The subsidy can be used to help pay for a serviced site, build a starter house, help pay for the upgrading of shacks, help buy any existing house, help pay for the building of a new house, help pay for a flat or help pay for the repairs to units in old buildings.

As most of the subsidies will be project linked, people within a community who wish to build houses, need to come together to participate in a housing project and choose a developer for the planning of the project.

The developer can be a private company, the local authority or a public sector developer and on the basis of a social contract with the community, the developer will make one application to the Provincial Housing Board (PHB) for subsidies for all of the people who will get houses in the project.

But the subsidy will be in the name of the individual and it will make sure you get a home which will belong to you.

If you are not part of a housing project, you can apply directly to the PHB and a developer will help you choose a project-linked scheme.

Housing subsidies will be allocated four times a year, there is no waiting list and you can apply every three months so you have a fresh chance each time new subsidies are allocated.

Here is a quick rundown of how to apply for a subsidy:

- Find a house, flat or site you want to buy or build on, and get a builder to do the work for you;
- Make a conditional offer to the seller to buy the property;
- Go to your Provincial Housing Board from June 5 onwards to apply for your subsidy;
- If you are buying a house in an approved project, the developer will help you apply, and;
- If you want a subsidy and a loan, go to the bank — they will help you.
Daimler Benz donates R27m towards housing

BY MAGGIE ROWLEY  PROPERTY EDITOR

Daimler Benz, the German parent company of Mercedes-Benz South Africa, has thrown its weight behind the government's reconstruction and development programme by donating R27 million towards low-cost housing for 1 000 company employees.

This was announced in East London yesterday at the national launch of the government's Massakhane campaign trail, as well as its Housing For All information package on how people may gain access to state housing subsidies.

Addressing the ceremony, Sankie Mthembu-Nkondo, the housing minister, said the campaign trail was aimed at taking the message of the Massakhane (Let's Build Together) campaign to more than 130 communities a month throughout the country.

The trail was launched in East London, because Mercedes-Benz donated four specially fitted vehicles towards the campaign.

The funds donated by Daimler Benz would be used to leverage credit for Mercedes employees, thereby easing the construction and purchase of houses costing about R94 000 a unit in the four different locations where the company operates — Johannesburg, Pretoria, Pinetown and East London.

Christoph Köpke, chief executive of Mercedes-Benz SA, said the houses would all be built within walking distance of the company's various operations. Most of them — about 900 — would be built in East London.

He said after consultations with workers and the National Union of Metalworkers of SA, a company named Siyakha had been set up to handle the company's housing scheme.

It was hoped that building work would begin as early as next month, with the first houses being ready by August or September.

The housing department also used the ceremony to launch its Home Truths information package on how the state's new housing subsidies might be accessed.

The package is rendered in four languages — English, Afrikaans, Zulu and Sesotho — and has been produced as a 32-page tabloid.

Six million copies have been printed, and will be inserted in newspapers throughout the country on Friday, Saturday and Sunday.

The new subsidies will be available from Monday June 5 onwards.
HOME OWNERSHIP CAMPAIGN LAUNCHED

"Everybody will have to pay to be housed" *(2)*

EAST LONDON: The government believes that in the first year after the new subsidy schemes are launched 50 000 new home owners will get loans, BARRY STREEK reports.

A R2-MILLION campaign to promote home ownership and end non-payment for bonds and services was launched in East London yesterday by the government.

The housing campaign, after a year of intense planning and an allocation of R2.92 billion from the budget, was put in motion by Housing Minister Ms Sankile Mthembu Nkondo.

The government believes that after the new subsidy schemes start next Monday, 50 000 loans will be granted to new home owners over the next 12 months.

Ms Mthembu Nkondo said people who could not afford housing credit had "traditionally fallen through the cracks". They had not been eligible for employer assistance and had not had help from the government.

"We are saying that our housing policies and practice must be truly inclusive. We must create mechanisms that help people to help themselves," she said.

"Most of all, we must put an end to non-payment. We will only be able to house the nation if everybody pays for their housing.

"There can be no write-offs any more. Loans can only continue to flow if the banks and other lenders are confident they will be repaid regularly. Subsidies will only continue to flow if we are not forced to use housing money for write-offs and other things."

Ms Mthembu Nkondo said the R7-million "Home Truths" campaign included six million copies of a tabloid newspaper in four languages. It gave details of housing packages with individual subsidies, subsidies linked to home loans, cooperative and institutional subsidies and consolidation subsidies.

Challenges

It will appear in every South African newspaper at the weekend.

Ms Mthembu Nkondo said the tabloid had information that helped communities understand the challenges they faced before bank lending could begin.

*See Business Report Page 17*
Poor sanitation kills

JOHANNESBURG: About 360,000 children die in SA yearly from diseases caused by poor sanitation, Mr I. Abrams, adviser to Water Affairs and Forestry minister, Prof Kader Asmal, says. — Sapa
Children pay price for bad sanitation

ABOUT 300 000 children die in SA each year from diseases resulting from poor sanitation, says Len Abrams, special adviser to Water Affairs and Forestry Minister Kader Asmal.

Abrams, co-ordinator of moves to formulate a national sanitation policy and to establish affordable sanitation systems, said in a newspaper report that SA's poor record put it near the bottom of the global sanitation scale.

"It's estimated the country will have to spend more than R3bn a year for the next 25 years to solve the problem in urban areas alone," he said.
Banks learn to adjust to the need for small home loans

GOVERNMENT’s big push on the housing front announced recently in Parliament will see banks re-enter a market they have shunned for more than a decade, with widespread ramifications for the industry.

The learning curve over the past year has been steep for all stakeholders: from government to the building industry to the communities. But perhaps banks face the greatest adjustment, as government’s housing programme calls for a significant reorganisation of the way the industry operates in the home loan market to accommodate low-income applicants on a mass scale.

On Monday banks will open their doors to what could be tens of thousands of applicants for small home loans, the majority of whom have to be educated on the whole question of loans and subsidies.

This will require a huge information campaign with a personal interface between a trainer and each borrower using appropriate methods of instruction in different languages.

Banks have had to reassess their lending criteria for potential homeowners and there will be complete transparency when dealing with consumers applying for housing loans. They have agreed to make known all relevant fees, interest rates, charges and other conditions relating to loans as well as disclose their lending patterns to government as a guarantee against redlining.

They have also made important concessions on the illegally occupied repossessed properties and non-performing loans valued at R1,1bn, working out a scheme with government which will allow occupants to begin repayments on their bonds or be moved to more affordable accommodation with help from the state.

Banks have risen to the challenge of re-entering the low-cost housing market since it became clear they had few alternatives there. However, been little altruism on the part of the banking community, and they have insisted on strong backup in the form of the mortgage indemnity fund and the builders’ warranty mechanism. Both these schemes will be activated only as a last resort. The aim is to normalise the environment sufficiently so they will not be required.

Devising an objective basis to determine whether an individual should be granted a loan has been a pressing concern.

Banks have tackled this question by looking at disposable income after housing spend to determine the instalment and loan size. If a potential borrower does not have disposable income of at least the subsistence income level, no finance will be made available.

Banks have insisted that borrowers must demonstrate a willingness and ability to service their loans. A savings programme lasting six to nine months is to be introduced for borrowers who do not have a cash deposit of at least 5% of the price of the property. These savings will not only serve as a deposit but will also show a capacity and willingness to pay off loans.

Variable interest rates are a major problem for the poorer segment of the population as many will be hard pressed to find additional amounts of money to meet normal repayments should interest rates increase. Banks are far advanced with a plan to introduce fixed instalment loans, with a so-called special purpose vehicle under investigation to mobilise wholesale funding for the loans. A higher interest rate is inevitable as banks will have to absorb any fluctuations in market interest rates, and ways to reduce administration costs for lower nominal loan values are being looked at.

Much of the credit for drawing banks back into the low-cost housing market must go to late Housing Minister Joe Slovo. He not only managed to convince banks they should lend to the lower income bracket of our society, but somehow got them enthusiastic at the prospect of it.

There are some in the banking industry who are beginning to wonder at government’s wisdom in appointing as his successor Sanie Mthembu-Nkondo, who clearly does not have the same expertise and grasp of housing issues. She has been curiously absent at important briefings given by departmental officials, and appears to be trotted out on media occasions to read pre-prepared statements.

It may appear counterproductive to continually compare her with Slovo. Clearly they are two different animals with vastly divergent backgrounds. But housing is a central policy issue.

Strong political leadership is needed to keep the housing policy on track, deal with the often querulous provincial housing ministers and convince the private sector they are on a good thing by investing in housing. Director-General Billy Cobett and a few other department members are highly competent in their own right, but it will not be easy for them to continue carrying the Housing Department through such a turbulent period.

ROBYN CHALMERS
Housing package for the poor offers subsidies

Ministry spreads word on homes

BY NIKKI WHITFIELD

And houses for all... that could be the motto of the Ministry of Housing as it yesterday launched a massive communications project aimed at informing millions of people of its home-ownership scheme.

The package will give households earning R3 500 or less a month, four chances a year to apply for housing subsidies.

Housing Minister Sankie Mthembu-Nkomo launched the project, which comes into effect on Monday, at the Mercedes Benz plant in East London.

The Masakhane Campaign Trail project, which is aimed at encouraging people to pay for services was launched at the same time.

The initiative is backed by an 80% increase in the national housing budget for this year, from R1.6-billion to R2.9-billion.

The Ministry of Housing has produced a tabloid-size publication called Home Truths, a step-by-step guide explaining who qualifies for a subsidy, or a subsidy and a home loan, to buy or build a house.

"We are confident that Home Truths will be read and read again across the country. And, more importantly, we are confident it will be understood," Mthembu-Nkomo said.

"We are appealing to people who don't need it to pass their copy on to someone who does."

She also thanked Mercedes Benz for donating four trucks to the Masakhane Campaign Trail project.

When it starts running at full capacity next month, the Campaign Trail will take the message of Masakhane to more than 150 communities a month.

Subsidies or home loans, or both, will be provided to households earning less than R3 500 a month, as long as applicants can prove they have a property they wish to buy - either an existing dwelling, or a piece of land to build on.

And, while the Government has pledged a huge sum of money to the project, an agreement has also been signed with most South African banks. Called the Record of Understanding, banks have agreed to grant home loans to lower income earners.

A pledge in the form of a Code of Conduct for Accredited Home Loan Mortgage Lenders has also been given, in which banks have committed themselves to the provision of home loan mortgage credit to this sector. A total of 50 000 loans will be granted in the first year.

Communities in which payment levels for housing and services are still too low and where law and order is being ignored will not qualify for subsidies. Once granted a bank loan, repayments must be met. Home Truths contains a graph explaining how to budget for a mortgage repayment on top of other monthly essentials.
New housing plan to help the poor

South Africa yesterday launched a housing plan which makes provision for subsidies for households earning less than R3 500 a month and guarantees at least 50 000 bank loans to thousands of poor people, mostly blacks.

The plan aims to fulfill President Nelson Mandela's goal of making proper housing available to poor blacks.

Addressing workers in East London at the official launch of the scheme yesterday, Housing Minister Sankie Mthembu-Nkondo said to ensure the plan worked, communities had to take on responsibilities such as looking after community assets, participating in community policing forums, supporting the police in their fight against crime and organising community clean-ups.

"Most of all we must put an end to nonpayment. We will only achieve our targets for housing the nation if everybody pays for their houses," she said, referring to the culture of nonpayment for services and rent boycotts during the apartheid era.

"There can be no write-offs any more. Loans can only continue to flow if money flows back into the system and if the banks and other lenders have the confidence that they will be repaid regularly. Subsidies will only continue to flow if we are not forced to use housing money for write-offs and other things," she added.

Industry sources said the backlog in demand, according to earlier studies, was probably somewhere between 1.5 million and two million houses.

Mthembu-Nkondo said, however, the scheme would not work unless people were better informed about it.

"All the housing programmes in the world ... all the appeals to a sense of community are worth little if people across the country are not informed about them," she said. Six million copies of a tabloid brochure, Home Truth, printed in English, Afrikaans, Zulu and Sotho, are being distributed nationally to inform people of the project.

"The 'Home Truth' is a step-by-step guide to everything South Africans need to know and to do to qualify for a subsidy or a subsidy with a home loan. It is a step-by-step guide to everything you need to know and to do to buy or build a house for the first time," Mthembu-Nkondo told the workers. — Sapa-Reuters.

See Page 123
Subsidies scheme now ready

By Mzimkulu Malunga

The long-awaited national housing programme is finally set to take off, following yesterday’s announcement by Minister of Housing Ms Sankle Mbembi-Nkondo.

Nkondo’s announcement is a result of intensive behind-the-scenes discussions between the Government and all stakeholders in the housing industry, particularly the banks which have in the past been reluctant to finance housing in the townships.

The government subsidy scheme, which is given to people buying houses for the first time, is targeted at low-income groups.

Before a person can apply for a government subsidy he or she must first have found a house, a flat to buy or a site to build on. In the instance of a site the person must have already identified a builder who will do the job.

The subsidy will not be paid to the applicant in cash, but rather to the person selling the house.

Here’s what you need

When applying for a subsidy you will have to supply a copy of your ID and that of your partner, original payslip reflecting your current salary and that of your partner — if both of you work — and a copy of any conditional agreement you have entered into with the seller of the house you want to buy.

Also, the applicant has to be a South African citizen or a foreigner with a permanent residence permit and be over 21 years old.

Subsidies will be issued by the provincial housing boards of all the nine provinces, four times a year.

The Government is in the process of establishing local housing support centres throughout the country and these will have all the details about the subsidy scheme.

The first pilot centres will be functioning in a few months time in both urban and rural areas.

In the interim, local authorities will have full information regarding the housing programme.

Once a person has been granted a subsidy, he can no longer apply again. But if you are unsuccessful the first time you can apply again until you get the subsidy.

It is a criminal offence to apply for another subsidy if you have already been granted one. The granting process is computerised and will be able to pick up anyone trying to get a second subsidy.

The subsidy scheme is only for people who have a household income of R3 500 or less.

By “household” the government refers to anybody who can prove that he or she earns less than the above stated amount and has dependants.

It does not matter whether a person is married or not, as long as he or she has proof that they live together.

The subsidies are issued only to people buying houses worth R65 000 or less. There are people who already have serviced sites or have obtained state assistance to buy those sites. These people do not qualify for the full subsidy. However, they qualify for what is called a consolidation subsidy in which they get half the amount they would have received, if they had not previously received state help.

The subsidy is a grant and it does not have to be paid back.

Even unemployed people can apply for a subsidy as long as they can prove the assistance is required to build a house.

The amount of subsidy a household gets is in proportion to how much it earns:

○ Households with a total monthly income (before tax and other deductions) of between zero to R800 a month qualify for a subsidy of R15 000.

○ Households earning from R801 to R1 500 a month qualify for a subsidy of R2 500.

○ Households earning from R1 501 to R2 500 a month qualify for a subsidy of R9 500.

○ Households earning from R2 501 to R3 500 a month qualify for a subsidy of R3 500.

In addition to the individual subsidy scheme, the government grants a “project subsidy”. This is given to people within a community who want to build houses with the help of developers. There are also two other forms of subsidy schemes. These are cooperative and social housing subsidies.

The cooperative scheme is offered to people who qualify for subsidies and have comprised themselves into a group with the objective of buying or building property together.

A social housing subsidy is granted to organisations like churches or specially created companies which will build houses and rent them out to those who qualify for subsidies. The rent at such premises should be lower than that charged by private landlords.

The government has undertaken to intensify its Masakhane campaign to encourage people to pay for services with the objective of boosting the banks’ confidence to start lending.

The government has gone even further to establish a fund called the Mortgage Indemnity Scheme from which banks can claim their money in instances where they cannot exercise their rights in a contractual agreement.

For instance, if a person was granted a housing loan by a bank and is unable to pay and the financial institution concerned is unable to evict the person from the house, the bank can claim from the MIS.

Strong action

However, the government is quick to point out that it will take strong action against those who do not honour their housing instalments, and the scheme is by no means going to bail out people who do not honour their bond payments.

The government says the MIS is also designed to bring about community discipline, enabling certain areas to attract investment. For their part, the banks have indicated willingness to end their township lending freeze.

Mortgage Lenders Association of South Africa representative Mr Jopie van Honschooten, says the banking industry has adopted an entirely new non-racial approach to home loans.

The lending programme, emphasises, will nonetheless be commercially driven. A bank will not lend money unless it is convinced the borrower has the ability to pay and there are profitable prospects.

To maintain housing quality, builders will have to register with the National Home Builder’s Registration Council.
Uniform tariffs for electricity nearer

BY DEREK TOMMEEY

The day when South Africans can expect to pay more uniform and in some areas much more reasonable electricity tariffs, is rapidly coming closer.

This was highlighted yesterday when Eskom, the country's giant producer, together with another 230 electricity authorities, applied to the National Electricity Regulator for licences to produce, transmit and sell electricity.

From today, all electricity generators, transmitters and distributors, in terms of the Electricity Amendment Act of 1994, have to obtain licences from the national regulator to operate.

This was an essential step in the necessary move to rationalise the electricity industry, said Dr Ian Mctave, chairman of the National Electricity Regulator.

The recently-held Electricity Forum decided that it was essential that the industry should be rationalised to overcome the problem of supplying electric power to the black and rural areas, he said.

The licensing process will enable the National Electricity Regulator to identify clearly who might be the players in the future and to strive for a more effective and efficient industry and even, in the longer term, enable it to open the industry to more competition.

Dependence

"It would also enable it to focus on a more effective way of running the industry. And moving towards fuller rationalisation."

He said there were more than 3000 tariffs in South Africa. The licensing system would enable these tariffs to be rationalised and for the country to move towards a national tariff.

However, a complicating factor was that local governments were heavily dependent on electricity for revenue and the restructuring of the industry would become a great threat to them.

"It must also be borne in mind that the problem of local government financing would still have to be solved," said Mctave.
POWER TALK Andries Calitz, senior general manager of marketing at Eskom, seen submitting Eskom’s application to the National Electricity Regulator for licences to generate, transmit and distribute electric power. With him from the left, are Ian McRae, chairman of the NER and Brian Statham, senior general manager, energy trading, at Eskom.

More uniform power rates on horizon

BY DEEREI TOMMY

The day when South Africans can expect to pay more uniform and, in some areas, much more reasonable electricity tariffs is rapidly coming closer.

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Efficiency

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However, a complicating factor was that local governments were heavily dependent on electricity for revenue and the restructuring of the industry would become a great threat to them.

As the National Electricity Regulator focused on its ability to meet development goals, the problem of local government financing would also have to be solved, said Dr McRae.
Housing & Hostels - General

1995

June - August.

This file had to be re-assorted.

Please cope with instructions.
Govt sets housing subsidy target

CAPE TOWN – Government hopes to grant more than 100,000 new housing subsidies in the remainder of the current financial year in terms of the new subsidy system which comes into effect on Monday, said housing director-general Billy Cobbett.

The subsidies will be additional to the 203,000 subsidies already granted, putting government well on course to reach its target of 1-million houses in five years.

The introduction of the new subsidy system, which effectively drafts SA banks into the administration of granting housing loans, is to be backed by a major publicity campaign over the weekend.

The subsidies, which can be applied for by individuals for the first time, will be paid from a R1.8bn allocation to provincial government.

Cobbett said that in the event of a flood of applications, the housing ministry would be assisted by the fact that it rolled over about half of its last year's budget and that subsidies were paid on delivery.

Loans in terms of the new scheme would be granted on a first come, first served basis, increasing the risk of a deluge of new applications.

The scheme, backed by a system of demarcating areas where loans would and would not be granted, would require a cross-departmental committee to state publicly why loans were being withheld. Cobbett said it was vital for local authorities to be told why housing loans were not being granted in certain localities. Factors could include bond boycotts, the absence of effective local government and high levels of crime.
Huge housing initiative begins amid uncertainty

SOUTH Africa's most ambitious housing initiative will begin on Monday next week with no clear estimate of the likely response to the multi-pronged joint venture with the nation's banks, a senior official said yesterday.

Housing director-general Mr Billy Cobbett acknowledged in a press briefing that banks and the government were unsure about the potential scale of the response from South Africa's estimated 1.5 million homeless families.

The Department of Housing and the Association of Mortgage Lenders have agreed on a programme to extend home loans to at least 50,000 low-income earners. They would also rehabilitate or rationalise about 32,000 non-performing home loans.

"It is difficult to estimate the scale of the likely response," Mr Cobbett said.

In addition, the capacity of banks to process loan applications and of the provinces to process subsidy applications was untested.

The home-loan programme, bolstered by income-linked government subsidies to families earning under R3 500 a month, is available at levels as low as R10,000 to buyers with a five percent deposit and transfer costs available.

Mr Cobbett said the government and the banks had been unable to assess how many of the loans and repossessed properties not yet in the hands of banks were capable of rehabilitation. — Reuters
Many applicants may be rejected

Govt restricts housing cover to 14 areas

Robyn Chalmers

The resumption of bank lending in the low-cost housing market will initially be restricted to 14 areas in seven provinces which have been granted cover under government's mortgage indemnity scheme.

As part of an agreement forged between banks and government last year, banks have agreed to resume lending in the low-cost housing market from Monday, but a lack of scheme cover in most areas could see applicants turned away. Most of the initial lending will take place in Gauteng, where seven areas have been approved for cover by the scheme, with KwaZulu-Natal and the Eastern Cape effectively excluded during the first phase of lending.

However, the review of areas for possible scheme cover is still taking place and mortgage indemnity board chairman Johan de Ridder said a further 161 areas were under assessment by the board.

He said banks lending in the 14 areas would be indemnified against loss if a breakdown of law and order meant they could not repossess houses. While the scheme's cover was not a prerequisite for lending, it was unlikely that banks would be eager to do so in areas denied cover.

Areas granted cover were: Gauteng's Dobsonville, Mamelodi, Atteridgeville, Crystal Park, Ratanda, Soshanguve and Bekkersdal; Limpopo's Thohoyandou; the Northwest would also receive cover, along with Mitchell's Plain and Kayamandi in the Western Cape, Kanyamazane in the Eastern Transvaal, Seshego in the Northern Transvaal, Galeshewe in the Free State and Roodepoort in the Northern Cape.

De Ridder said the board had denied applications for cover in 18 areas around SA, but eight of these could be granted if residents were willing to end their bond boycotts. Areas where cover had been denied included Gauteng's Vosloorus and Daveyton, Gelvandale in the Eastern Cape and Guguletu in the Western Cape.

In assessing an area for cover the board looked at many indicators, including local government effectiveness, civil stability, the existence of a payment boycott, mortgage default rate and political violence levels. A board decision not to grant cover to an area posed a challenge to government and the affected community to return to a state of law and order.

In a separate development, SA Housing Trust-owned Khayaletu Home Loans announced yesterday it had joined forces with the SA National Civic Organisation (Sanco) to form a national joint task force to assist in resolving disputes over repossessed properties and promote a return to rent and bond payments.

Khayaletu Home Loans network and operations GM Siza Khamppe said bond boycotts had cost the company R165m, which could have been used to provide 10 000 houses for SA's homeless. Sanco's Sandile Mgidlana said Sanco wanted to normalise the housing environment.

Meanwhile, Mduduzi ka Harvey reports that payment for municipal services in Gauteng townships has risen to a 42.3% average from 33% at the end of last year. Some of the highest payment levels are in Pretoria townships, with some of the lowest on the East Rand.
Labour Reporter

DELIVERY of homes to the most needy begins "in earnest" on Monday when banks give loans to lower-income earners and when housing boards begin providing individual subsidies.

"There has been criticism of slow housing delivery... and it is true that numbers have not been huge," Housing Minister Sankie Mthembu-Nkondo said in a speech to the annual meeting of the Development Action Group in Observatory last night.

South Africa's housing backlog is 1.5 million units.

The minister's speech was delivered by her Press officer, Thami Didiza as Mrs Mthembu-Nkondo was summoned to an urgent cabinet meeting by President Mandela.

She said the slow delivery of houses had been deliberate.

"We in the housing ministry chose to consolidate policy on housing, and concretise our views on norms and standards."

Mrs Mthembu-Nkondo congratulated the Development Action Group for its contribution to this process.

Providing mass housing was an integrated process, she said.

"Policy has been finalised, international links have been forged and our country's budget repositioned so as to give housing more of the essential muscle it needs."

"The banks are now ready to enter the lower end of the market."

"We have insisted on the warranty scheme together with the banks to protect the consumers and to avoid bond boycotts which in themselves led the banks to boycott the townships."

Keeping citizens fully informed was the key to the success of the delivery of housing.

"It is on this basis that we are publishing Home Truths. (It is about knowledge, equipping millions of South Africans with the essential understanding they require to make informed decisions.)"

● Home Truths is in The Argus today.

● The action group is a privately funded, Section 21, non-profit non-governmental organisation working in development, reconstruction, housing and urban management in the Western Cape.

Apart from working closely on community development projects from Villiersdorp to Marconi, Beani—and from George to Strand — DAG contributed to the drafting of the Development Facilitation Bill, the White Paper on housing, the RDP Establishment Bill and to the establishment of the National Economic Development and Labour Council (Nedlac).
Bid to boost bond repayments

STAFF REPORTER

A National Joint Task Force aimed at normalising bond repayments was formally launched on Wednesday by the SA National Civic Organisation (Sanco), the SA Housing Trust (SAHT) and its funding wing Khayalethu Home Loans.

At a press conference at the Sanco offices in Johannesburg, both Sanco and the SAHT acknowledged that the bond boycott had been a historical tool for achieving democracy and demanding rectification of product defects.

However, home-owners, finance institutions and builders now needed to work together in a transparent process to meet the objective of housing as many people as possible, the two organisations said.

The NJTF's purpose would be to assist in the resolution of disputes and the achievement of normal bond payments.
ELECTRICITY

On the grid

Roshcon, the operating subsidiary of Eskom-controlled industrial group Rotek Industries, has been awarded a US$41m turnkey contract by Tanzania's electricity supplier, Tanesco. The contract is for the supply and installation of a 91 MW modular gas turbine power generating plant in Dar es Salaam.

The project is part of Tanesco's $650m electricity upgrading programme, financed by the World Bank. Included in the programme are plans to link the Tanzanian grid with Malawi, Uganda and Kenya, building a hydro-power station and developing the offshore Songo-Songo gas fields.

The Tanzanian contract follows last month's announcement of a R44m pilot contract to supply and install 41 000 prepaid electricity meters along with a supporting vending system, also in Dar es Salaam. Uganda might also be in the market for about 120 000 meters.

The meter contract involves the creation of 350 jobs, including 300 Tanzanians now being trained by Roshcon.

Roshcon deputy GM Pieter Oosthuizen says: "It took two-and-a-half years and half a million rand of intensive marketing in Africa... We now consider ourselves the contractor to beat in East Africa."

The gas turbine technology for the latest project was developed by the $2bn-a-year, Houston-based Stuart & Stevenson group.

Roshcon's third joint venture partner is the $1.5bn-a-year, Toronto-based Stone & Webster engineering contractors which will handle the project engineering and design.

Oosthuizen says Roshcon is also involved in a R10m electrification project for Zambia's Zesco electricity supply company in Lusaka. "We hope this is the beginning of big things in Zambia. But, while the need is great, financing for further projects remains a problem there."

Based on its Tanzanian success, Roshcon is now also looking towards tendering for an identical gas generating contract in the Ivory Coast.

A new division, Roshcon International, has been formed to handle contracts outside SA. Turnover is expected to increase to R175m in 1995 from less than R10m five years ago, when Roshcon was established as part of Eskom's commercialisation programme.

Sister company Rotek Engineering is involved in a R27m hydro-power station upgrading project in the Congo, and Roshcon plans to tender for a $25m transmission line contract in Uganda. Another major tender (with an international group) is for a

$100m hydro-power station contract in Malawi, says Oosthuizen.

Roshcon parent Rotek Industries, which projects that last year's R500m turnover will jump to about R700m in 1995, will shortly initiate a share participation scheme for its employees.
A major push to have 350 000 houses built within five years starts in earnest next Monday when the Housing Ministry’s newspaper Home Truths is published across the country for the first time.

The intention, says Housing Minister Sankie Mthembu-Nkondo, is to provide detailed information about the various housing subsidies on offer, how people qualify for them and how to raise bank finance to augment them.

She launched the new initiative at the unveiling this week in East London of a R27m housing subsidy scheme by Mercedes-Benz of SA, underwritten by German parent Daimler-Benz.

Six million copies of the tabloid newspaper Home Truths have been printed. They will be distributed with established newspapers this weekend, but some will also be available at housing and other government offices and at banks. Home Truths is being published in four languages — English, Afrikaans, Zulu and Sesotho — but translations for other language groups will be available at housing offices.

The newspaper publishes updated information on the workings of individual subsidies, subsidies linked to home loans, co-operative and institutional subsidies and consolidation subsidies.

In addition, Nkondo says it will provide information on government’s housing support centres designed to “provide advice, finance, training, job opportunities and reasonably priced building materials to the most disadvantaged communities.”

The dissemination of Home Truths is expected to encourage subsidy seekers into the offices of the national and provincial housing boards as well as bank branches around the country.

A Council of South African Bankers spokesman says it is possible that the bureaucratic machinery for processing subsidy applications will be unable to cope initially. But the thinking is that tangible evidence of demand for housing should spur downstream developers into providing serviced sites, built houses or housing contracting services on a scale commensurate with the real need — something they seem to have been reluctant to do thus far.

Mthembu-Nkondo does make one important point, though. She says no housing subsidy scheme will work unless campaigns of nonpayment for housing are ended.
Housing Bible aims to explain the idea of home ownership

Weekend Argus Reporter

SOUTH Africa's big drive to provide housing for all kicked off this week with the publication of Home Truths, a tabloid which could become the country's housing Bible.

Copies are included as an insert in Weekend Argus today and tomorrow.

Home Truths aims to tell millions of South Africans how they can take part in the government's low-cost house ownership scheme which comes into effect on Monday.

Six million copies of the 32-page tabloid - in four languages - have been printed, giving a step-by-step guide to anyone wanting to know how to qualify for a government housing subsidy.

The government has R1.2 billion available for housing this year, to enable people to buy or build basic homes with running water, sewerage and electricity.

Many thousands of households earning R3,500 or less a month will be in line to own a house under this one-off subsidy scheme.

It explains where the money comes from and the role of banks in granting home loans to lower income earners, explaining that for those who can afford it, 50,000 new loans will be made in the first year.

It also explains how prospective homeowners are protected by law.
Banks to help bond defaulters
Housing package for the poor

By DAN DHLAMINI

SOUTH Africa’s homeless, reeling under exorbitant loan administration fees, were relieved when the government announced a new housing package for the poor this week.

But even before the government published its housing supplement called Home Truths, some companies had already approached would-be homeowners with the aim of processing subsidy applications for them at what the applicants regard as high fees.

Many of Ikageng’s homeless who have already paid the “R400 administration fees” told City Press that the Village Pride Housing Development (VPHD) consultants told them that if their applications failed they would only receive a R200 refund.

Ikageng Civic Association spokesman Piet Mokele said ICA was concerned about the activities of the VPHD and said in their meeting with the company they had agreed it stop its operations in Potchefstroom until it had clear guidelines from the provincial government.

The Potchefstroom Transitional Local Council (TLC) has instructed its engineer Drikus Malan to investigate VPHD.

Mokele said they had agreed the money the company had already collected should be deposited into a trust fund so that those who had paid the R400 could claim refunds.

Mokele warned residents against falling prey to companies charging fees to apply for government housing subsidies.

He said the aim of his company, which has been operating for three years, was to help people and they were not forcing anybody to register with them.
Banks to help bond defaulters

A LIFE SAVER for bond defaulters is being offered by banks in the form of lower bond payments. The government has announced a new scheme to help bond defaulters, giving them a second chance to own a house. The scheme is aimed at those who have fallen behind on their bond payments and are struggling to meet their financial obligations.

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About 300,000 new loans will be granted by banks over the next year. These will be used to fund the 100,000 new houses that the government aims to build. The scheme will also provide financial assistance to bond defaulters who are struggling to meet their payments.

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RDP housing plan to kick off today

BY MAGGIE HOWLEY

Today is D-Day for the state's reconstruction and development programme mass housing programme to kick into gear.

Individuals whose household income is less than R3 500 a month can from today apply for an individual housing subsidy.

This can be done either through the regional housing boards or through the banks for those who wish to also access home loan finance.

Applicants will be treated on a first-come first-served basis. Banks are only likely to make loans into areas approved by the government in terms of risk for cover under the Mortgage Indemnity Scheme. So far only 14 areas have been granted cover.

The scheme is a narrowly defined mechanism to indemnify banks against loss only if a break-down in the due process of law results in them being unable to repossess houses where borrowers default on their loans. It does not indemnify lenders against commercial risk and it is not available to bail out borrowers experiencing difficulties with repayments.

Builders will need to register with National Home Builders Registration Council and Warranty Scheme for their clients, in the lower income brackets, to qualify for a home loan.

Daan Ruervert, executive director of the National Association of Homebuilders and Urban Developers, said there was still ignorance regarding this registration. The association would, therefore, be launching a series of development seminars on the National Home Builders Registration Council and Warranty Scheme to explain how, when and where builders should register.

Seminars will be held in Port Elizabeth on June 7, Cape Town on June 8, Sandton on June 9 and Durban on June 29.

Of the 14 areas which qualify for immediate scheme cover, half are in Gauteng. A further eight have been earmarked for cover if a positive response is forthcoming from these communities to an offer being made by the banks and the newly formed company Servcon.

In terms of this offer those in arrears who can afford to must agree to reschedule their bond repayments, or if they cannot afford to resume bond repayments, they must agree to move to more affordable accommodation.
Project keeps settlement neat

Ingrid Salgado

A CONTINUOUS community-owned waste management programme in Alexandra township's Stawela squatter camp north of Johannesburg had ensured it was one of the cleanest informal settlements in SA, community leaders said yesterday.

The project, One Man Contract, contracts individuals to maintain designated zones, streets and public spaces in a litter-free condition. It also encourages residents to plant vegetable and flower gardens.

Residents of the once polluted and litter-strewn settlement celebrated World Environment Day with the programme's initiator, Keep SA Beautiful, and funder's United Bank and Plastomark.

Also present were Minister of Environmental Affairs and Tourism Minister Buti Holomisa, who together planted the tree of the year — a river bush willow.

Naidoo urged the community to register for local government elections since elected leaders would be accountable for electricity and clean water.

Environmentalism was about addressing poverty and making better lives for all, he said. Government money should be devoted to meeting needs and creating jobs.

If change was slow, it was because government was laying "proper foundations".

Holomisa appealed to the private sector to continue supporting such projects until service delivery had been normalised.

Environmental affiliation and town planning select committee chairman Peter Tshaka told residents they should plan housing allocations and road sites together.

Department suspends water subsidies

PRETORIA — The water affairs department yesterday suspended further subsidies to local authorities pending a revision of the subsidy system aimed at providing first for the basic needs of everyone — particularly rural people.

The department said payment of subsidies for works approved before the date of this announcement would be phased out.

The existing subsidy system previously gave financial support to local authorities to expand existing services but ignored the needs of the large rural population in areas outside the local authority boundaries.

The department is working in close collaboration with the office of the reconstruction and development programme to formulate a common approach to the funding of these water and sanitation services.

The RDP-funded programme had already given capital subsidies for projects aimed at supplying water within 300m of households and providing each with "a safe sanitation system". — Sapa.
Other banks to follow Absa’s lead

Fixed interest bonds for new home scheme

Robyn Chalmers

ABSA became the first bank yesterday to announce fixed rate mortgage loans as part of an agreement struck with government to return in force to the low-cost housing market for the first time in almost a decade.

The banking industry has been discussing the introduction of fixed instalment loans with government and the life offices for months, and other major banking groups said they would follow Absa’s lead.

Absa assistant GM Pieter Marais said the bank’s fixed rate mortgage loans, available from yesterday for new loans of less than R50 000, were designed to meet the emerging market’s needs. This was in response to calls by civic leaders to introduce such a bond, as new home owners did not wish to risk increased monthly instalments when variable rates rose.

“Absa believes there is an urgency to introduce fixed interest rate bonds, but the duration and extent of our participation depends on negotiations with the life offices aimed at ensuring sufficient long-term deposits are available,” he said.

Marais said the fixed rate option was available only on a loan term of 10 years rather than 20 years, which applied to variable rate bonds. The 19-year term would increase monthly instalments. The higher cost of administering loans to the low-cost market, and eliminating cross-subsidisation impact, fixed interest rates would be higher than variable rates. Absa’s top interest rate on the fixed rate bonds was 22.5% for loans of between R10 000 and R50 000, 21.25% for loans of between R50 001 and R50 000 and 20% for bonds of between R50 001 and R50 000.

The industry has agreed these fixed interest rates will be uniform throughout the banking sector, a possible collusive practice which has been granted an exemption by the trade and industry ministry.

Standard Bank community banking services divisional GM Jopie van Henschoten said Absa’s move would not affect industry talks on a new vehicle being set up to mobilise wholesale funding for fixed instalment loans. “Standard Bank, along with a number of other mortgage lenders, is looking at the introduction of these loans in the short term, but we are still working on getting our systems in place to do so.”

On the first day that banks re-entered the low-cost housing market, all the major mortgage lenders reported a minimal increase in inquiries and applications.

First National Bank mortgage lending senior manager Ian Jones said this was probably due to procedures which applicants had to undergo, such as applying for a subsidy. Nedcor Bank executive GM David Harrison said the new system would probably result in the limited number of areas covered by government’s mortgage indemnity scheme.

The mortgage indemnity board said last week that 14 areas in seven provinces had been granted scheme cover, with KwaZulu/Natal and Eastern Cape effectively excluded during the first lending phase.

Comment: Page 14
The official news on housing subsidies

BY LOUIS DE VILLIERS

This weekend, every South African newspaper carried a major housing information insert.

The insert was created by agency Sonnenberg Murphy Leo Burnett for the national housing ministry and the banking industry, working together under the auspices of the Association of Mortgage Lenders.

It had a print order of 6,1 million, which the agency believes to be something of a record.

Called Home Truths, the 32-page colour tabloid has also been made available nationally at local authority and provincial housing board offices as well as in many bank branches.

Billed as the official good news on housing from the government and the banks, it is published in English, Afrikaans, Zulu and Sesotho.

Hell Wagner, Sonnenberg account director, said the brief was to develop a guide to everything South Africans with a monthly household income of R3 500 or less needed to know and do to qualify for a subsidy, or a subsidy with a home loan, to buy or build a home. The programme was launched last Monday at the Mercedes-Benz factory in East London.
Department suspends water subsidies

PRETORIA — The water affairs department yesterday suspended further subsidies to local authorities pending a revision of the subsidy system aimed at providing first for the basic needs of everyone — particularly rural people.

The department said payment of subsidies for works approved before the date of this announcement would be phased out.

"The existing subsidy system previously gave financial support to local authorities to expand existing services but ignored the needs of the large rural population in areas outside the local authority boundaries. "The department is working in close collaboration with the office of the reconstruction and development programme to formulate a common approach to the funding of these water and sanitation services."

The RDP-funded programme had already given capital subsidies for projects aimed at supplying water within 200m of households and providing each with "a safe sanitation system". — Sapa.
**Metro boundaries excluded**

Municipal Reporter (ARG 7/6/95)

THE Demarcation Board is to begin a round of hearings on proposed ward delimitations on June 20 — but only in towns outside the metropolitan area.

Chairman Fanie Cloete said the board would not be able to delimit wards in the metro until the dispute around boundaries was resolved.

It also could not study the issue of rural wards outside towns, because parliament still had to finalise the model for rural local government.

Local authorities are being asked to submit colour-coded maps to the board before June 15, and people wishing to make submissions should notify the board before that date.

Professor Cloete said ward boundaries would be determined by the number of registered voters and not by the number of people presumed to live in an area, because of the good registration figure in the Western Cape.

Other criteria for delimitation include topographical and physical characteristics and the availability of voting premises, as well as a clause in the Local Government Transition Act which determines that 50 percent of wards must be in former black local authorities.

The Central Karoo Regional Services Council hearing will be in Beaufort West on June 19; West Coast RSC on June 19 and 20 in Moorreesburg, South Cape RSC on June 19 and 20 in George, Little Karoo RSC on June 20 and 21 in Oudtshoorn, Breë River RSC on June 21 and 22 in Worcester; Overberg RSC on June 22 and 23 in Breidasdorp, and Winelands RSC on June 23 in Stellenbosch.

For more information on the hearings, call M P Randall on 483 4127 or Professor Cloete on 888 2244.

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**Angry ANC hits out at Marais’s claim**

Municipal Reporter (ARG 7/6/95)

THE African National Congress has hit out angrily at local government minister Peter Marais for suggesting that Western Cape ANC leader Chris Nissen had lost their support.

Mr Marais recently suggested Mr Nissen should resign because he did not take part in last week’s failed negotiations between the National Party and the NP over municipal boundaries for Cape Town.

The ANC said the decision not to include Mr Nissen was taken by the ANC because he had other tasks to attend to. Provincial secretary-general James Ngcule and roads minister Leonard Ramatlakane represented the political party instead.

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**Voters: One more chance**

Municipal Reporter

VOTERS who failed to get their names on the voters roll by Monday this week will have a second chance when the roll lies open for inspection from June 24 to July 7.

This was announced by Deputy Constitutional Affairs Minister Mohammed Valli Moosa at a summit on the Cape metropolitan boundaries yesterday.

Mr Moosa said voters could make applications to register during the inspection period.

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**Avoid housing bottleneck, council urged**

Municipal Staff

MUNICIPALITIES unable to get housing plans approved or to inspect the quality of builders’ workmanship must not be allowed to slow up the delivery of houses to the homeless.

They should instead turn to the private sector for help, says Barry Probert, president of the Association of South African Quantity Surveyors.

He said most municipalities would not be able to cope with the increased workload created by the new housing subsidy scheme, and that construction professionals such as quantity surveyors and engineers could help by approving plans and inspecting building progress.

Last month the Cape Town City Council’s city planner reported that the council had a backlog of more than 40 percent on plans needing approval.

“The civil and building professions can be engaged at a reasonable fee to assist in eliminating the potential bottleneck,” Mr Probert said.
FNB announces ‘low income’ bonds

Robyn Chalmers

FIRST National Bank (FNB) would introduce fixed rate mortgage loans as an option for low income earners in line with Absa's announcement earlier this week, the bank said.

FNB home loans chief manager Andre le Traye said yesterday all the banks' branches had been briefed. "We have decided to introduce these loans following lengthy industry discussions on the need for fixed rate bonds."

FNB's interest rates and bond criteria would be the same as Absa's, with fixed rates available on bonds less than R60 000. The bonds would be provided on a 10-year loan term, instead of 20 years. On a fixed rate bond of between R25 001 and R50 000, the interest rate would be 11.25% over 10 years with a monthly instalment of R344.20. A similar 20-year bond would be 19%, with instalments of R421.30.
Depressing picture of housing conditions

A total of 62.6% of South Africa's "marginal urban population" live in unhealthy, over-crowded structures, says the Health Department's annual report tabled in Parliament yesterday.

The statistics are part of the department's Environmental Health Monitoring Programme which seeks to determine the country's environmental health status, identify the need for environmental health services and resources, and evaluate results of applied intervention.

The report found that 84.3% of the population had access to environmental health services.

Only 33.3% of the rural population had access to adequate, safe drinking water, and only 39.8% of the rural population had access to effective domestic latrine facilities.

A horrific 22.2% of mortuaries and 15.4% of milking sheds posed health risks.

A mere 62.6% of schools maintained acceptable health standards, and only 68.7% of food premises were in compliance with hygiene standards.

A total of 87.6% of recreational water samples were in compliance with health standards and 12.0% of board and lodging establishments posed potential risks to human health. — Sapa.
Limited safe water

The Department of Health's Environmental Health Monitoring Programme has found that only 62.3 percent of rural inhabitants have access to safe drinking water (23)

Only 38.9 percent of these inhabitants have access to effective domestic latrines and only 27.4 percent of the marginal urban population is housed in structures that are sound in health terms. — Political Staff. ARG. 9/6/95

$44.00

Stellenberg
Higher payments point to early Masakhane success

By RAY HARTLEY
Parliamentary Correspondent

THERE has been a sharp increase in the number of township families paying for rents and services since the launch of the government's Masakhane campaign.

Figures supplied by Masakhane's advertising agency, Sonnenberg Murphy Leo Burnett, show that the most significant improvement occurred in Vilbank with payment levels rising from 20 percent to 80 percent between March and April this year.

In Tembisa and Katanda, payment levels rose by 19 and 11 percent between February and April respectively, while Mamelodi outside Pretoria improved from 19 percent to 69 percent between December and April.

But, said the agency's Hilary de Kok, no figures for the rest of the country could be released as these were yet to be verified.

Still to be measured was the effect of the Masakhane message on areas of the former Transkei, where local government is almost non-existent, and other high boycott areas like KwaZulu Natal and the Western Cape.

"Clearly there has been a shift in the attitudes of South Africans. However, this was unexpected until the launch of Masakhane," she said.

Still unclear are the exact reasons behind the dramatic about-turn in the townships where results are available.

Housing ministry spokesman, Stephen Lauder, said the collection and dissemination of information on payment levels was still in its infancy as a planned information network was not yet in place.

The latest information comes after the widely publicised improvement in Soweto electricity payments from 20 to 65 percent in the four months to the end of March this year.

A separate survey conducted on the effect of the advertising campaign among over 1000 black adults showed that 35 percent of those not paying for services cited "no income", while 22 percent said they could not afford to pay.

One in five respondents said services were inadequate or non-existent.

The survey showed that 73 percent of the sample had heard of Masakhane.

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Source: BLACK STAR, APRIL 1995
Housing subsidy applications: Consulting engineers Jeffares & Green have formed a team to prepare applications for the government housing subsidy scheme — subsidies of up to R15 000 a stand for residential development, on behalf of transitional local councils and specific communities. In terms of the scheme, the funds are only paid out on completion and hand-over of the stands to the qualifying beneficiaries.
Builders concerned at new bond criteria

Robyn Chalmers

The building industry is concerned about the decision by mortgage lenders to base affordability tests for smaller bond applications on recently introduced criteria for fixed rate mortgage loans.

National Home Builders’ Association executive director Daan Roelvert said yesterday that the market for home builders could be significantly reduced as a percentage of bond applicants would be disqualified due to the new criteria.

“Fixed rate mortgage loans have been introduced with a considerably higher interest rate than variable loans, and the term has been halved from 20 years to 10 years. Monthly instalments will be higher than in the past, and with banks basing affordability tests on the fixed rate, it will exclude a significant proportion of applicants for smaller bonds.”

Absa and First National Bank announced last week that they would introduce mortgage bonds under R65 000 which carried a fixed interest rate for 10 years. The top interest rate was 22.5% for loans between R10 000 and R25 000.

Izwi Homes head Danie Barnard said while applicants could opt for the variable rate applicable to mortgage loans, the affordability test was still done at the relevant fixed rate.

“A person earning R2 400 would have qualified for a loan of R40 576 before but that same person will now only qualify for R33 589. This means their affordability has been effectively reduced by R6 998.”

Barnard also queried why the new rates were brought into effect without significant warning. “Many house hunters have been wasted by agents and contractors who have put transactions together only to find they will have to redo some of these and cancel the majority of them.”

Absa assistant GM Pieter Marais said the fixed rate mortgage loans had been designed to meet the needs of the emerging market, and were a response to calls from civic association leaders.

“The higher cost of administering loans to the affordable market and the principle of non-cross subsidisation has resulted in interest rates which are higher than rates quoted previously,” he said.

Standard Bank community banking GM Jopie van Honschooten said recently that affordability relating to the financing of homes was politically sensitive.

As a result, mortgage lenders had decided to use disposable income after housing spend rather than stipulate a standard percentage of income to determine the instalment and hence the loan size.
Key role of housing board

Committed to provide houses for the masses

By Joshua Raboroko

Newly appointed chairman of the National Housing Board Mr Ishmael Mkhabela believes the board can play a key role in shaping housing policy during the current phase of transition.

Although a staunch member of the Azanian People’s Organisation, Mkhabela is committed to the board’s aims and objectives. He is adamant his position will not conflict with the ideals of his organisation, which rejects the present political dispensation.

Mkhabela maintains his decision to serve on the board, while apparently seen as an attitude of defiance in some circles, is a true commitment to providing housing for the masses.

He says Azapo knows about his point of view and he is optimistic he will receive support in view of the housing crisis in South Africa.

“It is our task to give South Africans an essential piece of dignity in their lives — the dignity that comes from having a solid roof over your head, running water and other services in an established community,” says Mkhabela.

Speaking from the board’s offices in Braamfontein, he does not pull any punches. “The lack of adequate housing and basic services in urban and rural settlements has reached crisis proportions.”

“The housing problems created by apartheid and by the limited range of the capitalist housing market have been aggravated by the absence of a coherent national housing policy.”

Ensuring peace

“A mass housing programme can help generate employment, skills and economic activity, both directly and indirectly, and should help ensure peace and stability.”

He served on the National Housing Forum which negotiated a new subsidy scheme mechanism that did away with racial bias and gave a broader spectrum of people access to housing.

The forum pushed for an agreement on the subsidy in time for implementation when the NHB started operating on April 1.

Mkhabela says the board has become the key representative body for both Government and civil society. It advises Minister of Housing Mrs Sankie Mthembu-Nkondo on housing policy.

The board holds a view shared by the late minister of housing, Mr Joe Slovo, that civil society must have the capacity to influence policy-making but remain independent.

The board represents a cross-section of those involved in housing, and has 16 members. It will draw members from three groupings: organisations representing home-owners, organisations which supply and finance housing, and institutions which regulate the process including local government and state corporations.

Each of the nine provinces is represented on the board. They can state their individual needs which will, in turn, be presented to the Government of National Unity.

The board operates on the basis of consensus and aims to promote the social, economic and physical integration of cities and rural areas and to provide holistic development.

The initial policy framework will deal with such matters as:
- The optimal utilisation of housing funds to level the playing field;
- The need for long-term sustainability of any state assistance and intervention, balanced on short-term needs;
- Security of tenure; and
- Freedom of choice and access to a wide variety of housing options for all individuals.

Mkhabela says the board aims to ensure that the bureaucracy which existed during apartheid is eradicated. For instance, he says, in the past the Foreign Affairs Department was also supposed to allocate money to housing projects. “In the process, a lot of things got messed up as a result of duplications created by apartheid structures.”

The previous government also allocated very little money to black housing, while spending enormous sums on defence.

Under the present Government, the board will ensure that there is equity so that even the poorest people can afford houses. One of the first moves of the new Ministry of Housing was to allocate 197 000 sites to build homes in the nine provinces. “People talk of a delay in housing delivery, but the board is doing a lot to make sure that even the poorest person has a shelter above his or her head,” says Mkhabela.

Mthembu-Nkondo, Minister of Housing who gets advice on housing policy from the National Housing Board.

Important milestone

The new housing subsidy scheme announced by the Housing Ministry is an important milestone towards helping the poor obtain homes.

Mthembu-Nkondo announced recently that, if a household earns R3 500 or less a month, it qualifies for either a subsidy or a subsidy with a home loan, to buy or build a home of its own.

It is the best news ever on housing. “I welcome the new subsidy,” says Mkhabela. “The board would like more people to qualify to get homes.”

The lump sum subsidies will replace the archaic system of income-graded subsidies as an interim measure.

The board also insists that, despite the racial fragmentation of housing administration in the past, the new subsidy must apply on a nonracial basis.

However, Mkhabela adds that for the subsidy to be fully used, it is important that residents pay for their services in the townships. He does not regret this position, despite the fact that Azapo was one of the organisations which most vociferously supported the bond and rent buy-out costs in the 1980s.

He says this campaign scared banks and other financial institutions from investing in housing in the townships.

The Massakanke campaign focused on accelerating the delivery of housing on a local level in ways which stimulate economic development and create jobs.

It recognises that the Reconstruction and Development Programme cannot be fully delivered until effective local government is established.

“Our townships have for too long been characterised by sewage filth in the streets, rubbish heaped by roadside, potholed roads, no electricity, broken telephones, burnt-out community centres, sub-standard crowded dwellings and inept and illegal local government,” says Mkhabela.

“We must rebuild these structures together, we must build a new future. A roof above your head is a priority.”

The Association of Mortgage Lenders, the Government and a wide spectrum of experts in the housing field have embarked on an intensive programme to solve the housing crisis.

“The time for red lining is dead. We need to build the nation,” he says.

He believes the success of the housing programme depends on the cooperation of provincial housing MECS, community and banks.
Govt to meet banks over bond criteria

Robyn Chalmers (123) MD 14/6/95

The housing ministry is to seek a meeting with mortgage lenders to discuss their affordability tests for smaller bond applicants – which the building industry claims could exclude a significant percentage of the lower-income market.

This follows an outcry from the home building industry at the decision to base these tests on recently introduced criteria for fixed rate mortgage loans.

Housing ministry director-general Billy Cobett said yesterday government’s talks with the banks over the past year had been aimed at increasing accessibility to bonds.

“We are concerned that the affordability tests which mortgage lenders are using will exclude people that should theoretically have had access to bank credit.”

Cobett said while the decision by the banks was purely a business one and did not concern the ministry as such, it was imperative that as many people as possible were drawn into the housing process.

It was also concerning that home builders believed their market could be reduced by the affordability tests.

One aim of government’s housing programme has been to draw as many emerging builders into the formal construction sector as possible through joint ventures between formal and informal contractors. Absa and First National Bank recently introduced fixed rate bonds with the interest rate ranging from 22.5% on loans of between R10 000 and R25 000 to 20% on bonds of between R50 001 and R150 000. The fixed interest rate would apply to bonds of less than R5 000 with a 10-year term.

Building industry spokesmen said the issue was that while bond applicants could opt for the variable rate applicable to mortgage loans, the affordability test was still done at the relevant fixed rate.

Building industry statistics showed that the new criteria meant applicants would have to earn significantly more to qualify for a home loan. They would also have to put down a higher deposit to make up the difference between the 80% the bank would lend and the capital subsidy.

Mortgage lenders said the main reason for the affordability test being extended to variable rate small loans was to ensure that low-income borrowers had enough leeway to weather interest rate hikes.

Standard Bank community banking divisional GM Joopie van Honschooten said the loans were aimed at guarding against the impact of interest rate increases.

“A borrower at the lowest level of the affordability scale will be hard pressed and in many cases not capable of finding additional amounts to meet normal repayments should interest rates increase. The simplicity of a known and determinable repayment amount for the duration of the loan is an attractive feature well accepted in the target market,” he said.
null
Constitutional Court might examine reverse racism

By HELEN GRANGE

Anomalies have emerged in court rulings involving whites claiming that they have been discriminated against by being forced to pay rates and service charges while the debts of other communities are written off.

A Welkom magistrate last week found that the town's transitional council had acted unconstitutionally by writing off the debt of only some communities.

But a Krugersdorp magistrate, adjudicating a similar case, decided to apply to the Supreme Court to stop proceedings until the Constitutional Court had made a decision on the constitutionality of fixed tariff payments for services in black residential areas while other rate-payers had to pay far more.

This followed his refusal to summarily fine a Krugersdorp resident for not paying his rates and services arrears.

Legal sources said last week that there needed to be some indication from the Constitutional Court as to what could be regarded as legitimate distinctions between groups of people in terms of the constitution.

The issue has not yet been brought to the Constitutional Court but is likely to be referred soon by one of the Supreme Courts.

It also embraces problems being encountered in affirmative action initiatives in the public and private sectors, where whites are claiming they are being discriminated against on the basis of race.

In the Constitutional Court it will be the onus of the company, governing authority or individual alleged to have practised the discrimination to show that they were not acting unfairly.

"If, say, the transitional council involved in the Welkom case can show that its decision was not based on racial criteria but abject poverty, then it is possible the Constitutional Court will rule in its favour," said a legal source.

"We need to get some idea from the Constitutional Court as to what is a legitimate basis for making a differentiation between groups," said a legal source.
Masakhane: seeing is believing

Drew Forrest

"So I said she still owes them for the last account. So she said: 'Why should I care? There are so many people that haven't been paying. So why can't I jump on the bandwagon?' My R110 is not going to make any difference to what is in arrears. Why should I pay if they can get away with it?"

The speaker is a black woman living in the Western Cape, one of the subjects of a newly released independent survey on the publicity around the government's Masakhane campaign.

Based on "focus groups" comprising township men and women between the ages of 25 and 49 from five provinces and seven language groups, the survey finds a high level of awareness of Masakhane and acceptance of its aims.

"Pay your services, co-operate and build the nation," is how one respondent defines the campaign, which initial pointers show is starting to make an impact.

But more intriguing are the minority views the survey reflects — like that of the Western Cape woman — which hint at obstacles Masakhane must surmount in persuading residents to call off rent, service charges and bond boycotts.

She articulates one of the most intractable difficulties: how does one convince people to pay when they see others boycotting and getting away with it?

"Penalties are central to Eskom's boycott-driving success. "We only pay for electricity," one Xhosa respondent significantly concides.

Administrative reasons are also cited to justify non-payment, and specifically local authorities' failure to invoice.

"We don't pay for these services, not because we don't want to pay," says one respondent, "but because no one tells us or sends us something about these services."

This defence is justified in many localities in the country. The survey indicates that boycotts are most entrenched in coastal areas, in large parts of the Eastern Cape, local government, and with it the administration of services, has disintegrated.

A key challenge for the government will be to revive administrative systems before enthusiasm for Masakhane ebbs.

A related complaint is that of unfair, or unexplained, charges. "It is a good idea to (pay first) provide we are charged fairly," says a Gauteng man.

"People need to be shown clearly how they are charged."

Masakhane is also up against the legacy of deep suspicion left by the corrupt, incompetent and politically tainted black councils of the apartheid years.

"I think maybe they renovate their offices," one respondent replies when asked to speculate on how service payments are used.

Another respondent replies: "No one knows. The roads are in bad condition, services are very poor, and whatever they do in the township, they leave it unfinished."

The same suspicion, coupled with the idea that Pretoria will provide, underlines the view of some respondents that payment should follow delivery.

Says a Free State woman: "Right now they are paying, but they don't know what for. It is better to pay for something you see; something worthwhile."

A KwaZulu/Natal man takes a similar position on housing. "A shelter is a right for every human being," he says.

"It is not right to pay first. Houses must be built, then we will pay."

Underlying some responses is a kind of class consciousness, a resentment of the well-heeled political and religious leaders fronting Masakhane's media campaign.

Argues one Eastern Cape man: "They should include people who were directly involved with rent boycotts even though that person is not known. Because all these people, they don't know anything, they don't feel our pain. It's easy for these people to say Masakhane or pay."

One respondent objects to Archbishop Desmond Tutu's role, arguing that he should "stick to the word of God."

And the ANC's about-turn on the payments issue appears irksome for others, who until at Moses Mayekiso, a former boycott leader turned Masakhane advocate.

Says one: "Mayekiso... it is not good to use him in this campaign because he is the one who influenced people about not paying for their services and rent."

Among some coloured respondents, racial grievances surface — Masakhane is seen as too Afrocentric.

"If you look at the titles of things, it is black, it is in black language," one complains. Adds another: "We do not benefit from it, we are being pushed backwards. At first you were not white enough, now you are not black enough."

Finally, there is the suggestion in some responses that it will take more than an advertising campaign to change some township residents' behaviour.

"Some will not pay because of stubbornness, and others are ignorant," comments a KwaZulu/Natal woman.

Says a Western Cape woman: "In some places I think (Masakhane) would make people aware, but then you will still get people that want to go boycotting, thinking that their life is better than anybody else's."
Electrical: Power for the masses

The electrical distribution equipment industry has the capacity and institutions to meet the needs of a mass electrification programme but needs to be restructured to provide competitively priced goods for local and export markets, Richard Goode of the Industrial Strategy Project has found.

But the electronics industry was in a bad way, it said. It was unable to provide affordable consumer goods to the millions who would come on stream as part of the 8 million new connections that Eskom planned for the next 20 years.

"Although the electrical distribution equipment industry, mainly through Eskom, has the generation and transmission infrastructure needed, it is constrained by the lack of investment, fragmentation of demand, lack of standards and economies of scale, high raw material costs and low skills levels among workers."

Goode recommended phased reduction in protective tariffs for the electrical equipment firms, particularly the highly protected distribution transformers, circuit breakers and insulated cable producers.

There was a need for a skills upgrade to improve productivity. The electronics sector, on the other hand, was in a far worse position. It was uncompetitive and it relied on imports.

To survive, it would have to be integrated into international markets with a phased reduction of tariffs on equipment and components and greater access to foreign technology with South African companies entering into cooperative networks overseas.

Goode recommended the sector should concentrate on developing technologies that would enhance productivity in other sectors.

Some sub-sectors within the electronics sector would survive but others would fail, he said.
Govt indemnity scheme to cover 14 more areas

Robyn Chalmers

A FURTHER 14 areas have been granted cover under government’s mortgage indemnity scheme, bringing to 30 the number where accredited banks will grant bond finance.

Mortgage Indemnity Fund board chairman Johan de Ridder said yesterday the fund had this month considered 65 areas countrywide for cover. Although cover was not a precondition for extension of bond finance, banks lending in approved areas would be indemnified against loss if a breakdown of law and order meant they could not repossess houses. In the first round of approvals, cover was extended to 14 areas in seven provinces; in the next 14 applications out of 42 were approved.

Factors contributing to denial of cover related mainly to severely deficient local administration and services and persistently low or declining payments for services. Another was continuing interference with due legal process after occupants defaulted on loans. Affected communities and authorities had been informed of the decisions and reasons, and had been encouraged to seek solutions to the problems.

KwaZulu/Natal and the Eastern Cape, both included in the first round, received cover in certain areas. These were Chatsworth, Claremont and Umlazi in KwaZulu/Natal and Bethelsdorp, Rosedale, Kwamashu, Paarl and Kwanangakazi in Eastern Cape. However, cover was denied in Eastern Cape’s Gomo and Motherwell, and KwaZulu/Natal’s Chesterville and Madeni. In Gauteng, cover was extended to Doornkop and Protea Glen but denied in Duduzza, Thokoza, Spruitview and Tsakane. In Western Cape it was extended to Grassy Park and Macassar but denied in Langa. Cover was also given to Lalekane and Makgale in Northern Province.

De Ridder said the board had accredited five more mortgage lenders. These were Ebotshelwayana Building Society, Citizen’s Bank, Community Bank, Mercantile Bank and Khayalethu Home Loans.

See Pages 3 and 10
Eskom project opened in Richards Bay

RICHARDS BAY.—Eskom chairman John Maree has officially opened the parastatal's newest and biggest electricity transmission substation at Richards Bay.

"The development of Southern Africa is going to depend on the sharing of resources and the sharing of knowledge within the sub-region."

He said the linking of all the countries of Southern Africa was slowly becoming a reality, and electricity was going to be a stimulus for the development of the continent.

"I am confident that with the resources and with the people we have in our country we will offer an improving life for our people, and we can build a country on par with the world community," he said. —Sapa.

Eskom chief executive Allen Morgan said the Alusaf plant would contribute one percent towards South Africa's gross domestic product and earn R1 billion in foreign exchange annually.

And 1,000 permanent jobs would be created, along with a further 30,000 in related industries.

Mr Morgan congratulated Alusaf on the development of the plant as it showed their faith in the economy, and in Eskom.

"The development of Southern Africa is going to depend on the sharing of resources and the sharing of knowledge within the sub-region."

He said the linking of all the countries of Southern Africa was slowly becoming a reality, and electricity was going to be a stimulus for the development of the sub-continent.

The promotion of the Southern African power pool would be of "enormous benefit to our sub-continent. Cheap power would allow us to achieve growth rates not seen before in Africa."

Dr Maree said that although Eskom was the world's second cheapest electricity producer, it would continue to reduce the price of electricity by 15 percent through efficiency improvements.

"I am confident that with the resources and with the people we have in our country we will offer an improving life for our people, and we can build a country on par with the world community," he said. —Sapa.
15 townships put on danger list

FIFTEEN black townships countrywide are still blacklisted by the government and mortgage lenders when it comes to providing home loans.

And they could soon be joined by other townships which do not meet conditions set by the state-sponsored Mortgage Indemnity Fund.

The townships include Langa on the Cape Flats, Motherwell near Port Elizabeth, Thokoza on the East Rand, Chesterville near Durban, Thabong in Welkom and Thlabane in Rustenburg.

The Mortgage Indemnity Fund, administered by the Housing Department, this week announced it had considered 42 areas in all nine provinces for cover by the Fund.

Acting risk manager David Postoeus said although such cover was not a precondition for a housing loan, these areas were affected by circumstances indicative of the risks covered by the indemnity provided by the Fund.

Of the 42 area applications considered, 14 were approved for full cover by the Fund - while 15 areas were found not yet ready for cover.

Decisions on 13 areas were deferred because of insufficient information.

Postoeus said the collapse of local administrations and non-existent services were the main reasons why the fifteen areas had been rejected for cover.

Payments for services

The other two factors were persistently low or declining payments for services and interference with the legal processes following failure to regularity pay back loans.

The full list of the 15 areas deemed risk areas are:

- Gauteng: Duduza in Nigel, Spruitview in Boksburg, Thokoza on the East Rand, and Tsakane in Brakpan;
- KwaZulu/Natal: Chesterville in Durban, Esikhaweni in Empangeni, and Madadeni in Newcastle;
- Free State: Kwaluseng in Odendaalsrus, Meloding in Virginia and Thabong in Welkom;
- North West: Meriteng and Thlabane in Rustenburg;
- Eastern Cape: Gonpo in East London and Motherwell in Port Elizabeth; and
- Western Cape: Langa in Cape Town.

The Fund has informed the town clerks involved and the provincial housing departments of the reasons for the rejections, Postoeus said.

A total of 65 areas countrywide have so far been considered for cover by the Fund - and cover has been provided in 28 areas.

The Fund is currently assessing another 125 areas countrywide.

The Fund has so far accredited eleven mortgage lenders - FNB, Standard Bank, Nedcor, ABSA, NBS, Saambou, Bophutatswana Building Society, Citizen Bank, Community Bank, Mercantile Bank and Khayeletu Home Loans.
Contractors get deadline

Contractors who intend to be involved in the low-cost government housing programme, and who wish to get bond finance, must submit registration applications with the National Home Builders’ Registration Council by September 1, 1995.

Releasing the details of home builders’ registration requirements yesterday, council MD Peter Allsopp said the council was an essential part of the interim defects warranty mechanism.

"Registration with the council is voluntary," he said. "But banks that are members of the Association of Mortgage Lenders will grant bond finance for new houses costing R65,000 only in cases where the contractor is registered with the council."
US experts address housing seminar

CAPE TOWN — American housing and development experts warned at the weekend that overly ambitious government housing plans could frustrate potential home owners.

JEB Associates president James Baugh told a Parliamentary seminar the “biggest disservice” against communities was to create expectations that could not be fulfilled.

While it was not wrong to be ambitious, particularly given the great demand for housing in SA, it was essential communities were kept continually up to date on housing plans and progress, he told MPs.

Many of the experts, who were brought from the US to SA by the Congressional Black Caucus Foundation, urged a broad approach to housing which focused on community economic development, job creation and skill acquisition programmes as well as actual construction.

Only once people had an income or jobs could they afford to build and maintain homes, said Baugh.

“Economic development and empowerment leaves you with choices: you must have money to own your own home.”

He said about 3.4-million people in the US were housed in schemes administered by 3 700 housing authorities. US policy, however, was moving away from seeing the state as provider of housing towards the state as facilitator of housing projects and initiatives, according to National Community Reinvestment Coalition president John Taylor.

The best use of government funds was considered to be for leverage, the provision of guarantees and involving new players, Taylor said.

Government should also bring together institutions, including lending, construction and development organisations, rather than undertake these roles itself or be forced into providing “deep pocket subsidies”.

Howard University architecture and city planning professor Jerome Lindsey stressed that both urban and rural housing and development programmes should be implemented in tandem. Failure to do this would result in unbalanced development as well as accelerate the influx of people to urban areas.

Local Initiative Support Corporation director Oramenda Fleming and municipal finance adviser for the US Agency for International Development Russell Hawkins were also present at the seminar.
RDP turns tap for 1.7-m

Political Correspondent

RECONSTRUCTION and Development Programme projects to supply water and sanitation services to 1.7 million people will be on-stream within a few months.

Further projects are being planned to bring ready access to water to another 1.8 million people in the next few years.

This was said in the national assembly today by Water Affairs and Forestry Minister Kader Asmal.

Opening the debate on his ministerial budget, Dr Asmal said beneficiaries of the projects were directly involved in planning and managing them.

Some projects had been delayed because communities had insisted on being given training on issues like tariffs and service levels before agreeing to designs and contracts.

The projects for which funding has been approved already are in the North West Province, the Free State, KwaZulu-Natal and the Eastern Cape.

The further projects being planned will be in the North West Province, Eastern Transvaal and Eastern Cape.

Dr Asmal asked the housing and agriculture ministries to consider carefully the implications, for water resources, of their programmes.
Koeberg generators pass 100 billion mark

KOE Aberdeen nuclear power station on Sunday night notched up 100 billion kilowatt hours of electricity generated since start-up in 1984.

The power generated was the equivalent of South Africa's total demand for 8.2 months, or demand in the western and southern Cape for 6.9 years, Koeberg said in a statement yesterday.

The operating time required to produce 100 billion kilowatt hours was 7.4 years for the station's Unit 1 and 6.8 years for its Unit 2. Koeberg's longest period of continuous generation was 357 days last year.

Since start-up the station had "consumed" 21 tons of uranium. — Sapa
Scheme ‘will have teething problems’

ALL parties involved in the housing programme’s new subsidy scheme should expect teething problems over the next month or two, but these should soon be settled, says housing department consultant Nigel Mandy. He told a National Association of Home Builders and Urban Developers workshop this week that he was confident problems could be solved, enabling mortgage lenders to meet their target of 50 000 loans to the low-income sector in a year.

He was surprised to hear from home builders that some banks were issuing only 80% loans without legal and other costs, which have to be paid by the borrower.

The impression was that 90% loans would be the norm.

However, Mandy said each mortgage lending institution was required to report regularly to the mortgage indemnity fund on lending criteria and targets by area. This would ensure they were on track to meet their lending targets.

Builders at the workshop said they were unhappy about the high costs which had to be paid up front by prospective buyers. They said costs of about R5 000 were involved in the transfer and bond registration of a home of R50 000, as well as a deposit of 5% or more.

In many cases, builders said prospective buyers did not have these funds. They could participate in savings schemes, but had a maximum of 18 months in which to acquire sufficient funds and take transfer of the property.

Mandy said a variety of subsidy schemes were being developed, including an institutional subsidy. This would be a capital subsidy to institutions which would acquire, construct and improve property.

He said the idea was to create co-operative schemes whereby people qualifying for subsidies could pool their resources and buy a housing scheme, block of flats or similar joint form of ownership. This would have to be done through a management organisation, and details of this subsidy were still being finalised.

Other subsidy schemes still being investigated included relocation allowances for people who could not afford their current houses, rental and rural housing subsidies.
Water Affairs needs R36m

Adrian Hadland

CAPE TOWN — Between R36bn and R36bn will be required to achieve the goals of the water and sanitation sector over the next five years, says Water Affairs Minister Kader Asmal.

Addressing the National Assembly yesterday during his ministerial budget debate, Asmal said a review of existing and projected expenditure in the sector was being undertaken with the assistance of the Development Bank of Southern Africa.

"Initial estimates of the total financing required by government, the water boards and other institutions for the provision of basic services and the supply of adequate water and sanitation amounted to between R36bn and R36bn. "The bulk of this will be sourced from capital markets rather than the fiscus."

The amounts involved could be reduced if Housing Minister Sankie Mthembu-Nkondo and Agriculture Minister Kraaiboom van Niekerk could be persuaded to consider the implications for water resource development in their programmes.

"National irrigation tariffs, local government subsidies for water provision and the tariff structure for the Vaal system were being reassessed with a view to promoting efficient water use," Asmal said.

"We aim to develop a new system of conditional financial transfers to promote the provision of basic services in a sustainable way," he said. Loan funds would be

![Image](image-url)

continued on Page 2

Water continued from Page 1

made available to water boards on the best possible terms, through a water bond or similar arrangement.

Introducing his R2bn budget, Asmal reported significant progress in the implementation of water and forestry projects across SA. "We are rapidly moving from the phase of policy formulation to implementation," he said.

A number of major projects were either under construction, such as the Lesotho Highlands Project, or were at the final stages of design and tendering. These included the Drakenstein and Injaka dams on the Komati and Sabie rivers, the Olifants-Sundt transfer pipeline to Pietersburg and the first emergency phase of the Tugela-Mhlutwe transfer scheme for the Richards Bay area.

Work had begun on the Mount Pleasant Dam near Ladysmith, proposals were being finalised for a dam on the Mvoti River and construction would begin this financial year on bulk supplies to the KwaNdebele region of the Eastern Transvaal from the Vaal and Usutu Rivers.

An estimated 3.5-million people would receive new access to water in the next few years as a result of hundreds of projects being planned and implemented by the department.

Asmal said a Green Paper on forestry had been published yesterday aimed at dealing with the doubling of SA's timber requirements by 2025 and with plans and projects in this sector.
National water budget ‘should be doubled’

Political Correspondent

The national water budget should be doubled, parliament has been told.

This recommendation was made in a report by the national assembly portfolio committee on agriculture, water affairs and forestry.

The committee tabled its report after four hearings of evidence by water affairs officials and an interview with the minister, Kader Asmal.

The committee said the department had shown its commitment to transformation and to delivery. Adequate resources should be given to it to carry out its work.

“South Africa is a country where water is a scarce resource which must be jealously guarded and properly used. It involves projections and plans which run over decades.”
Spray-on seal turns a shack into a home

Waterproof and fireproof, they say

ESANN DE KOCK
Staff Reporter

A POLYURETHANE coating can help change the lives of squatters who endure cold, wet conditions in their shacks in winter and sweltering heat in summer.

Similar to the type used in modern fridges, it can be sprayed on to surfaces ranging from cardboard, corrugated iron and plastic to plywood to produce a waterproof, fireproof, thermal coating.

Businessmen Coen Marais and Abrie le Roux have developed the product in Cape Town and formed a company, Ukungisa Amakhaya, to market it.

Mr Marais toyed with the idea for some years after being in the guillotine swimming pool industry.

They have coated the home of Abigail Mtyali of the Lukhanyisweni squatter settlement between the Strand and Somerset West to serve as a showhouse.

It takes two or three hours to complete an average size shack and the mobile unit which does the job is easily transported — which means we can do a quite a few shacks in a day,” said Mr Le Roux.

“The coating is between 20mm and 25mm thick and covers all the holes. It completely seals the shack.

“The coating contains a fire retardant filler and if the shack catches fire, the furniture inside will burn but the structure should remain intact.”

According to Mrs Mtyali the coating has made a huge difference to the temperature inside her home.

“It’s much warmer than before. I am also looking after my baby granddaughter and at night I don’t even have to use my heater anymore. All the leaks in my house have been sealed.”

Mrs Mtyali believes the coating will be well received by other shack dwellers “once the idea is explained to them”.

Mr Le Roux regards the coating as affordable. It costs about R55 a square metre (or about R1 000 for a shack), including painting over the finished product.

He says the company is trying to find out in what way the RDP top-up subsidy on home repairs and building can assist squatters who would like to have their houses covered with the polyurethane coating.

“This is a small profit, big turn-over business and we believe it can make a real difference to the comfort of people who live in squatter huts.”
GETTING STARTED: Abrie le Roux shows the equipment used to spray the polyurethane on to shacks.
Banks under fire over home loans

By Maggie Rowley

The National Association of Home Builders and Urban Developers has criticised banks for their lending criteria for low-income housing loans which, the association says, may be unconstitutional.

Dean Roelveld, the association’s executive director, said yesterday that about 95 percent of its members, undertaking low-income housing projects, had had applications for homes in the low-income sector turned down in the past few weeks.

He said attempts last week by the association to persuade banks to change their lending criteria, which seemed to “openly discriminate against low-income households”, had been unsuccessful.

If this situation continued, about 90 percent of developers and contractors would withdraw from the low-income housing market, and thousands of prospective owners would be left homeless.

Roelveld said major discrepancies in the banks’ lending policies included higher-than-normal variable interest rates set for the low-income sector.

These varied from 26 percent on bonds up to R25 000 to 19 percent for bonds from R25 001 to R50 000, and 17.5 percent on bonds from R50 001 to R65 000. Against this, the prevailing rate on larger home loans was 17.25 percent.

“Under the changed criteria, employees with company subsidies or government guarantees will only benefit from about 17 percent onwards of the subsidy for which they qualify.”

Furthermore, many banks are now testing low-income bond applicants for affordability, as if they were taking out a 10-year bond at a fixed interest rate of 22.5 percent,” he said.

In response, Jopie van Henschooten, convenor of the task team of the Association of Mortgage Lenders, said they had made it clear to all stakeholders, including the government, that they could only re-enter the low-cost-housing market on a purely commercial basis.

“These commercial grounds require us to assess the cost and risk of this exposure without cross-subsidisation of these loans. Cross-subsidisation would not be sustainable, as it would result in 20 percent of home loans having to cross-subsidise about 80 percent of borrowers,” he said.

He agreed that the more stringent criteria now being applied by the banks had reduced the size of the loan for which an applicant could qualify. This was due to higher interest rates being charged to cover the cost of the administration and the lending institutions’ exposure to risk.

“However, it must be borne in mind that the banks have granted few loans to this sector in recent years, and these criteria were negotiated with other stakeholders,” he said.
Sanco objects to exclusion from housing agreement

BY SUVARNA RACHAWAN

The South African National Civic Organisation (Sanco) hit out yesterday at its exclusion from the housing accord and said it would oppose any "imposition of experiments" detrimental to its communities.

The housing department and banks represented by the Association of Mortgage Lenders signed a Record of Understanding last October to create home loans for lower income borrowers.

Sanco was excluded from the bilateral talks. Prior to the talks, the organisation negotiated on behalf of certain communities.

Sanco said many points covered in the agreement sounded good to technocrats and those wanting to maximise their profits.

Evictions and the threat of force, with or without government support, would lead to a hardening of attitudes, Sanco said.

It said an agreement that included its voice on behalf of certain communities "would stand a far better chance of success than an imposition from the government and the banks."
Home loans upset looms

Banks accused of violating promises to low-income groups

The National Association of Home Builders and Urban Developers says banks remain inflexible on the issue of lending to the low-income sector.

The association said yesterday that more than 95 percent of applications for home loans in the low-income sector had in recent weeks been turned down.

Unless banks changed their lending criteria, thousands of prospective homeowners might remain homeless, the association warned. But spokesman for the Mortgage Lenders Association of South Africa and the Ministry of Housing denied the allegations. They claim the banks had agreed to stop "red-lining" low-income earners.

Association executive director M. Duas Reelvert said his organisation had failed to get most banks to change their lending criteria. He said variable interest rates for the low end of the market were as high as 20 percent for loans up to R25,000. Normal bond rates at most banks were 1.25 percent.

Also, many banks were testing affordability of bonds according to the repayment a borrower would make over 10 years at a fixed interest rate of 22.5 percent. This meant many applicants did not qualify for a home loan. Under the Housing Accord, banks had committed themselves to assisting all South Africans who were inadequately housed with loans to buy houses.

The Housing Ministry announced that all citizens who were earning R3,500 or less were entitled to a subsidy to buy a house. As a result of this announcement, hundreds of thousands of homeless people applied for loans in the hope of receiving subsidies.

MLASA executive Mr. Japie Honschooten said the claims were not substantiated because out of every three applications for home loans, two were normally approved.

The banks had told the Government they would approve loans to applicants who could afford them. "We have agreed the loans should not be high, to enable people to pay back their bonds."

Housing Ministry spokesman Mr. Thami Didiza, said the ministry was unaware of the allegations, but would investigate them.

He said it was agreed banks would give reasons in cases where they did not approve housing loan applications.

The South African National Civic Organisation said it would never accept "red-lining," whether government-approved or not.

Sapa and Sowetan Reporters.
Controversy over lending accord

Robyn Chalmers

WHILE mortgage lenders, builders and government tussle over lending criteria for low-income housing, the record of understanding which paved the way for banks' re-entry into the low-cost housing market is in danger of being undermined.

The SA National Civic Organisation this week called for the reopening of negotiations on the record of understanding, saying they were excluded during the first round of talks between banks and government.

Sanco national president Mlungisi Hlongwane said Sanco was not a signatory to the record of understanding, and had been excluded from the lengthy talks last year.

"We are not surprised by the cool and almost hostile reception our communities have given this record of understanding as our structures at various levels have been negotiating with banks on the very same issues," Hlongwane said.

Hlongwane said an agreement between government, banks and communities would stand a far better chance of success than a decree from government and banks.

The agreement was aimed at ensuring that banks resumed mortgage lending for the lower income communities. It encompassed a commitment from banks to lend 50 000 bonds into this market over a 12-month period, and forgave an agreement on government's mortgage indemnity scheme should there be a breakdown of law and order in those community areas.

It effectively put an end to the banks' reining of areas which had initiated bond boycotts during the late 1980s to protest against, among other factors, the apartheid regime and the lack of township services.

The creation of the agreement paved the way for banks to officially re-enter the low-cost housing market on June 5 this year, when they opened their doors to applicants from disadvantaged communities.

However, the granting of loans has become embroiled in controversy, as both builders and government have criticised banks for imposing stricter mortgage lending criteria for applicants of smaller, variable rate bonds.

Earlier this week, National Association of Home Builders and Urban Developers executive director Daan Rouxviert said that more than 96% of lower income bond applicants had been turned down since the beginning of the month.

Banks yesterday defended their decision earlier this month to base their affordability examinations for smaller bond applicants on recently introduced criteria for fixed rate mortgage bonds.

Housing Ministry director-general Billy Cobbett said he would be seeking an urgent meeting with the banks to discuss the issue.

Cobbett said government was concerned that the affordability tests banks were using would exclude those that should theoretically have had access to bank credit.

He said this contradicted government's talks with banks over the past year which had been aimed at increasing accessibility to bonds.
Breaking Ground For the Homeless

Homeowners Guide

Somewarn 21/6/1993

Somewarn Thursday June 29 1995

Homeland's People in the Backflow

Amy told me he was good at fancy footwork.

- Homeowners Guide

- Amy told me he was good at fancy footwork.
Meyer tells MECs to sort out demarcation

CAPE TOWN — Inconsistencies in ward allocations prescribed by the Constitution and the Local Government Transition Act could force them to be amended before the November elections.

While Constitutional Development and Provincial Affairs Minister Rosel Meyer believes provincial MECs and the demarcation boards might be able to resolve the problem, parliamentarians believe the Constitution will have to be amended.

The Act prescribes that wards must be so demarcated that black communities get half the total for all local government authorities, with the other half split among white, Indian and coloured communities.

The system has already created distortions. In Plettenberg Bay, for example, there are 25 blacks and 10 475 white, coloured and Indian voters sharing 10 wards, which means 32 people have the same say as 10 475. Carletonville has a similar problem.

At a joint constitutional development parliamentary committee meeting yesterday, department of constitutional affairs adviser SS van der Merwe said the extent of the problem was unclear.

Local Government Elections Task Group co-chairman Van Zyl Slabbert had been unable to give him accurate figures because the demarcations were still taking place.

Slabbert thought the problems should be addressed individually without restructuring the entire system. Van der Merwe said Meyer suggested a way to resolve the problem before resorting to a constitutional amendment: that all provincial MECs apply their minds to the re-organisation.

Demarcation boards would also need to be approached to provide information within 14 days.

The matter would be discussed at Monday’s Minmac meeting, Meyer said.

Problems should be solved by the provinces, the demarcation boards and the local government task team.

Only if problems still remained after these attempts should legislation be amended.

The amendments would apply in exceptional cases only, and the scales would have to be adjusted before polling day on November 1 by provincial proclamations, he said.

Committee members agreed in principle to Meyer’s plan, but pointed discussion on the substance of the amendments.

The parliamentary committee would be kept informed of developments during the recess and, if necessary, the committee would be recalled, co-chairman Pravin Gordan said. — Sapa.

IFP accuses ‘secretive’ Asmal

by calling on the IFP to “rid itself of the mentality that it had a monopoly” over rivers and dams in KwaZulu-Natal about the province’s water problems, by-passing the legitimate provincial government, the IFP said yesterday.

Asmal’s spokesman Thembalihle Khumalo hit back by calling on the IFP to “rid itself of the mentality that it had a monopoly” over rivers and dams in KwaZulu-Natal about the province’s water problems, by-passing the legitimate provincial government, the IFP said yesterday.

Sapa reports that the IFP accused Asmal of being “reclusive in the executive” for by-passing the provincial government and then attempting to blame the IFP for being “obstructive to delivery.”

Asmal said in his budget vote earlier this week that IFP “obstructionism” was the major obstacle to water delivery in KwaZulu-Natal.

The IFP said: “Asmal has on various occasions secretly visited KwaZulu-Natal and held meetings concerning the supply of water to the province without inviting IFP persons to these meetings, deliberately bypassing the legitimate government of KwaZulu-Natal.”

Khumalo confirmed that Asmal had met non-governmental organisations and department officials in KwaZulu-Natal, but said it was not secretive.

Khumalo said the minister had met a KwaZulu-Natal government delegation led by Premier Frank Mdhlalose in March. This meeting was to discuss IFP demands for control over water affairs and forestry.

Asmal’s repeated attempts to arrange follow-up meetings with the provincial government had been unsuccessful, and this was frustrating attempts to supply water to needy areas. There needed to be co-operation between the national and provincial governments to implement reconstruction and development projects, he said.

The IFP had threatened earlier to pass legislation in KwaZulu-Natal seizing powers related to water and forestry to bring government “closer to the people”. It said yesterday it was doing everything it could to frustrate the delivery of water.

Khumalo said rivers flowing from one province into another was a major problem. It was vital that water affairs remained with central government to “deregionalise” the SA economy.
American team leads the way!
Slow start to lower income housing plan

BY MAGGIE ROSELEY

The government's individual capital subsidy scheme for low-cost housing, launched on June 5, has got off to a slow start, a spot survey of the provincial housing boards has shown.

Industry spokesmen said yesterday the scheme's slow take-off had been due to: teething problems in getting the scheme set up; the public's ignorance of the subsidy scheme and the shortage of affordable housing developments and serviced sites.

Government subsidies for low-cost housing prior to June 5 were limited to project-based subsidies with developers being paid the subsidy on transfer of the properties to the new owners. Most applications and subsidies approved to date have therefore been project-related.

Credit-linked individual subsidies are now also available to those who have met the banks' lending criteria and have been awarded individual subsidy schemes.

Housing board representatives said that delays in the banks processing documents could be the reason for there being less credit-linked applications than non-credit applications.

The Northern Cape and Eastern Cape provincial housing boards have received 100 and 10 individual subsidy applications respectively, none of which have been credit-linked. The Northwest provincial housing board has had no applications "due to hold-ups at the transitional local council".

The Western Cape provincial housing board is processing 50 applications for individual capital subsidies and has approved four credit-linked subsidies to date. Further credit-linked applications are believed to be in the pipeline.

However in the Eastern Transvaal and the Free State between 500 and 750 applications have been received in each region.

An Eastern Transvaal board spokesman said the applications were still being processed and while no applications had come through the banks, a number of applicants were likely to qualify for credit-linked subsidies.

A Free State spokesman said they were still waiting for further applications for credit-linked subsidies through the banks.

Attempts to get information from the other provincial boards were unsuccessful.

Meanwhile Johan de Ridder, chairman of the Mortgage Indemnity Fund said to date 68 areas countrywide had been assessed for cover under the scheme, of which 28 had been approved and 13 deferred due to inadequate information. The fund was established to underwrite the political risk of banks lending to the low-income market.

"Assessing areas for mortgage indemnity cover is no doubt also creating some bottlenecks, as the banks are not prepared to lend into areas which have not been approved in terms of the scheme."
Housing accord not being honoured

By Bhekie Mateshula

THE Institute of Estate Agents of South Africa yesterday claimed that banks had disqualified more than 50 housing loan applications for low-income earners in Soweto last week.

IEASA Southern Transvaal secretary Mr Ralph Heibner said black estate agents had applied for loans on behalf of their clients in line with the Housing Accord between the government, banks and construction companies.

Heibner condemned the banks' actions, saying black estate agents would be discussing the matter at an urgent meeting to be held in Soweto today.

Spokesmen for the 'Association of Mortgaged Goods' could not be reached for comment yesterday as they were locked in a meeting in Johannesburg. However, the association denied in an earlier statement that banks were refusing to give loans to potential home buyers in the low-income category.

National Housing Ministry spokesman Mr Thami Dlizana said on Tuesday the government would investigate the allegations.

The IEASA's Soweto branch will hold the meeting in Diepkloof at 5.30pm.

"Some of our members are sitting with more than 50 applications where applicants qualified last week and are now automatically disqualified," Heibner said.

Heibner said today's meeting will try to find ways of reopening discussions on the government's housing subsidy scheme. He said the branch would also seek support from civic organisations.

Under the Housing Accord, banks committed themselves to assisting all South Africans who were inadequately housed with loans to buy homes.

The National Association of Home Builders and Urban Developers said this week that about 95 per cent of applications for low-income housing loans had been turned down by banks.
The wheels have begun to turn

The government has announced a housing support programme aimed at the poorest sections of society.

Waiting lists for subsidies are to be abolished and subsidies are to be issued four times a year on a first come, first served basis.

Members of the Association of Mortgage Lenders, (AML) which include all the major banks are to implement an agreement reached towards the end of last year to enter the market for low-cost housing loans. An amount of R1,5 billion has been set aside for this purpose during the first year, and loans are expected to fall in a range of R10 000 to R50 000. The banks are hoping to finance 50 000 houses between now and May next year and the five-year target is 300 000 mortgage loans.

Another feature is a nine-month savings scheme which will be introduced for applicants who are unable to afford the minimum 5 percent deposit.

The government has also announced a housing support programme aimed at the poorest sections of society. The programme is intended to provide advice, finance, training, job opportunities and reasonably priced building materials to the most disadvantaged communities.

The nine provincial governments are to implement the system although it is still very much at a planning stage.

In an attempt to streamline the bureaucratic environment of residential development projects, the Development Facilitation Bill is expected to be passed by Parliament soon. This is intended to allow for the rapid release of land for housing development.

Wide regional disparities between living conditions, employment levels and access to resources in the various provinces have been confirmed by the results of a survey conducted earlier this year.

Unemployment among blacks varied from 15.3 percent in the OPS to 34.5 percent in the Northern Cape.

A positive aspect of the survey was the relatively large percent of black dwellings which were owned as opposed to rented, with only the Western Cape and Free State possessing ownership levels of less than 50 percent.
Rankings

While Gauteng is firmly entrenched in the top ranking for valuable homes, it is in the bottom half of the rankings for actual ownership. However, the province's minister of housing, Dan Mofokeng, has already taken steps to remedy this with a new housing programme for the region.

Phase one of the scheme will involve the provision of emergency services to 30,000 homes at a cost of R90 million and the erection of 10,000 basic homes at an average cost of R15,000 per dwelling.

Phase two is considerably more ambitious and involves four major areas:

- Redevelopment of homes;
- Rebuilding of homes damaged by violence;
- The release of additional State-owned sites for housing development;
- The identification of five or six new sites in the province for the development of new city-structures. They are to be provided with services, schools, clinics, police stations and other amenities.
Housing held up by tight lenders

THREE weeks after the ground-breaking low-cost housing agreement between the government and banks, only about 1,000 bonds have been approved in terms of the mortgage indemnity scheme.

The figure was given to a meeting of the development chamber of the National Economic Development and Labour Council this week and comes amid growing criticism of the banks' stringent lending criteria for the low-income market.

Billy Cobbett, the Department of Housing's director-general, on Friday described unsubstantiated assertions by the building industry that 96% of applications for low-cost home loans had been rejected.

He said, however, that he had been meeting the Association of Mortgage Lenders, representing banks, to discuss their affordability tests for low-income borrowers.

Further meetings were scheduled for this week.

Mr Cobbett was confident the banks would meet their side of the MIS accord, which obliges them to issue 50,000 government-assisted bonds in the 12 months to June, 1996.

By SVEN LUNSCHE

Loans issued under the MIS qualify for government capital subsidies of up to RIS 800.

AML president Johan Myburgh defended the banks' cautious approach: "If we are to serve this sector on a sustainable basis, loans must be commercially viable. The cost of providing mortgage finance to the vast market is substantial and loans must be at rates which adequately cover overheads and the risk involved."

Johan de Ridder, head of the Mortgage Indemnity Fund — which administers the MIS — said it was too early to assess the banks' records as detailed figures would be available only in a few weeks' time.

"However, it appears the criteria the banks have been applying are restricting access to finance quite severely," he said.

"It is essential that the banks ensure their loans will be repaid, but it could well be a case of overkill, given that they burn their fingers in the township market previously," Mr de Ridder said.

Apart from strict lending rules, analysts attribute the low number of successful bond applications to the limited number of areas covered by the MIS.

Only 28 areas were covered in June, said Mr de Ridder, adding that a further 30 areas were approved on Thursday. Another 100 areas were being evaluated, he said.

Areas are assessed, among other factors, on their previous bond and rate payment records.

Banks recently decided to evaluate smaller bond applications on the same criteria used for fixed mortgage rate loans in that market. Applicants would thus have to prove they could meet the monthly repayments applicable to a 15-year bond at a fixed 22.5% interest rate.

This argues government officials are far too stringent and could exclude the majority of low-income earners.

Another criticism levelled at the banks is that they charge a rate of 20.5% on loans of up to R25,000, when their standard bond rate is only 18.25%.

The Department of Housing said it would not only question the banks' assessment criteria but also ask them to consider extending the life of fixed rate mortgage loans from 10 to 20 years at least.
Electricity is a shot in the arm for health

By CAS ST. LEGER

SCIENTISTS are peering into fridges in recently electrified homes to monitor new diets and changing lifestyles.

In a three-year project for the reconstruction and development programme, the Medical Research Council is examining the long-term health benefits of electrification.

The RDP aims to supply electricity to 2.5 million homes by the end of the century.

The council's community health researchers — Dr Len Lerner, Dr Derek Yael and their team — predict the programme will save R500-million in treating patients with lung disease, burns and paraffin poisoning, which could be avoided if they had electricity.

Six out of every 10 clinics don't have electricity. Electrification would bring refrigeration of vaccines, sterilisation of instruments and health promotion by video.

Due mainly to the use of candles, South Africa's burn fatality rate is four times higher than that of the industrialised world, with 25 babies and 35 of the elderly dying by fire per 100,000 of the population. And at least 16,000 children a year are admitted to hospital for paraffin poisoning.

While street lighting would help cut down crime, the researchers said it was important to consider the role of television violence in interpersonal violence, since electrification was associated with television sales.

They found that in poor households, new refrigerator owners could be at risk of a change to unhealthy, high-fat foods.

Some studies have shown that children living near high-current lines had higher rates of blood and brain cancers.

The research found that half the electrified households surveyed in Gauteng continued to use coal and candles.
Banks defend difficult criteria

Mortgage lenders have reacted angrily to claims by home builders that lending criteria have put housing beyond the reach of many.

Johan Myburgh of the Association of Mortgage Lenders said banks could not cross-subsidise interest rates in the low-income market as loans had to be commercially viable if they were to be granted on a sustainable basis.

The National Association of Home Builders and Urban Developers last week accused banks of implementing lending criteria which could be unconstitutional.

This followed a decision by banks earlier this month to base their affordability tests for smaller bond applicants on the more onerous criteria applied to fixed-rate mortgage bonds.

Myburgh said SA was presently in a cycle of rising interest rates and banks were prepared to grant loans on a fixed-rate basis for up to 10 years.

Banks had lent extensively during the 1980s when interest rates were as low as 12% and many homeowners had been unable to afford the higher repayments when rates had climbed.

“We have learned from the unhappy experiences of the 1980s and now that we are in a position to get things right at grassroot level, we cannot allow any circumstances allow a repeat.”
Prime overdraft, home loans go up

Samantha Sharpe

BANKS responded quickly to the Reserve Bank's decision to raise the Bank rate last week, announcing a single percentage point increase in their prime overdraft rate to 18.5% and a similar rise to 18.25% in their home loans rate.

The new rates would take effect from today.

However, some home owners at the lower end of the income scale were dealt a slightly softer blow. Standard Bank said that mortgage lending rates for government subsidised loans for up to R25 000 would rise from 20% to 20.5%.

Government loans ranging between R25 000 and R50 000 also faced a softer hike, rising to 19.5% from a previous 18.75%, Standard said.

However, Standard Bank GM Duncan Bechtel said the bank believed that interest rates could rise a further percentage point in the current economic cycle.

This had led Standard to increase the rate for applicants qualifying for government capital subsidies to 1% above the current variable new loan rate, he said.

Nedcor executive GM David Harris said the bank had not yet decided on how home owners eligible for government capital subsidies would be treated. Nedcor did not anticipate another Bank rate hike for at least three or four months.

Most institutions are expecting one more hike in this interest rate cycle - probably at the start of next year. Old Mutual, however, is still bucking the trend and betting on two hikes.

Chief economist Dave Mohr said the last two hikes - in September 1994 and in February - had come after five month intervals, there could be another one this year.

Most economists welcomed Reserve Bank Governor Chris Stals's move, which they said they had been banking on for some time with inflation in double digits and money supply growth way out of the Bank's target guidelines.

However, many also expressed fears that another hike this year could badly hurt the economy.

One economist said it was rare for the Bank to tighten monetary policy when the money market was so liquid, which could suggest they were planning in the coming months to tighten liquidity.
Consumers given a month to cut water use

Cathryn Crooke

GAUTENG’s main water supplier — the Vaal Dam — has 16 weeks’ water left and consumers will face punitive tariffs if a 20% saving in consumption is not achieved by the end of this month, according to the Johannesburg transitional metropolitan council and the Rand Water Board.

The level of the Vaal Dam had fallen to 16% of its capacity and was dropping 1% a week. The board said the dam’s level could not be allowed to drop further. “Precious reserves” from the Steenkfontein Dam were being used to feed the Vaal.

Punitive tariffs would be introduced if water was not conserved. The overall target of 20% in water savings meant households would have to aim at cutting back consumption by 30% and industry by 10%.

Rand Water spokesman Mandy Gwele-Maepa said the board would impose the punitive tariff for exceeding consumption quotas on the Johannesburg council and other bulk purchasers, who would pass it on to household and industrial consumers.

“The punitive tariff will appear on consumers’ August bills,” Gwele-Maepa said.

The sliding scale tariff was devised by the council as part of its tariff restructuring programme, which came into effect today.

Council spokesman Isabel Campbell said: “It has been in the pipeline for a long time and will unfortunately coincide with the water board’s punitive tariff if the saving target is not achieved.”

Gwele-Maepa said educational campaigns had been running since April “to give consumers a chance to cut down on their water consumption” before it became necessary to punish consumers.
Minister wants review of low-cost housing interest rate

BY BONGIWE MLANGENI
CITY REPORTER

Housing Minister Sankie Mthembu-Nkondo has challenged banks for introducing a “high” 22.5% fixed interest rate on low-cost housing loans.

She said the ministry was planning to meet banks this week to find out if the interest rate on low-cost housing could be reduced.

Speaking at a Women and Housing conference at the weekend, Mthembu-Nkondo said the banks had undermined an agreement to provide low-cost housing loans at a reasonable price.

She said the 22.5% rate made it impossible for some home buyers to afford loans.

"The lending institutions have been having a party. Nowhere in the world has there been such a high interest rate. We will find out if it is possible to negotiate a reasonable interest rate," the minister said.

Last week, several low-cost housing organisations criticised lending institutions for introducing fixed interest rates of 22.5% on low-cost homes, payable over 10 years.

However, the Association of Mortgage Lenders denied claims that its decision was unconstitutional and reiterated its commitment to providing 50,000 loans totalling about R2 billion in the next 12 months.

The association has argued that the introduced interest rate was for the benefit of home-owners whose real need were houses running between R25,000 and R45,000, and not R60,000 and R85,000 as suggested by home builders.
CAPE TOWN — The number of houses built with state funds halved in the 1994/95 financial year, the housing ministry said yesterday.

In reply to a parliamentary question, the ministry said about 20,000 houses had been built with the aid of state funds in the 1992 and 1993 financial years.

This number had dropped to 10,738 last year, while the funds expended dropped from about R1.8bn to about R1.4bn.

Housing department policy support director Neville Krige said the decrease was a consequence of the time lag between the establishment of a new subsidy policy and the tapering off of the old system.

Many of the previous housing projects were undertaken by the former own affairs administrations, which had fallen away since the interim constitution had come into effect, Krige said.

The old system had assisted Indians and coloureds but had not given sufficient attention to black housing, he said.

"For the first time we are going in the right direction," Krige said.

Krige said he was confident that once the housing ministry's new system, the once-off capital grant scheme, was up and running, their would be a significant upsurge in the number of units built with state aid.

According to the ministry, more than 3,000 houses had been built with state assistance in both Cape Town and Durban.

About 2,000 had been built in Johannesburg and 1,000 in both Pretoria and Port Elizabeth.

Reuters reports the mortgage indemnity fund, which administers a home loan guarantee scheme on behalf of the government, has covered another 30 "formerly unbankable" black areas, the housing ministry said yesterday.

Fund chairman Johan de Ridder said the fund's board members had approved guarantee cover to areas including Glyn, Umlazi, KwaMashu, Tshwane, Mdantsane, Mogwase, Randfontein, Atlantis and Bethal.

"A total of 109 areas in all nine provinces have so far been assessed by the fund and cover provided in 58," de Ridder said.

"Under the agreement with the government, participating banks are expected to make finance available in these areas."

The mortgage indemnity scheme, insisted upon by banks who in the 1980s lost money on non-performing loans for low-cost housing projects under the previous government, is a government guarantee against losses which could arise from a breakdown in the legal process in some areas.
**Bonds**

**Bond applications down to a trickle**

*Standard Bank community banking services divisional GM Jopie van Henschooten said there had not been a flood of applicants for bond finance since banks opened their doors to the low-income market on June 5.*

"We believe the reason for this is the lack of available low-cost stock coupled with the limited number of areas that have been granted cover under government’s mortgage indemnity scheme. Mortgage lenders are hoping that projects approved by provincial housing boards under the project-linked subsidy scheme will soon begin to come on stream, which will go some way to alleviating the shortage." Mortgages Lenders’ Association president Johan Myburgh said the need for

Continued on Page 2.

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housing did not lie in the R65,000 property price range, as up to 95% of the poorly housed population of SA required houses in the R25,000 to R45,000 range — where there was the greatest shortage.

Representatives from a number of provincial housing boards, including the Northern Cape, Eastern Transvaal and Free State, said while there had been more applications for non-credit linked subsidies than for credit-linked subsidies, the number of applications for both had been small. A housing ministry spokesman confirmed there had been slow progress in the delivery of houses over the past financial year. The number of houses funded by government had actually declined when compared to the previous year. However, he said the ministry had expected teething problems when the new housing programme was implemented. These should be eradicated over the next few months.
Problems with low-cost programme

Govt housing policy to be reassessed

Robyn Chalmers

THE housing ministry is to reassess its controversial and hard-won "incremental" policy over the next few months to counteract problems which are hindering the low-cost housing programme.

Housing Minister Sankie Mthembi-Nkondo said yesterday this would coincide with proposals to be submitted to Cabinet within two weeks on the National Housing Finance Corporation. The proposals aimed at revolutionising the way in which money was being used in the retail lending market.

Mthembi-Nkondo said it was becoming increasingly clear that there were problems with the incremental approach, not least of which was that a severe lack of space for larger families, but the policy was unlikely to be completely overhauled.

"We must look at the policy again and do a detailed analysis of the problems, how these can be overcome and ways in which the policy can be improved. The policy is not set in stone. It is a dynamic process which must be altered as the needs of the people become more evident."

An incremental or progressive approach to housing was advocated in the draft White Paper on housing, which aimed to provide people with a serviced site, basic services and basic services while ensuring support for residents' own upgrading efforts.

The policy was criticised by a number of provinces including Gauteng, Free State and Eastern Province, which advocated the provision of formal housing, but the ministry and other stakeholders argued that such an approach was imperative if the poor were to be accommodated.

Housing Ministry director-general Billy Cobbett said the housing programme, officially launched on June 5 with a new set of subsidies and mortgage lenders entering the low-income market, was experiencing difficulties.

There had been a low level of applicants for mortgage finance and provincial housing boards were also experiencing limited inquiries about individual housing subsidies.

"Our prime task is to address the cost of money for low-cost housing which is unacceptable high, and we have an innovative new approach which will revolve around introducing competition into the retail lending market. While we are concerned about high interest rates and affordability criteria for the low-income market, the new approach has to be fiscal and will not contain hidden interest rate subsidies," Cobbett said.

A meeting of the Mortgage Lenders' Association, home building industry and housing ministry representatives was held in Pretoria on Monday, to find a mutually agreed way forward.

This followed a decision by mortgage lenders last month to hike affordability tests for low-income bond applicants to more recently introduced criteria for fixed rate mortgage bonds.

Mthembi-Nkondo said her was disappointed that mortgage lenders had decided to introduce the new affordability criteria without consulting government. Continued on Page 2

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"We spent many months discussing the best way for banks to resume lending into the low-cost housing market which culminated in the record of understanding, but there was no consultation when it came to the affordability criteria."

The record of understanding saw banks agreeing to extend 80 000 loans on mortga-
ANC blames rivals for water crisis

The ANC has blamed the water shortage crisis in Soweto on sabotage, claiming rival organisations were trying to discredit it in the run-up to the local government elections.

At a press briefing yesterday, the ANC said the role of contractors and subcontractors in the water shortages would be investigated.

"Some political parties are activating their contacts in the old bureaucracy to frustrate the delivery of services, particularly in Soweto," ANC spokesman Tays Nkutha said.

About 500,000 residents in Orlando East, Molapo, Central Western, Jabavu, Phiri, Dube and Pinetown have been without water since last week because of damaged pipes.

"We never had a crisis of these proportions in Soweto," said ANC MP Steward Ngwenya. "It cannot be purely coincidental."

According to Ngwenya, subcontractors refused to go into Soweto on Saturday, claiming that they feared for their lives.

He said that emergency measures such as delivery of water by tankers had not been taken to alleviate the crisis in the short term.

The Greater Johannesburg Transitional Metropolitan Council allocated R50,000 for pipe repairs on Monday.

The ANC alleged subcontractors had deliberately stalled repairs.

"The whole approach of these subcontractors is insensitive to the delivery of essential services to the township," Nkutha said. -- Sapa.

Traffic police march to highlight murders

Mududzi ka Harvey

About 3,000 Gauteng traffic officers will march on the Transitional Metropolitan Council and the office of safety and security MEC Jesse Duarte today to call for "drastic steps" to curb the killing of traffic officers and police.

A spokesman for the officers, Col Cassius McKay, said officers "were being murdered in cold blood".

The march will be supported by the Police and Prisoners Civil Rights Union and the SA Municipal Workers' Union.

Their demands to be handed to TMC acting CEO Nicky Padyavane and Duarte, include mandatory life sentences for murder, particularly of police and traffic officers, armed robbery, car hijackings, child abuse and rape, as well as "severe punishment" for the carrying of illegal firearms and restrictions on the issuing of firearm licences.

Further concerns were the bail system and the procedure for identity parade. McKay said, which should be tightened. Juvenile offenders involved in serious crimes should receive no leniency.

In cases where traffic officers run the risk of being robbed, assaulted or killed, they should have greater powers, he said. The officers would ask the safety and security ministry to investigate staff shortages.

McKay said the march was the beginning of a campaign to highlight the plight of police and traffic officers. To raise public awareness, the experiences of survivors and widows would be publicised.

SAPA reports the number of police murdered dropped substantially in the first half of this year compared to the first six months of last year.

Commissioner's office spokesman Sally de Beer said yesterday the number of police murdered by the end of June this year was 94 against 137 in the comparative period last year.

Last year, 241 police officers were murdered, and was the first drop in the number of police murders over 12 months in a number of years.

In 1993, 371 police were killed.

De Beer attributed the decline in the number of police murders to the service's increasing credibility.

"We hope this trend continues," she said.

SABC radio news quoted Gauteng community policing chief Brig Zirk Gous as saying fewer police were being murdered and attacked and that the nature of attacks on them was changing.

Gous said police were now being singled out for attack, mainly for their firearms.
Many seek subsidies

MUNICIPAL REPORTER
CT 317/94

THERE is considerable public interest in the government's once-off capital housing subsidies, says provincial director of housing Mr Anton Fuchs.

In the three weeks since the subsidies were announced in the press on June 5, over 1,200 telephone inquiries had come in to the Western Cape provincial housing office, he said.

Another 324 people had come in for interviews and many had written letters.

Mr Fuchs said that in the Western Cape, no subsidies that were not being processed before June 5 had been paid out.

The first approvals were expected in a week or two.

The subsidy amounts would be paid when the property transfers took place. This could take a few more weeks.
Pik: Extra energy on the cards

ENERGY is a much-needed resource for rapid socio-economic development in the Southern African region, Mineral and Energy Affairs Minister Mr Pik Botha said yesterday.

He told a meeting of energy ministers of the Southern African Development Community in the city that two documents aimed at unleashing sufficient energy in Southern Africa could be approved during the meeting.

The first document, the Southern African Power Pool, would decrease the need for investing in expensive power stations while benefiting the region with about $600 million (about R2160m) a year.

The meeting, attended by 10 SADC energy ministers and 40 senior government officials, ends today.

See Page 19

Sapa, Staff Reporters
Quick thinking needed for economic growth, says Pik

The South African government's energy policy should be clear and straightforward. It should be directed and focused. The energy sector needs to be managed efficiently and effectively in order to stimulate economic growth and development.

The government needs to ensure that the energy sector is not only managed efficiently but also that it is used effectively to drive economic development. This will require a clear and well-defined energy policy that focuses on achieving economic growth and development.
Housing: Banks 'collusive'

By RAY HARTLEY
Parliamentary Correspondent

THE Minister of Housing, Sankie Mthembu-Nkondo, has sharply criticised banks for introducing stricter lending criteria which could slow the building of houses in low-income areas.

In a strong attack this weekend at a Nedcor function in Durban, Ms Mthembu-Nkondo accused banks of "complacent and collusive behaviour". The banks are key pieces in the elaborate housing policy jigsaw puzzle assembled by the minister's predecessor, Joe Slovo.

The minister's attack follows a week of tension between builders and banks over the stricter lending guidelines. The new criteria are threatening to slow down the delivery of housing under the new policy, barely a month after its June 5 launch.

Housing ministry officials have scheduled a meeting of builders and bankers tomorrow to look at ways of plastering over the cracks.

Housing director-general Billy Cobbett admitted the policy was experiencing "short-term problems", but he said the fundamentals of the policy were in place. "Problems were anticipated, more problems are anticipated, but this does not in any way change our policy."

Adding fuel to the fire were statistics released this week which showed that fewer houses had been built in the first year of democratic government than under apartheid.

Replying to a parliamentary question, the ministry said that only 10,726 houses had been built using state assistance in the 1994/95 financial year, compared to 20,000 in the previous year. The ministry said this was the result of a complete policy reorientation.

Waiting in the wings are critics of the incremental approach, such as Gauteng's housing minister Dan Mofokeng, who fought running battles with Mr Slovo, claiming his housing strategy would not deliver quickly enough.

Mr Mofokeng was scheduled to address a meeting to "assess the RDP" today, an event which could see the launch of a fresh bout of criticism of the national housing ministry. The housing issue is expected to be high on the agenda in the coming local government elections.

Not all aspects of the housing policy are in place yet, with the Housing Finance Corporation set to go before cabinet soon for approval, and housing support centres still to be established, said Mr Cobbett.
WASTE, WASTE, WASTE ... Consumers were this week still not aware of the water crisis. The government has called for an urgent reduction in water use.

Water crisis deepens

By PEARL RANTSEKENG

SOUTH Africans are facing their worst water crisis and are not even aware of it.

According to the Rand Water Board, the country is in the throes of a drought and water from the Vaal Dam is down to 16 percent — is being consumed at a rate of one percent a week.

A major concern is that most people are not even aware of the problem — or worse, they are not taking it seriously. People are still watering their gardens, using washing machines, leaving taps running and so forth.

Minister of Water Affairs and Forestry Kader Asmal has called for an urgent 20 percent reduction in water consumption from May this year until March.

The Rand Water Board has established water quotas for bulk purchasers such as the Greater Johannesburg Transitional Metropolitan Council (GJTM C).

Director of GJTM C Water and Gas Administration George Keay said strict water conservation measures have been called for to effect an overall 20 percent saving by no later than the end of this month.

"Should this reduction (comparing to average figures during a similar period last year) not be realised, the GJTM C may be faced with punitive water tariffs from the first of next month."

We are already drawing from our precious reserve in the Sterkfontein Dam and assistance from the Lesotho Highlands project will only be possible during the first quarter of 1998," Keay said.

The GJTM C has launched a water conservation campaign and has commenced with the distribution of posters, brochures and videos in Gauteng.

"We are totally reliant on the co-operation and responsible behaviour of all users to conserve our limited water resources," said Keay.

If you see any water leaks or running surface water in your area, please report it immediately to your Local Government Authority or call the Manz! Water Watch Line at (011) 682-0911.
Electricity pool will save millions, says Pik

Cape Town — A southern African power pool should be launched this year, which in the short term could save $600-million a year in energy costs, says Minerals and Energy Affairs Minister Pik Botha.

Addressing a meeting of energy ministers of the Southern African Development Community (SADC) last week, Botha said the power pool would increase security of supply and reduce the need to invest in expensive power stations.

"From a technical point of view, and providing we do not delay its implementation by wasting time on unimportant procedural details, the SADC power pool should be in a position to make a modest beginning later this year," Botha said.

Botha's spokesman, Roland Darroll, said savings would be made by ensuring better usage of capacity in the region, rather than having each country trying to be self-sufficient.

"Also, when there is a drought in the north and hydro-electricity plants are in difficulty, those countries will be able to draw power from coal-based power stations in the south," he said. "When there is water in the north, countries in the south can use hydro, which is cheaper than coal.

"— Reuters 10/7/1995"
GOVERNMENT, mortgage lenders, and home builders moved closer to resolving their dispute yesterday when they agreed to establish two committees to review credit lending criteria and the standard of housing products.

This followed disagreement among the three parties over a recent decision by mortgage lenders to base their affordability tests for smaller-bond applicants on the more onerous criteria applied to fixed-rate mortgage bonds.

The housing ministry and home builders said these lending criteria would exclude a percentage of applicants from finance at the lower end of the market, hampering the progress of government's low-cost housing programme.

National Association of Home Builders and Urban Developers executive director Dan Roelvert described the meeting as positive. The parties would meet again today and on Thursday.

Representatives from government, banks and the home building industry had been appointed to sit on the committees. Their brief was to come up with proposals as soon as possible.

Housing Ministry director-general Billy Cobhett said the process had been established to get all the relevant roleplayers on board to ensure an acceptable solution was arrived at. He said recently government's talks with the banks were aimed at increasing accessibility to bonds and it was imperative that as many people as possible were drawn into the housing process.

Association of Mortgage Lenders president Johan Myburgh said the real concern to mortgage lenders was that the product itself was beyond the affordability range of the vast majority needing housing.
Disputes ‘set to delay housing’

Robyn Chalmers 80 11/7/95

Up to 40% of the 140 000 state-financed rented houses in Gauteng being transferred to occupants could be disputed, further delaying the delivery of stock at the lower end of the market, sources said yesterday.

The large number of expected disputes would cause significant legal difficulties, particularly as a proportion of town council records in disadvantaged areas were incomplete or had been destroyed.

In addition, the sources said the houses were needed desperately at the lower end of the market where there was a severe shortage of stock which was hampering government’s housing programme.

Opening Gauteng’s second housing bureau in the Lokoa Vaal area yesterday, provincial housing minister Dan-Mofokeng said the bureaus would be used to mediate and arbitrate the disputes between different people claiming property.

Mofokeng said there was a variety of disputes emerging over rental housing stock, including who was entitled to the homes if there was a divorce or if the original occupant had vacated the property.

“Here are many more examples of disputes that may arise and we have structured the system of housing bureaus in such a way that community representatives can have a role in mediating in these disputes,” he said.

Mofokeng said the R7 500 discount applicable to tenants wishing to buy and take transfer of their state-owned rented homes would not have any direct effect on the fascis.

He said the discount scheme related only to a discount on existing debt, so no new money was used. This meant that no funds were being diverted from government’s subsidy schemes and people who had bought and paid for council houses previously could not claim refunds.

“Arrear rents may be included in the discount amount, but not service charges which remain owing to local authorities as everyone who receives such services is expected to pay for them,” he said.

Housing ministry consultant Nigel Mandy said the actual process from receiving a claim by an occupant to transferring the property took about five months without disputes and cost significantly less than the normal transfer of residential stock.

“We can achieve this because the process is being undertaken on such an enormous scale and, quite speedily as one of the main rules when assessing claims is to ensure that homelessness is not exacerbated.”

Mandy said Gauteng was ahead of its provincial counterparts in the transfer of council houses, although there were areas in the Eastern Transvaal where the process was well under way.

He said the Western Cape and Eastern Cape would be setting up housing bureaus soon to oversee the transfer process, while KwaZulu-Natal was investigating the scheme.
Housing players need to dislodge our remaining obstacles.
Bankers meet over home loans

By Joshua Raboroko

Major banks met in Johannesburg yesterday in an attempt to resolve their dispute with the Government and home builders over loans. An executive of the Association of Mortgage Lenders, Mr. Lance Edmunds, said the meeting was positive, although he declined to give further details.

He said mortgage lenders were scheduled to meet the Minister of Housing, Mrs. Sankie Mthembu-Nkondo, and builders today to finalize an agreement on credit lending criteria for low-income earners.

The meeting follows disagreement among the three parties over a recent decision by banks to base their affordability tests for small bond applicants on the more generous criteria applied to fixed-rate mortgage bonds. Edmunds thinks the dispute will be resolved.

The Director-General in the Ministry of Housing, Mr. Billy Cobbert, said the Government had intervened after it became clear that banks would not grant loans to more than 80 percent of applicants, basing their argument on the affordability test.

Banks, government, and builders said a press briefing would be held tomorrow.
Punitive tariffs likely

BY PAULA FRAY

Punitive tariffs on excess water usage are inevitable following the poor response from Greater Johannesburg residents to the urgent call for voluntary cuts in the use of the scarce commodity.

This was the message from Greater Johannesburg Transitional Metropolitan Council executive member Yacoob Makda at the launch last night of the metropolis’ water conservation campaign.

Makda, who is chairman of the TMC’s Engineering Services Committee, said all local authorities purchasing water in excess of their Rand Water quota would, from August 1, pay an additional rate of at least R1/kl.

Greater Johannesburg’s quota, he said, ranged between 22 and 24-million kilolitres a month.

From next month, purchases in excess of the TMC’s quota would be charged an additional R1/kl (excluding VAT) increasing by R1 a month to a maximum of R5.

“The council will have no alternative but to pass this additional punitive tariff on to its consumers,” said Makda, acknowledging that they would follow this month’s introduction of increased, uniform stepped tariffs.

Responding to a question from The Star, Makda said the punitive tariffs would probably be in line with the new stepped tariffs. The executive committee has not, as yet, discussed any water restrictions for the region.

Greater Johannesburg residents have not heeded the call to cut down.

In May this year TMC consumers cut their water use by only 10,6%.

The combined reduction for May and June was only 6,2%.

Department of Water Affairs and Forestry Highveld regional director Hennie Smit stressed that there were only limited reserves available.

“There is a very real and unacceptable risk that we could end up with even worse restrictions in a year or two,” said Smit.
Dire warning of dry future
if people don’t save water

BY PAULA FRAY

Greater Johannesburg residents have been urged to redouble water conservation efforts with the warning that at present usage and with continued low rainfall the region might well run out.

Transitional Metropolitan Council (TMC) executive-committee member Jacob Makda yesterday told councillors the Vaal Dam was only 16% full.

"If we have the same low rainfall ... by December next year there will be no water."

If this happened, added Makda, industries which relied on using water — such as mines — would be severely affected.

Reacting to complaints of leakages of up to 20%, Makda said previous policy appeared to have been that it was cheaper to waste water than fix the pipes.

This had now changed.

The R92-million emergency services initiative had contributed to the fixing of the pipes and in Soweto, where major problems have been experienced, a task team had been set up.

On Wednesday he warned that punitive tariffs would have to be brought in if people did not cut consumption.

Ordinary households could easily save 30% of their water usage, according to a TMC conservation video. Rand-Water said these savings can be affected by, among others:

- Taking shorter showers of between three to five minutes.
- Finding and fixing all leaks.
- Closing taps while brushing teeth or cleaning vegetables.
- Limiting toilet flushes and reduce the amount flushed by placing a 2-litre plastic container filled with water into the cistern.
- Waiting for a full load before using an automatic washing machine or dishwasher.
- Checking the water meter to ensure there are no unaccounted leaks.
- Watering the garden early in the morning or at sunset.
- Surrounding plant bases with mulch, compost, woodchips or even leaves to retain moisture.
- Planting indigenous plants.
- Redirecting rainwater run-off into the garden or storage tanks.
- Covering the pool to reduce evaporation.
- Using a bucket, not a hosepipe, to wash the car.
- Preventing children from playing with the hosepipe.
Confusion slows Govt’s housing subsidy plans

BY BONGIWE MLANGENI
CITY REPORTER

The low response to the Government’s individual housing subsidy scheme stemmed from a lack of understanding in most communities of how the scheme worked, the Gauteng Provincial Housing Board said yesterday.

Only 112 individual subsidies worth about R2-million have been issued in Gauteng, despite the great need for assistance to build low-cost houses.

The individual subsidy scheme was introduced last month and allows individuals to apply directly to the housing board with a possibility of qualifying for a bank loan of up to R15 000.

But few people have applied for the individual subsidy because there is confusion about how the scheme works, said board chief executive officer Hanlie Botha.

Botha said they were in the process of involving local authorities to assist in informing communities about the scheme.

More than 200 people visit and call the housing board offices daily for more information on the subsidy schemes.

Several incomplete applications have had to be returned and some were rejected because people were applying for the individual consolidation subsidy scheme which was not yet in operation, Botha said.

When the individual consolidation scheme comes into operation it will be granted to people who already have a serviced site acquired through state assistance, and will help individuals to build a structure on the site.

The only schemes which have been announced are the project-linked consolidation subsidy — which is offered to people who wish to build houses as a group with the help of a developer; the individual subsidy scheme — where a home seeker can apply directly to the housing board; and a credit-linked subsidy — which is processed through a bank.

Botha said that although the number of applications for individual schemes was low, “a more realistic picture could be formed at the end of the month”.

What to do to apply

BY BONGIWE MLANGENI
CITY REPORTER

It favours no colour, religion or gender — anyone can apply for a Government housing subsidy if they meet the necessary criteria.

The Government subsidy scheme was introduced to assist households with a total income of R3 500 or less a month and can give them up to R15 000, depending on their income.

But an income is not the only requirement. An applicant should be a first-time home buyer; 21 years or older; never have qualified for a Government housing subsidy before; single with dependants or married in terms of civil law or customary law or living with a long-term partner; and a South African citizen or a foreigner with a permanent residence permit.

Individuals will have to ensure they qualify before applying because subsidies will be given to those who meet the criteria only.

The public can apply for a subsidy through a local Housing Board. Banks can also assist if one needs a subsidy and a loan.

It is important that home buyers should first find a house or flat or a site where they wish to buy and also find a builder.

The buyer will have to make a conditional offer to the person selling property and make it clear that the property will be bought when the subsidy is granted.

The two parties will then sign an agreement for the sale of property once the subsidy is available.

An application can then be made to the Provincial Housing Board.

Documents

All that is needed when applying at the board is an identity document; proof of income including an original recent pay slip; a certified copy of the conditional agreement to buy property; and an certified copy of a permanent residence permit if the applicant is a foreigner.

The Gauteng Provincial Housing Board can be contacted at (011) 339-4061.
New deal over
low-cost housing

Robyn Chalmers

MORTGAGE lender representatives were
yesterday finalising a groundbreaking
agreement with government and home
builders which could see banks relaxing
their criteria on product standards and
phasing in stricter affordability tests.

However, banking sources said agree-
ment, to the proposals by the CEOs of
involved mortgage lenders would be ne-
cessary, but might not be easily obtained.
Sources said the agreement, the details
of which would be made public only early
next week, had seen all parties making
concessions to boost the delivery of gov-
ernment's low-cost housing programme.

They said that after three days of discus-
sions this week, banks were prepared to
concede on areas which they regarded as
less risky, such as the kind and standard of
housing product they would finance.

While banks would not increase their
risk reward ratio by lowering interest
rates or significantly altering their afford-
bility tests, it was believed they would
phase in stricter lending criteria over a
period. This would accommodate the home
building sector by giving it more time to
adapt to stricter criteria and ensure con-
tacts already negotiated could go ahead.

The proposed agreement was believed
to be aimed at dissipating conflict over
strict lending criteria introduced by
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banks last month. Home builders and gov-
ernment claimed these were hampering
the low-cost housing programme.

Banks have been strongly criticised for
the more onerous criteria they introduced,
with builders saying banks' affordability
tests were excluding a significant percent-
age of potential lower-income borrowers.

Government representatives said the
banks' stance was contrary to the record
understanding forged last year, which saw
mortgage lenders agreeing to extend
50,000 bonds to the lower-income market.

Banks, in turn, said they were not hid-
dering the housing programme, but a lack
of stock at the lower end of the market
made prospective home owners could not
apply for bonds.
Water rates to soar

By BROWYN WILKINSON

Consumers are to be heavily punished for failing to save water — and by December could be charged up to 800% extra for use in excess of reasonable requirements.

Rand Water said yesterday additional rates would be slapped on all water supplied to municipalities in excess of the overall 29% savings target set by the Department of Water Affairs and Forestry.

In a statement yesterday, the water supplier said the rates were aimed at penalising all who drew excess water during the current water shortage.

"An average household of five people, for example, should be able to limit its consumption to 24 kilolitres per month and so play their part in helping save our precious water reserves," the statement said.

The punitive measures had been initiated following the dismal failure of earnest appeals from the Government, Rand Water and municipalities for voluntary savings.

During May and June, Rand Water's consumers managed to reduce their water consumption by 7%, falling far short of the 20% target.

"It was made clear from the start of restrictions at the beginning of May that consumers would be given three months to make the necessary savings in the way they considered best," the statement said.

Rand Water said water reserves in the Vaal River System had fallen to 33% of capacity.

"We are obviously not able to influence the rains, nor are we able to import water from feeder dams that are low, but we are able to control the rate at which we use water."

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Water costs

"It would be grossly irresponsible for anyone in the Vaal River area to waste water in these circumstances for they would be prejudicing the quality of life of others in their communities in the months ahead," Rand Water said.

A reduction of 20% on last year's consumption figure for the Vaal River system would maintain water reserves until early 1995, when the system would draw additional water from the Lesotho Highlands Water Project.

More than half the water in the Vaal River system goes to Rand Water consumers, more than 65% of whom are householders.

"Householders who consume large quantities of water will therefore be a prime target for the additional rates," Rand Water said.

An additional 114c a kilolitre will be charged on all water sold in excess of quotas from August 1.

The basic price is 111,95c a kilolitre. The rates will be increased until December, when an additional 570c a kilolitre will be charged.

All water sold within the quotas will be at the basic rate.
Booster for government’s low-cost housing initiative

CHARLENE CLAYTON
Property Reporter

The government’s low cost housing initiative — which has been bogged down by problems — should be boosted next week when groundbreaking announcements surrounding the banks lending criteria are expected.

The three parties to the mass housing drive, the banks as represented by the Association of Mortgage Lenders, the government and the building industry in the form of the National Home Builders and Urban Developers were locked in talks over the past two weeks.

The talks were precipitated by criticism from the building fraternity concerning the banks affordability tests to the low cost housing market which are based on stricter than normal rules. Government and home builders claimed there were hampering the housing programme.

The financial institutions, said in their defence earlier, that the more onerous lending criteria were necessary to cover the element of risk into this market which they agreed to enter on a sound commercial basis.

According to the director general of housing, Billy Cobbett, two standing committees were elected this week to look into the lending criteria of the banks and to investigate the standard of housing products.

"The two committees have made good progress and at present, all the parties are in consultation with their organisations."

"When consensus has been reached between the groups, we hope to make the arbitrations public — probably in the first few days of next week," said Mr Cobbett.
Problems beset housing scheme

By PEARL RANTSEKENG

The government’s much-vaunted mass housing plan for low-income South Africans has experienced more hiccups than anticipated.

The programme, officially launched on June 5, had set itself a target of 300,000 houses a year. But because of teething problems the figure has now been reduced to a modest 80,000 units.

In a recently published report, housing director general Billy Cobbert said there had been a low level of applications for mortgage finance, and provincial housing boards were also experiencing limited inquiries about individual housing subsidies.

The Housing Ministry and the Association of Mortgage Lenders and Developers met in Pretoria this week to try to find solutions to the obstacles.

The meeting followed a decision by mortgage lenders to base affordability tests for low-income bond applicants on recently introduced criteria for fixed rate mortgage bonds.

A joint statement is expected to be released during the week on the outcome of the negotiations between the three parties.

The South African Institute of Race Relations estimates there is a backlog of about 1.5 million houses for urban areas.

Last year’s formation of the National Housing Board was seen by many as a good move.

However, people argue that the funding for housing will not be enough. There are other impediments, including the supply of materials and skills, the availability of suitable and affordable land, the capacity of the legal system to register ownership and bureaucratic regulations. The regional president of Azapo in Gauteng, Lybon Mabasa, argues that the country needs a “total transformation” of society in order to solve the housing problem.

“The government just does not have the resources,” he says.

Most experts argue that up to 95 percent of the poorly housed population of South Africa requires houses in the R25,000 to R45,000 range.

There are also complaints of lack of co-ordination between the Mortgage Indemnity Scheme and the Provincial Housing Board.

The mortgage scheme is accused of red-lining areas that urgently need housing, and regions covered by the scheme do not correspond with those areas that have been issued with subsidies by the Provincial Housing Board.

South African Institute of Race Relations researcher Rory Gallocher believes that if the housing programme does begin to gain momentum, it might be impeded by a lack of skilled labour.

“Bad delivery records are not the results of shortage of funds, but rather the lack of an effective delivery mechanism,” says Gallocher.

National Black Contractors and Allied Trades Forum national secretary general Douglas Setuke said banks were not playing the game, while the government could only facilitate.

He said radical ventures should be undertaken: “The government must look at other ways like rental stock, whereby people pay rent towards ownership of the house. The houses would be built by the government and in that way the banks will follow suit,” Setuke said.
Housing Minister describes Slovo’s policy as recipe for ‘veld toilets’

By RAY HARTLEY  
Parliamentary Correspondent

HOUSING Minister Sankie Mthemb-Nkondo has attacked the housing policy she inherited from the late Joe Slovo, describing it as a short-term solution that would worsen South Africa’s squatter problem.

Ms Mthemb-Nkondo expressed serious reservations with the policy of “incremental housing,” saying it would start with the building of “toilets in the veld.”

“For me it’s a short-term solution because you will have a roof over your head, but you will be contributing to a squatter problem,” she told the Sunday Times this weekend.

In terms of the incremental approach, a basic housing shell would be built and then have more rooms and facilities added on as money becomes available to the owner.

She stressed that the current policy remained “intact,” but called for flexibility.

“I have always said that when we deal with policy, we must be flexible. We should expect problems here and there; we are trying to create something new.”

Ms Mthemb-Nkondo’s desire to review policy appears to be at odds with the position held by her director-general, Billy Cobhee, who has been at pains to stress that no policy review is required.

Asked about the apparent disjunction between herself and Mr Cobhee, all Ms Mthemb-Nkondo would say was: “The two of us will have to discuss the issue.”

Ms Mthemb-Nkondo’s statements came as housing ministry officials spent a week in meetings with banks and builders to repair damage to the housing plan caused by the tightening of bank lending criteria in the low-income market.

If the policy is to be reviewed, as Ms Mthemb-Nkondo suggests, the delivery of houses could be set back further as new arrangements between government, banks and builders would have to be negotiated.

She said the incremental approach could lead to homes standing half-finished because their owners had run out of money or been fired from their jobs.

“How do you deal with unfinished projects? It will be a blum in the making. Ten years down the line you’ll have another Alexandra,” she said.

The incremental approach would not be adequate for African families, whose average size was 5.4 people. “Is it single quarters or family quarters we are building?”

She said she did not know where else in

ALL SMILES ... housing minister Sankie Mthemb-Nkondo is sworn in by President Nelson Mandela

TARGET ... Joe Slovo, whose housing policies are under attack the world the incremental approach had worked. “I’m saying, let’s face this problem; is incremental housing a solution? Can somebody, somewhere tell me where incremental housing has worked?” she asked.

Ms Mthemb-Nkondo said she had been uncomfortable with the incremental approach ever since she took over as minister. “When I went through the policy, I was not comfortable with the concept,” she said.

Provincial ministers such as Gauteng’s Dan Msilomkho have in the past supported changes to the housing plan along the lines proposed by Ms Mthemb-Nkondo.
**Housing policy starts to crack**

**THE SUNDAY MORNING**

**ASSESSMENT**

By RAY HARTLEY

It is a stark, uncomfortable fact that South Africa's first democratic government built fewer houses in its first year in office than were constructed in the last year of apartheid.

The drop in delivery was a necessary result of a policy switch aimed at hugely increasing the delivery of houses to the poor, the housing ministry has said by way of explanation.

But the pledge of mass delivery — one million houses in five years — promised by the new policy has itself foundered in the waters of uncertainty since its launch in June.

The new government’s first Housing Minister, Joe Slovo, using his grassroots popularity, his direct line to President Nelson Mandela and an eye for leveraging deals, dragged reluctant banks into the low-income housing market and set the stage for a builders’ warranty scheme aimed at ensuring quality structures.

His master stroke was the appointment of Billy Cobbett as housing department director-general, a public servant who could match the banks and builders in their knowledge of housing mechanics and a man with the ability to drive the process through a storm of political pressure.

At Botshabelo last year politicians, bankers and builders, developers and the homeless agreed to a ground-breaking social compact that was set to revolutionise the housing market and open up new opportunities for the poor.

A key political battle won by Mr Slovo over some provincial ministers was the agreement that an “incremental approach” should be followed, allowing the poor to start with small structures that could be improved as money became available. Provincial ministers like Gauteng’s Dan Mashilo favoured the erection of larger dwellings of at least four rooms on larger stands.

Mr Slovo’s death from cancer in January was a cruel blow to the housing initiative. Not only had those in his ministry developed close personal friendships with him, but Mr Slovo had also become a cornerstone in the policy edifice, with few in the private sector or in provincial governments willing to take him on in public.

His replacement was former Deputy Welfare Minister Sankie Mthembu-Nkondo. An unknown quantity in housing circles, she had run unsuccessfully against Cheryl Carolus for the post of ANC deputy secretary-general in December.

Ms Mthembu-Nkondo quickly assured the housing role players of her commitment to Mr Slovo’s incremental housing plan and left Mr Cobbett to continue with concluding the housing deal. But just a month after its June 5 launch, there were signs that the policy was in trouble.

Banks announced tougher lending criteria to low-income families, hiking interest rates in the lowest market segment to as much as 22.5 percent. This helped wipe out contracts concluded by builders on the assumption that rates would be lower.

The banks and the builders have since been cloistered in the housing ministry’s Pretoria offices trying to work out a compromise.

The deal taking shape would see banks phasing in their interest rate hikes to allow builders to adjust deals in advance.

Ms Mthembu-Nkondo has, meanwhile, begun to air her dissatisfaction with Mr Slovo’s incremental approach, saying larger structures were needed to cater for families and should not start with “bubbles in the veld” earmarked for piecemeal additions.

For the first time uncertainty has crept onto the housing stage, threatening to play havoc with the carefully scripted plan.

Perhaps more alarming are those factors which the housing ministry is powerless to influence, but which could slow down delivery.

Among the most worrisome is the absence of local government infrastructure. Without effective local government, it is difficult to see how the delivery of bulk infrastructure — water, sewerage and roads — can take place.

While people may be capable of erecting their own structures using state subsidies and capital raised from banks, without infrastructure, they will in effect be erecting shanty settlements.

In this respect the forthcoming local government elections are crucial. Any delay in the elections in Gauteng, Durban and Cape Town could further set back bulk delivery.

Also out of the ministry’s control is the price of building materials, which rose 17 percent this year and are set to increase by a greater margin next year, according to the Building Industries Federation of South Africa.

And then there are possible interest rate hikes which banks will have to pass on to consumers, low-income or otherwise, in order to remain in the marketplace.

It would be unfair to say the housing policy is in serious trouble, but it faces threats, some of which are beyond the control of the housing ministry.

If the housing players do not steel themselves and forge ahead with Mr Slovo’s vision, they will wash their delicate plans unavailing in the face of uncertainty.
A solution to low-cost housing cash

By Joshea Raboko
Lack of statistics hampers delivery of housing

BY ANNA COX

The Government was “driving blind” in its housing programme because of a lack of reliable statistics, according to the director-general of the Housing Department, Dr Billy Cobbett.

Addressing the Sandton Chamber of Commerce on Friday, Cobbett said the lack of statistics was the most serious problem hampering the large-scale provision of housing.

He said the Government’s housing programme was “painful” but more likely to succeed in the long term than quick-fix solutions amounting to handouts. The proximity of local elections had also hampered the delivery of houses, Cobbett said.

He said Housing Ministry officials had spent the past few weeks in meetings with banks and builders to repair damage to the housing plan caused by the tightening of bank lending criteria in the low-income market.

Just a month after the Department of Housing’s new launch on June 5, banks announced tougher lending criteria, increasing interest rates in the lowest market segment to as much as 22.5%. This led to developers cancelling contracts concluded on the assumption that rates would be lower.
Bold proposals to aid the poor

Giant state bank planned for housing

Robyn Chalmers

A BOLD plan to give poor people access to housing finance is being considered by government. It involves the creation of a giant state-owned lending institution, interest cost subsidies and boosting the role of an alternative lending sector.

The move also represents a bid by government to stimulate competition in the banking sector.

A confidential draft document on the proposed national housing finance corporation says sustainable competition must be introduced in the retail lending sector to service the estimated 70% of SA households which have no access to credit.

It says there are clear limitations to the ability of commercial banks to provide sustainable finance to the lower end of the market.

"The lack of significant competitive lending capacity led to the conclusion that alternative, supplementary lending capacity will be essential," it says.

This would be achieved by creating an enabling legal and policy framework as well as a targeted financial and institutional building programme to promote the role of an alternative lending sector, consisting largely of retail lending entities.

The report proposed that the housing finance corporation should be able to mobilise concessionary and market priced funds in the international and local financial markets at the lowest possible cost as well as purchase mortgage loans from accredited lenders.

These would be on-lent to retail lending entities around which an upgrading, capability building and consumer education and protection programme would revolve.

Where direct mobilisation of funds on behalf of these entities was not necessary, the corporation could underwrite their borrowings, or partially underwrite the risk on their loan portfolios.

Interest cost subsidisation was also being considered, with the corporation administering a subsidy programme using annual appropriations from government to subsidise funding to retail lending entities at concessionary rates.

"Given the population's income distribution profile and level of unemployment, affordability is probably the biggest constraint on housing delivery. The cost of finance, despite government's capital subsidy programme, remains an obstacle," the document said.

Interest cost subsidies would therefore be aimed at reducing or eliminating end-user interest rate differentials at the lower end of the housing market, and reducing the cost of finance.

"In the short term, given the low volume base of loans, existing inefficiencies and significant political resistance to higher interest rates on smaller loans, a state subsidy programme, even and above the existing capital subsidy programme, is envisaged," it said.

The subsidy would require a minimum five-year commitment by the state, and would be aimed at the market where loans of less than R3 000 are required.

However, it would be phased out on a sliding scale linked to loan size, and reduce over time as the volume of loans grew and

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competitive efficiencies were achieved.

Other functions proposed for the corporation included the monitoring, research and evaluation of housing finance provision and performance trends and the funding of experimental lending programmes.

A national awareness programme would be launched to maintain a visible public image, and the corporation could manage an equity fund to facilitate the growth of resources at retail lending levels. It could also engage in the creation of a market for mortgage based securities.

It was recommended that the corporation be established as a conventional public company which could be listed. The significant portion of shares would be owned by the state during its formative years, but private sector investment would be encouraged during this period.

A 13-member board, to be appointed by the housing minister, was proposed, with representatives from national and provincial government and housing finance specialists. It would ensure the corporation had independence from political influence.

The document is being circulated for comment among interested parties and will be presented to Parliament during the next session.
Govt 'ignores' Sanco

THE South African National Civic Organisation yesterday expressed fears it was being pushed from centre stage in the Government's implementation of the Reconstruction and Development Programme.

Sanco's national executive committee met for two days at the weekend and noted it had been excluded from negotiations that produced a record of understanding between banking institutions and the housing ministry.

The Government had avoided Sanco in its moves to restructure the Development Bank of Southern Africa, the Independent Development Trust and the Kagiso Trust.

"The Government has failed to develop clear criteria to fund its civil society partners in the implementation of the RDP, and mass-based organisations, community-based organisations and non-governmental organisations (are) confronted with a serious funding crisis," Sanco assistant general secretary Mr Lizo Mngomezulu told a Press conference.

"The NEC noted that non-delivery of the RDP is in large part due to the lack of local democracy..."

Sanco leaders told the Press conference they were opposed to the postponement of local government elections scheduled for November 1.

"Local government transformation is needed as a matter of urgency in implementing the RDP."

"Delay will mean delay in implementation of the RDP," Mngomezulu said.

The Sanco officials also expressed concern about the decision to pay traditional leaders from central Government coffers. — Sapa.
Johannesburg. — Punitive water tariffs would be introduced in Gauteng province in August to reduce water consumption, a Rand Water spokesman said.

"Gauteng is three weeks away from a drastic and punitive tariff scheme ... to achieve essential reduction in water consumption," Rand Water, Gauteng's major bulk water supplier, said in a statement.

"If we continue to use water at the current levels and don't get enough rainfall over the next rainy seasons, there's a possibility that the water could run out before we link up with the Lesotho Highlands Water Scheme," said Rand Water spokeswoman Mandi Gwele-Maepa.

"That is why we are introducing measures to manage water consumption effectively and prevent water resources from drying up - before then," she said.

Gwele-Maepa said industry and the public had not responded sufficiently to Water Affairs Minister Kader Asmal's call in May for a 20 percent reduction in water consumption.

Heavy penalties would be introduced for excess industrial use from August.

Municipal authorities would set quotas for households and businesses. Reuter.
Catch-22 for water consumers

JOHANNESBURG. — Local authorities not able to curb water consumption face a five-fold punitive water price rise by December, which Pretoria and Johannesburg authorities say they will pass on to consumers who use too much water.

But prices seem likely to rise even if consumers save water, because authorities have fixed costs they may not meet from limited water sales.

South Africa's largest bulk supplier, Rand Water, has asked local authorities to which it sells water to cut consumption by a fifth. This may rise to half if catchment areas do not have good rains this year, chief executive Vincent Bath said.

Prices for consumption in excess of agreed quotas are to double monthly between August and September.

Faced with a poor response from consumers, water savings for May and June totalled just seven percent, prompting warnings of punitive tariffs.

Based on June water saving figures, Johannesburg authorities could face an additional R28 million monthly bill by December. Pretoria would have to pay an extra R9 million.

Authorities in both cities say this would have to be passed on to the consumer.
Housing's stalled boss hits the roof

By RAY HARTLEY
Parliamentary Correspondent

BILL COBBETT, director-general of housing, has fired off a tersely worded letter to the chairmen of the nine provincial housing boards, demanding an explanation for the slow progress in building low-cost houses.

In a letter headed "Lack of progress with the implementation of approved projects under the housing subsidy scheme", Mr Cobbett expressed his frustration at reports that provincial boards were "reviewing the terms and conditions upon which original approvals and agreements with developers are based".

Mr Cobbett played a leading role in formulating the late Joe Slovo's "incremental" housing plan, which would see the building of basic structures to be improved over time. But several provincial housing ministers, most notably Gauteng's Dan Mofokeng, have favoured building larger houses on larger stands.

Housing MECs have subsequently appointed new provincial housing boards and the letter suggests that "certain" provincial boards have deviated from the national plan, infuriating Mr Cobbett.

"It has been reported to me that conditions of approval are being amended by the imposition of onerous requirements that in some instances require the total replanning of layouts in order to consolidate erven to meet with requirements not previously stated," Mr Cobbett wrote.

He made an "urgent appeal" to provincial boards to provide him with information that would establish whether they were acting outside national guidelines.

"Could you please confirm whether your board has laid down or has been required to apply absolute minimum standards with respect to stand sizes, service standards and levels, housing sizes and standards and, if so, what are these standards?"

He also called on the boards to provide, in a schedule attached to the letter, a full report on the status of each project approved by them.

The schedule requires board chairmen to inform Mr Cobbett of the number of stands involved, the status of subsidies and the "percentage completion of project".

Copies of the letters were sent to the directors-general of finance, state expenditure, provincial administration and to the National Housing Board.

Stephen Lauer, Mr Cobbett's spokesman, said: "This was an internal government communication and not intended for public consumption."

He confirmed, however, that "a letter of this nature was sent to all nine provinces".
IN PROFE EE

The housing program was not
revised on Sunday.

House seekers value for their money
More imaginative ways urged to give

SOWTAN 3/1-84

Minister states old housing system

NATIONAL NEWS

Monday July 31, 1985
JOHANNESBURG: South Africa needs to change the way it approaches the task of housing the nation, Housing Minister Ms Saniel Mthembu-Nkondo said on Saturday.

"Far too much that has been created in the past was drab, uniform and unimaginative," Ms Mthembu-Nkondo said at the opening of the AfriBuild and Hardex '95 exhibition at Nasrec near Soweto.

The housing programme was not merely about numbers, but also about providing people with better housing and value for money, she said.

Ms Mthembu-Nkondo said the government had taken the initiative by creating the first comprehensive housing support system with the capital subsidy. It was now up to private enterprise to take up the challenge.

The housing industry had to show what it could do to deliver better designs for individual housing units, use infrastructure more efficiently and give people a wider range of housing options.

The exhibition, which covers the building, housing, electrification, water treatment and sanitation sectors, ends tomorrow. About 350 exhibitors are participating. — Sapa
Housing programme 'must be imaginative'

SA Needed to change the way it approached the task of housing the nation, Housing Minister Sanklela Mthembu-Nkondo said on Saturday.

"Far too much that has been created in the past was drab, uniform and unimaginative." Mthembu-Nkondo said at the opening of the Afrifield and Hardex '93 exhibition at Nasrec near Soweto.

The housing programme was not merely about numbers, and scaling up the size of housing projects, but was also about providing people with better housing and value for money.

She said subsidy levels would remain unchanged, and that while government had taken the initiative by creating the first comprehensive housing support system with the capital subsidy, it was now up to private enterprise to take up the challenge.

"The housing industry now has to show what it can do in terms of delivering better designs for individual housing units, using infrastructure more efficiently and giving people a wider range of housing options."

Exhibition co-ordinator Betty McNorton said the exhibition gave people involved in the reconstruction and development programme an opportunity to see the options available to meet the housing backlog.

She announced that a house was to be donated, courtesy of Prebuilt Housing, Afrifield and Radio 702, to the community of Alexandra, north of Johannesburg. The house would be attached to the Alexandra clinic and would be used as a day care centre and venue for AIDS testing. — Sapa.
Banks to relax lending criteria

CT (BR) 20/7/95 (23)

BY MAGGIE ROWLEY

The banks are to temporarily relax their new controversial lending criteria for low-cost housing in an attempt to help kick-start the mass housing programme.

Piet Liebenberg, the chief executive of the Council of South African Banks (Cosab), told an Investment Analysts Society meeting in Cape Town yesterday that negotiations with the government and the home building industry were continuing, but an official announcement outlining details was expected later this week.

He said it was hoped that the relaxation of lending criteria by the banks for six or nine months would give the home building fraternity time to deliver affordable products and, in the short term, facilitate the housing delivery process to get off the ground.

Lance Edmunds, the general manager of housing at Cosab, said in an interview following the presentation that it was likely that among other measures, the 20 percent deposit now being required from low-cost housing bond applicants would be reduced to the previously required 10 percent until January, or possibly even March next year.

Liebenberg emphasised that the relaxation could only be a temporary measure as the new lending criteria, based on commercial risk factors, would eventually have to be adhered to if the banks were to be able to re-enter this market in a “sustainable fashion”.

Under the new lending criteria, which were negotiated by the government and which came into effect on June 1 this year, many of those who would previously have qualified for home loans in terms of affordability were no longer able to.

Liebenberg said that while the banks had received bond applications for houses in the R50 000 to R70 000 bracket, very few, if any, applications had come from those earning less than R3 500 a month.

It is this sector of the market which has been targeted by the government for its one-off capital subsidy scheme, with the banks prepared to lend to the top 30 percent of earners within this bracket.
Conference told millions of homes have no power

Bonile Ngqiyaza

ABOUT 3.7-million rural and informal dwellings were without electricity at the end of last year, Eskom housing consultant Izak van Gass said yesterday.

He was speaking at the Household Energy for Developing Communities conference in Midrand organised by the Southern African Institute of Energy.

He said of about 4 700 clinics, 47% were without electricity during the period in question.

"An alarming 270 times more children" in SA had died from air pollution-related diseases than in Europe.

It was estimated air pollution on the highveld accounted for health costs of R1 065bn a year.

"The total health care costs and loss of productivity related to respiratory diseases have been estimated at R700m in 1994 alone," he said.

About 12-million South Africans were without access to clean drinking water, and less than 23% of the dwellings in rural settlements had piped water.

Gass said only 2.3% of the households in informal urban areas had piped water inside their homes.

The implementation of the much-needed water programme would bring about a shift in consumption patterns, he said.

Mineral and energy affairs development director Izak Kottz said a third of the population — 14-million — were living under the poverty line, estimated at R859 for a household of four.

In the drive to achieve equality, sustainability and the elimination of poverty, an integrated energy plan had been identified as the most appropriate way of supplying households with "an optimum least-cost mix".

Although the effective use and supply of appropriate forms of energy was "not a sufficient condition", it was still "a necessary condition for development and reducing poverty".

Kottz said SA levels of ambient air pollution, especially in Gauteng, were "several times higher than international standards in winter".
More now paying for electricity

CITY REPORTER

The Masakhane campaign has improved electricity payment percentages in Greater Soweto, according to power supplier Eskom.

At least 66% of Soweto residents are now paying for their electricity — up by 6% since December last year — after an extensive Eskom campaign, said sales and customer services manager Ken Green.

"The levels keep going up because people are motivated now, and we hope that the current level improves. We must, however, be aware that no country in the world has a 100% payment level and we will try and encourage more people to pay."

Eskom is now also involved in a campaign to teach people how to save electricity.
Italian eyes on SA housing

John Diadu

REGGIO EMILIA - Italian construction company Technopref is working on a model to use in building low-cost homes for SA using Italian technology.

Technopref export manager Giorgio Rivasi said this week he hoped to unveil the model for "cheaper bungalows" by September.

"He envisaged the construction of 300 homes a year and planned to seek joint ventures in SA."

Italian firm Braglia SpA was also targeting the SA housing market.

MD Roberto Braglia said he was finalising plans with his SA-based Italian client to build a large showroom in Gauteng by September.

Women have a long road’
(Amanda Vermagen)

BANKS, the construction industry and government had a responsibility to explain the housing initiatives, subsidies and mortgage lending to women as they headed up two-thirds of SA households.

At the launch of the Standard Bank Women’s Forum yesterday, Housing Minister Nkosazana Dlamini Zuma said there was a huge gap in the understanding of these issues among people who had no background and experience in financial matters.

The group most affected were women who had “the longest road to travel to economic empowerment”. They had a large burden to shoulder and needed as much help as possible from various sources, including government, she said.

She said any comprehensive housing plan would be incomplete if its target audience did not have a thorough understanding of the plan.

The ministry wanted to reach a wide audience, including women in both rural and urban areas. 
HOUSEHOLDING

Of uncertainty

Housing policy

ROBYN BALMERS

SENE OF AFFORDABILITY
houses are a big improvement on squatter shakes. Until the self-help schemes are established — and this is taking time — developers must be allowed to start building one-bedroomed houses.

But Gauteng Local Government and Housing MEC Dan Mofokeng last month asked developers "not to bring me" such homes. Were he to allow them, however, he might find housing kickstarted and many jobs created.

The minimum standards set by the three provinces are in clear contravention of the Botshabelo Accord and the Housing White Paper that MECs agreed to.

Questions put to the Minister and to Mofokeng by the *F M*, on how this divergence in policy and implementation is going to be managed, go unanswered.

Obviously still lingering in the minds of the three MECs in question is the unworkable Stocks & Stocks scheme with the ethereal promise of "decent" two-bedroomed homes.

Observers believe delivery of houses will not be possible until the uncertainty is removed and local government structures are in place. Many have resigned themselves to the experience of other developing countries whose housing authorities have taken 10 years or longer to finally adopt realistic housing policies.

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**Inventing wheels**

**Housing Minister** Sankie Mthembu-Nkondo has denied press reports that she is considering changing national policy on incremental housing. But the impression of deep confusion lingers.

A statement issued on Monday by the ministry, upholding incremental housing as endorsed by Cabinet and saying policy "will remain sufficiently flexible to respond to specific experience and evolving circumstances as delivery unfolds," was not convincing. Over the weekend, Nkondo had seemed to oppose the policy legacy of Joe Slovo.

What the development industry wants, after a year of uncertainty, is the final assurance that three provinces — Gauteng, the Free State and the Eastern Cape — will do away with their minimum standard of 40 m² houses, which most of the population cannot afford. The industry wants to start building homes for the highest government subsidy amount of R15 000 — or less. This is to cover serviced site costs too.

Incremental housing means meeting the needs of what roughly 70% of the population can afford. Unable to get bank credit, their only hope is the government subsidy. For that amount of money, only one-bedroomed houses can be built conventionally at present.

The alternative is self-help housing. In pilot schemes now being conducted around the country, it is emerging that 62 m² homes — two-bedroomed houses with dining room/kitchen and bathroom — can be built for as little as R10 200. But that does not include site and service costs.

Far from the "toilets in the veld" scenario that the Minister told the *Sunday Times* would be the outcome of incremental housing policy, the one-bedroomed or self-built
Home loan agreement

Easier access for low-income earners

Own Correspondent

JOHANNESBURG. — Low-income earners are to have easier access to home loans following an agreement between banks, the construction industry and the Ministry of Housing.

This was announced jointly in a statement yesterday by Housing Minister Sankie Mthembu-Nkondo, Council of Southern African Bankers chairman Danie Cronje and Council for Construction in South Africa president Ian Robinson.

The agreement allows easier access to short-term home-loan finance to give developers, builders and borrowers time to adjust to more stringent long-term credit criteria.

This is aimed at ensuring long-term sustainability of a large-scale lending programme by the banks. Greater credit accessibility would encourage renewed commitment by developers and builders, said the parties to the agreement.

This would substantially increase the number of housing opportunities to people with housing subsidies.

It was expected that the 200,000 subsidies already approved by provincial housing boards would rapidly become concrete housing opportunities, the parties said.

The banks reconfirmed their commitment to making available smaller mortgage loans — to a minimum of R10,000 — to facilitate construction and purchase of smaller houses.

Criteria for lending include a minimum deposit of five percent and a maximum value-to-loan ratio of 90 percent, originally announced on June 5. As this would now only be effective from April 1 next year, banks would be prepared in the interim to consider 90 percent loan to value ratios. Transfer and bond registration costs could be included in the loan made by the bank.

The same lending criteria would be applied by banks to similar borrowers — irrespective of whether or not an area had been granted mortgage indemnity fund cover.

Cover would not be made a prerequisite for lending in areas where banks were freely lending before June 5.

The mortgage indemnity fund was designed to facilitate lending activity in areas before June 5, where banks disallowed loans because of a "perceived abnormal risk".

The developers and home builders recommitted themselves to their undertakings in the housing accord signed at Botshabelo to build houses within a broad range of sizes and prices to serve the full spread of the low cost market. This included specifically the market for smaller and less costly homes.

Significant remaining obstacles to low-income borrowers are high interest rates and the need for financial institutions to charge higher rates on small loans in order to recover their costs.

"The government is considering several options to alleviate this situation," the parties said.

The agreement was initiated by two task teams chaired by Housing Department representatives, after concerns raised by the construction industry following the launch of the new housing subsidy and bank lending programme on June 5.

All of the issues were resolved to the satisfaction of all parties involved," said the parties.

Eligible borrowers can apply for home loans and credit-linked subsidies under the above criteria from July 28 at designated branches of ABSA Bank Limited, Community Bank, First National Bank, Mercantile Bank, NBS Bank, Nedcor Bank, Saambou Bank, African Bank, Standard Bank, Boland Bank, Citizen Bank and GBS Mutual Bank.
Banks ease on low cost housing loans

The banks have agreed to a temporary relaxation of loan criteria for low cost housing until next April.

In a joint statement, the Department of Housing, the Council of South African Banks and the Council for Construction in South Africa said yesterday agreement had been reached on easier access to home-loan finance in the short term for low income earners.

This would improve access to credit and open up new housing opportunities, the statement said.

More than 200,000 houses could soon be built from subsidies already approved by the provincial housing boards.

Two task teams chaired by Department of Housing representatives had reached agreement on the following issues:

- The target of 50,000 loans in the government subsidised market before June next year was confirmed;
- Minimum building specifications would be modified to accommodate cheaper houses;
- Loans of up to 90 percent of the value of the house would be considered until April next year, when the maximum would drop to 80 percent;
- Housing subsidies could be deducted from the mortgage instalments for the purpose of deciding on eligibility, until March next year — when the subsidies would be treated as part of gross income; and
- Transfer and bond registration costs could be included.

The banks also agreed to making smaller loans, to a minimum of R10,000.

The statement said the government was considering several options to cushion the effects of high interest rates on low-income borrowers.

Merrill sends share spurtting

London. — US investment bank Merrill Lynch said it was bidding nearly $840 million about R3bn for Smith New Court Plc in a friendly take-over offer for the British brokerage house.

The recommended offer values the British firm at £28.3 million.

Earlier, Germany’s Commerzbank AG said it had broken off talks on acquiring Smith New Court.

Merrill said in a statement it was offering 560p (R34) an ordinary share and investment bank NM Rothschild, which owns 25.9 percent of SNC, had accepted its offer.

Smith shares surged 29p to 546p on the news. The shares were at 5p firmer before the announcement. — Reuters.
The construction industry is chronically short of skilled and trained workers, which is why the government has been working to increase the number of skilled and trained workers in the construction sector. This is being done through various programs and initiatives, including training and apprenticeship programs, which are designed to provide job opportunities for young people and those who are looking to change careers. The government has also been working to increase the number of women in the construction sector, which is an area where there is still a significant gender gap.

The construction industry is also facing a shortage of skilled and trained workers in other areas, such as engineering and design. This is because many of the young people who are graduating from these programs are not entering the construction sector, which is leading to a skills gap in the industry.

To address this issue, the government has been working to increase the number of young people who are entering the construction sector, including through partnerships with educational institutions and industry organizations. This has included providing scholarships and other forms of financial assistance to students who are pursuing careers in the construction sector.

The government has also been working to increase the number of skilled and trained workers in the construction sector through partnerships with industry organizations, which are providing training and apprenticeship programs for young people who are interested in pursuing careers in the construction sector. These partnerships are helping to ensure that there are skilled and trained workers available to meet the needs of the construction sector in the future.
A breather for poorer home buyers

By RAY HARTLEY
Parliamentary Correspondent

BANKS, builders and the Housing Ministry have agreed to post-pone implementing stricter lending criteria for low-income home buyers in an effort to revitalise the government's one-month-old mass housing programme.

The programme entered stormy seas shortly after its June 5 launch, when banks announced stricter lending criteria for low-income home buyers because of the risks attached to loans in that sector. This led to major construction projects being put on hold.

The latest agreement would remove obstacles in the way of 200,000 housing subsidies approved by housing boards, Housing Minister Sankie Mkhwanazi-Nkando, Council of South African Banks' chairman Danie Cronje and Council for Construction in SA, vice-president Ian Robinson said in a statement this weekend.

But the statement went on to state that stricter lending criteria would eventually have to be enforced.
Call for cheaper housing

Robyn Chalmers
(123) 60 24 795

Builders would have to refocus their efforts on the low-cost housing market and build more homes costing less than R65 000 if last week's agreement allowing easier access to home-loan finance was to be effective, banking sources said at the weekend.

The agreement, forged after weeks of consultation, saw mortgage lenders agreeing to postpone implementation of more onerous lending criteria and relax minimum building specifications for mortgageable properties.

Although this was hailed as a victory for all parties concerned — banks, builders and government — sources said the agreement essentially created a honeymoon period, which would speed up the housing programme in the short term.

All parties recommitted themselves to the low-cost housing programme, but said high interest rates remained an obstacle for low-income borrowers.

This would be alleviated to an extent when government's national housing finance corporation — to mobilise wholesale finance for the very poor — was set up, but this would take some time.

In the interim, banking sources said it was imperative that builders reconsidered their target market.

Association of Mortgage Lenders president Johan Myburgh said recently that builders claimed the current interest rate structure meant many potential home owners could not afford loans of between R50 000 and R65 000. "The real concern to mortgage lenders is that even at this price, the product is beyond the affordability of the Continued on Page 2

Houses

Continued from Page 1

the vast majority...and that little focus is evident from builders in the range matching the affordability profile."

Housing was needed in the R25 000 to R45 000 price range, he said.

However, a Council for Construction in SA spokesman said developers and some builders had recommitted themselves to a housing accord, signed at Botha's Hill last year, in which they undertook to build houses within a broad price range.

Sello Motshabakwe reports that the Mortgage Indemnity Board — designed to facilitate access to finance for low-cost housing — has granted cover to a further 34 previously red-lined areas in eight provinces. This brought to 82 the number of areas granted cover. A further 132 areas were being assessed, the board said.

Among the areas in which cover has been approved are Mohlakeng, near Randfontein in Gauteng; Ekangala, Libongeni, Kabokwe and Siyabuswa in Eastern Transvaal; Botshabelo in the Free State; Imperial Reserve and Tlhabologang in Northwest; Dwarsloop, Malamulele and Shakale in Northern Province; Dukathole, Mungbi and Walmer in Eastern Cape; and Blue Downs — excluding Delft and Milnerton — in Cape Town, Oceanview and Washington Square in Western Cape.

Continued on Page 2
SA’s six major mortgage lenders committed R1,3bn for more than 22,500 home loans to the low-cost housing market in the eight months prior to June 1995, but most of these were loans to existing properties.

Council of Southern African Bankers CEO Piet Liebenberg said yesterday he welcomed the recent commitment by the construction industry to provide housing stock at the lower end of the scale where it was most needed.

Liebenberg said it was only by building for those requiring homes costing less than R65,000 that lending to the low-cost housing market could be assumed at the level agreed to with government.

He said the R1,3bn lent to the low-cost housing market in the eight-month period had largely been done on a selective basis and it was a concern that a large proportion of these were to finance loans to existing properties.

After recent negotiations with banks, government and the construction industry, mortgage lenders had agreed to postpone the implementation of new, more onerous lending criteria until next year.

"Banks have recognised that since the adoption of lending criteria aimed at sustainable lending at scale to the affordable market, there have been considerably fewer loans granted," he said.

Liebenberg said the negotiations had been aimed at giving prospective homeowners more time to accumulate the required deposits. The banks agreed to waive the compulsory 5% deposit until next year.

Banks would also alter the manner in which they applied employer subsidies to determine affordability and increase loan-to-value ratios from 80% to 90% of the total home-package price."
The subsidy struggle

Wile most urban areas will benefit from the Government’s Housing Subsidy Scheme and will be able to get bank loans, rural areas continue to be marginalised. Bongiove Mangent reports.
Old and new ... a typical scene in many townships throughout South Africa. One that is increasingly becoming a thriving part of the government and more the people.
Getting the province's housing backlog unplugged

Gauteng's main housing problem is in Johannesburg. Paula Fray spoke to councillor Lindsay Bremner on the challenges ahead.

Architect Lindsay Bremner is aware that the task of heading up the city's Housing and Urbanisation Committee is not one which will win her many friends.

Implementing a hard-line stance against land invasion while changing past policies to facilitate the delivery of land and housing in an orderly fashion means she is often represented as uncaring – such as when the TMC decided to prevent the unlawful occupation of Diepkloof – or slow to meet the high expectations of residents.

The former senior architecture lecturer at Wits University is soft-spoken. But this belies a steady determination and a reputation as a hard negotiator.

A Yeoville ANC branch executive member and high-ranking member of the SACP's regional branch, most of Bremner's professional pursuits have been put aside in order to concentrate on her task within the Greater Johannesburg TMC.

In the first months of office, Bremner says she concentrated on crisis management such as "attempting to control occupations, negotiating existing informal settlement management, resolve disputes, mediate between tenants and landlords and hear the grievances of communities."

"At local government level, one is confronted with the challenges of the demands for immediate delivery and the need for strategic planning in dealing with the problems of homelessness, landlessness and urbanisation. Whatever steps one takes to deliver this in the short term, has to be done in a way that does not jeopardise a longer term vision for the city and its people."

A rough estimate of the problem of housing in the Greater Johannesburg metropolitan area is that between 200,000 and 250,000 houses are required to meet the need brought about from a variety of different conditions," says Bremner.

These include houses for people living in existing informal settlements, the metropolitan area's homeless, backyard shack dwellers, hostels, dwellers and the increasing number of tenants evicted from private farms, estates or inner-city buildings, she explains.

"We clearly cannot develop this number of houses in the short term. However, in line with provincial policy there are three ways in which we are trying to address the problem. These are the rapid release of land, the transfer of existing council housing stock and facilitation of new housing developments."

Negotiations are currently under way with the provincial housing board to relax certain subsidy application requirements to fast-track the process.

Complementary to this identification of areas for informal settlements will be a strong action against illegal land invasions, Bremner warns.

"We are asking homeless people to co-operate so that we can get development going and allocate land in an orderly fashion," says Bremner.

"However, we are dealing with a massive housing backlog. As soon as any resources are available for development, there is a major power struggle within communities for access to them. This stalls development," she says.

The transfer of housing has been identified as a strategic project of the TMC and, excluding transfer of 65,000 council-owned houses in Soweto, has been under way for a while.

"Of the 20,000 State-owned houses in the rest of the metropolitan area, only 6,500 units have not yet been transferred," says Bremner.

The transfer of 65,000 houses in Soweto is a complex matter, says Bremner. Any disputes regarding tenure will have to be resolved before transfer of ownership. To facilitate this the Soweto Bureau will open next month.

The TMC has approved plans for a number of new housing developments which will be developed by accessing provincial housing board subsidies.

Among current projects are the new housing developments in Riverlea, Claremont, Brakpan, Vlakfontein, Goldow, Pinetown and the Klippruit Valley.
New housing loans to bring short-term relief – developers

BY BONGIWE MLANGENI
HOUSING REPORTER

The new agreement between Government, builders and banks to make it temporarily easier for households with a low income to obtain a housing loan is unlikely to result in a housing boom, developers say.

The new agreement is described as a "breathing space" to allow the housing sector to adjust to more stringent lending criteria that are foreseen for the long term.

Complaints

The new loan agreement is unlikely to have any great impact on housing delivery, housing industry sources told The Star.

The new loan criteria make it easier for low-income households to obtain loans, without the prerequisite of a 5% deposit.

However, these "softer" criteria will only apply until the end of March next year.

The new loan agreement followed complaints by developers that loan criteria were too strict and that most home-seekers were unable to pay a compulsory 5% deposit before obtaining a bond.

New Housing Company chief executive officer Mauricio Barbara said progress would depend on the education programme which would be implemented by banks and the Government.

"We might have a bit of a crunch when the stringent criteria are introduced again and the banks will turn around and say they have given us a notice period," he said.

Barbera said the new agreement could be a short-term step forward.

"But we are going to be back to the hard times next year," he said.

Sideline

The Institute of Estate Agents of South Africa (IEASA) maintains that the agreement did not go far enough to put delivery into motion.

"If the Government does not ensure that its promises are a reality by delivering houses, it will have real problems.

"The people who are working in the townships and understand the urgency for housing are being sidelined," said IEASA Soweto branch president Mike Feliene.
Housing tops "most wanted" list
Warning on housing loans

STAFF WRITER

Worker resentment lies in wait for employers who fail to educate their employees on housing loans.

The Pride Group of independent financial consultants warns that a "retirement fund time-bomb" could be ticking in the laps of companies which offer housing loans without ensuring their terms are fully understood.

A key aspect of many of these schemes is that the loan is recoverable from an employee's retirement fund should the employee change jobs or go on pension before payment of the loan is complete.

If that provision is not properly communicated, housing schemes meant to improve labour relations could have the opposite effect.

Bryan Hinch, managing director of Pride, said the handing over of council homes may create a perception that homes are an "entitlement".

"Certain distinctions have to be understood, for instance between old, governmental housing stock and new homes secured by a company housing loan. Employees must be made aware that it is legal to recover a housing loan from a retirement benefit," said Hinch.
Uproar over low-income home loan interest rates

Seldom has an issue raised more consternation than that of the bank's structuring of interest rates for the low-income housing market.

Estate agents operating in areas granted cover under the government's mortgage indemnity scheme are up in arms, claiming that the more stringent qualifying criteria for bond applicants is robbing them of their livelihoods.

In Cape Town, more than 100 property practitioners launched a Home Loan Action Committee last week. The committee is set to take their protest to the streets today followed by a march on parliament tomorrow.

These agents are arguing that many people who would have qualified for a bond no longer do so as the more stringent criteria are being applied to all bond applications in areas granted mortgage indemnity scheme cover, and not just those linked to the government's capital subsidy scheme.

Even government employees who qualify for a government guarantee of 20 percent on their bond are now expected to pay an extra 5 percent deposit.

The temporary relaxation of these criteria announced in the past week will not solve the problem, as once the new criteria are re-implemented they will face the same disaster, said the committee.

These agents and some outspoken members of the building fraternity believe the more stringent criteria by the banks are their way of ducking and diving re-entry into this market.

But are the banks necessarily being the big baddies they are being made out to be? The situation needs to be put into context, and seen against a backdrop of years of bond boycotts and non-payment of services.

Servcon, a joint venture between the banks and the government, has been formed to tackle this problem, but it is still in the early stages of doing so.

When the new government came into power, it was faced with limited resources to address the pent-up expectations of disadvantaged communities and a housing backlog of a million units.

Bringing back private sector finance to this sector of the market had to be a priority.

Banks, understandably, were not prepared to go back into these areas under prevailing conditions.

After lengthy negotiations, a record of understanding was signed between the government and the banks, with the latter agreeing to re-enter the low-income market with 50,000 loans up to a value of R2 billion in the 12 month period beginning June 5.

A key component of the understanding, according to banks, was that pricing fully for risk would have to be done without cross subsidisation of low-income borrowers as they comprised such a significant market segment and to serve this sector on a sustainable basis loans would have to be commercially viable.

In terms of the record of understanding, the banks agreed to indemnify the banks for the political risks involved in this sector, which has entailed setting up the mortgage indemnity scheme.

The reasoning behind it was that in a normalised market this should not be necessary, but until such time that normality could be restored, a temporary safeguard was required.

In a way, the government has taken over the red-lining previously imposed by the banks.

Coming back to the interest-rate dilemma, banks argue that while interest rates again on an upward trend, qualifying people at existing levels would again constitute irresponsible lending and put borrowers, as well as the sustainability of lending into this area, at risk.

The banks also argue that the pro rata higher cost of administering low-cost housing loans has to be accounted for by this sector, as it constitutes too large a segment to allow cross subsidisation on a sustainable basis.

Project Masakhane, launched by the government earlier this year, has met with some success but there is still little indication of a mass resumption of payments in boycott-affected areas.

The affordability question, however, is another issue and is going to require more innovative work in this regard. There have been calls in the past for low-income housing to be exempt from VAT and maybe it is time for issues such as this to be revisited.

As far as housing is concerned, the country is facing a Catch 22 situation which needs resolving if the delivery programme is to get off the ground in any meaningful way.

The temporary relaxation by the banks will help in the short term, but longer term solutions and a commitment from all stakeholders, including recipients of low-income loans, are required.
Transnet plans 850 houses

Transnet would embark on a R51m project to construct 250 houses in the Richards Bay area for employees of Spoor, Portnet and Alusaf, Public Enterprises Minister Stella Sigcau said yesterday.

Sigcau said the first phase of 250 homes would cost R15m and was scheduled for completion this year. Prices would range from R50 000 for a 40m² house to R100 000 for a bigger, more luxurious home. The remainder of the houses would be completed during 1997 at an estimated cost of R36m.

Sigcau said phase one of the scheme had received a capital subsidy grant from KwaZulu-Natal’s provincial housing board, helping to make houses affordable.
Wire, waste and other innovative houses on show

**Housing Reporter**

Walls made up of wire and recycled waste are among the building materials that will be on display when 350 exhibitors present new building concepts at the Afribuild show at Nasrec.

Minister of Housing Nkosinathi Mthembu-Nkonde will tomorrow open the show, which will run until Tuesday.

Some exhibitors have designed structures that can be built in a few hours. Others claim that their structures do not need skilled labour, or that they are easy to move.

Most of the structures are aimed at low-income households with costs ranging from R7 000 to R35 000, said project manager Betty McNaughton.

"In the past we could not build alternative houses but with housing delivery taking longer, affordable and solid starter houses should be considered," she said.

McNaughton said all structures being exhibited had been approved by the South African Bureau of Standards.

A number of countries, among them France, Taiwan and the United States will also be exhibiting concepts.
‘Return of houses being hampered’

HOUSING REPORTER
A drive by banks and Government to facilitate the return of houses repossessed during the bond boycott is hampered by high unemployment, says Servcon spokesman Eshraer Lorgat.

Servcon, owned by the Government and banks, was formed to deal with repossessed properties still occupied by the original bond holders.

Residents of such houses will be assisted in buying back the repossessed homes or, if they cannot afford the loan repayments, will be offered alternative accommodation.

Lorgat, Servcon head of special projects and external communications, said yesterday unemployment was a major problem in the townships and had made it impossible for residents to repay their bonds.

Most of the repossessed properties are in Katrorus, Tembisa and Soweto.

In an effort to address the problem of unemployment, Lorgat said they had joined forces with the Department of Manpower to provide free training in building skills for residents who were unemployed and had a problem with repaying their bonds.

“We are hoping that once they learn how to build houses, they can also build themselves cheaper homes,” said Lorgat.

Servcon fieldworkers would visit the occupants of repossessed houses to give advice on how to repay their bonds or assist them to find alternative affordable accommodation, he said.

Lorgat said many residents visited by fieldworkers in the last two months were willing to start paying back their bonds and pay for council services.

However, the lack of service delivery in the township was contributing to the culture of nonpayment, he said.

“Our problem is that there are non-performing local authorities and yet the boycott of service and bond payment was a result of inefficient service delivery,” Lorgat said.

Servcon has about 300 fieldworkers calling on home owners in arrears.
High costs dog development

SA has higher construction costs than countries at comparable levels of development, according to a recent report by the Monitor Co on SA's low-income housing industry.

The Boston-based strategy consulting firm compares SA with Thailand, Chile, Kenya and Indonesia and finds the cost of building a standardised house in SA almost double that in the other countries surveyed.

If building costs in SA aligned with those of the other countries, the report says, 60% of the population would be able to afford a house (with the help of a government subsidy) as opposed to less than 20% now.

The report was commissioned by the National Economic Forum as part of an eight industry sector analysis presented to Cabinet in March. A second, more detailed report is being mooted.

Department of Housing director-general Billy Cobbett says though the report lacks detail (a weakness admitted by the authors) it is a "useful aid in our policy-making with the building supply and construction sectors." Its main finding is that SA has no dedicated low-cost housing material supply or construction industry.

In the production of materials, it says the industry is too focused, producing too broad a range of products. At the low-cost end of the product spectrum SA cannot compete on price with the Far East, and in the higher-price categories it fails behind the quality and design of European products.

The report states the SA material supply industry will not be able to meet projected needs in many housing scenarios. Even in the lowest, the National Housing Forum's estimate that SA is likely to build 300 000 houses a year, shortages of bricks and wood are expected. Without a restructuring of the building material supply sector the report says prices are bound to increase.

But Building Material Suppliers of SA's chairman George Thomas says: "I am confident the supply industry will respond to the market place as and when demand manifests itself." He does not believe the supply of bricks will pose a problem in the short term and notes that timber distributors are investigating other supply sources.

According to the report, construction firms demonstrate, at current levels of capacity, there is inadequate spare construction capacity to absorb significant increases in demand. More disturbingly, a survey conducted by the University of Natal in 1994 found that construction firms do not intend increasing capacity in the face of new demand. They intend focusing on the high-margin housing market.

The report finds that land prices are initially low in SA — except in the Western Cape — permit delays of up to two years and costs associated with excessive bureaucracy, increase final costs. In land development, the provision of infrastructure is inefficient. Opportunities exist to reduce the cost of developing and converting land for low-income housing needs. But the report maintains this entails streamlining the administration of land proclamation — which the Development Facilitation Bill aims to achieve — and rationalising the provision of infrastructure. The report estimates the infrastructure backlog in SA at R17bn, were full housing services to be provided.

According to Cobbett "an initiative to reduce infrastructure costs is expected from the RDP Office." This may entail greater densification in townships, reduced building structure costs through more cluster as opposed to free-standing home building, and a revision of infrastructural standards.

Other cost inputs, the report finds, result from too great a concentration of market share in the material supply and construction sectors. For example, 80% of the country's housing construction is undertaken by five developers. In Indonesia, 30% of all housing is built by five developers. Another cost input is the import-intensive and high-cost nature of the transport sector.

Remuneration levels of skilled workers are higher than in comparable countries and the shortages of semi-skilled and skilled workers aggravate the situation. Labour productivity has declined as wages continue to rise.

Attempts to increase artisan training are hampered by institutional confusion over who should control the process. The National Training Fund was supposed to be separated from the Building Industries Federation of SA (Bifsa), but Bifsa bought the training assets of the fund for R10m and set aside R20m for artisan training. Bifsa executive director Ian Robinson says there is no confusion over who controls the training process. "We are on stream to have an independent (of Bifsa) building industry training scheme from June."

He adds that the report should make the material supply and construction industries "sit up and take stock of themselves."  

PROPNET

Loubser bows out

Fuzz Loubser, a leading property figure and founder and head of Transnet's property development arm Propnet, has resigned to pursue "private interests."

Loubser will leave Propnet at the end of August "with some regret" after almost 22 years with Transnet and its predecessor SA Transport Services (Sats). He plans to establish a development and consulting business with two former colleagues. Ironically, Loubser's departure comes as Transnet is about to reorganises its diverse property interests under a single divisional head.

There have been rumours that his resignation is a strategic move to better position himself to take over as CE of Durban's Point Waterfront Company. But though he admits he was in the running for the job a year ago, he says it isn't on his agenda now.

The position was recently vacated by former Stocks Natal MD Ian Wilson. Transnet is the majority shareholder in the company responsible for the redevelopment of 55 ha
Transnet's plan for affordable housing

The Argus Correspondent

JOHANNESBURG — Transnet employees around the country will soon benefit from a project which aims to build affordable houses near workplaces.

Land in Aquadane, Richards Bay, had already been earmarked for the construction of 850 houses at a cost of R51 million. Transnet media and communication adviser Mashadi Mashabela said yesterday.

She said plans to build houses in Gauteng could be implemented before December.

The houses at Richards Bay would be built over a three-year period, the first phase being the construction of 250 houses.

"We are expecting phase one to be completed before the end of the year," she said.

Employees of Spoornet, Portnet and Alusaf and the local communities would be able to buy houses ranging from R50,000 to R100,000.

She said a grant was received from the KwaZulu-Natal housing board which would be used for employees who qualified for low-cost housing.
More areas get mortgage cover

The Mortgage Indemnity Board has extended its mortgage indemnity fund coverage to another 26 areas in six provinces, bringing the total number of areas covered to 108.

The board said yesterday that a further 194 areas were being considered for the MIF scheme and were likely to come before the board by the end of September.

The MIF is an instrument designed to facilitate commercial bank lending activity in areas where banks have not been lending because of a perceived abnormal risk prior to June 3 1995.

The board said a total of 173 areas had been considered to date. Further submissions from affected parties in the 65 areas, where the board had deferred decisions on MIF cover, were being awaited by the board.

The latest areas to receive MIF cover are:

- KwaZulu/Natal: Chesterville, Gamalakhe, Sibongile, Steadville.
- Eastern Transvaal: Ackerville, Ekulundini, Mhathu, Mphatulzini, Siyatulupa (Belfast).
- Free State: Heidelberg.
- Northern Transvaal: Lonowane, Mamkweng, Waterval.
- Eastern Cape: Berin, Bishop, Bloomendal, Sepu.
Hanekom rejects property entrenchment

Adrian Hadland 80 2/8/95

CAPE TOWN — Land Affairs Minister Derek Hanekom yesterday rejected the need for a clause in the new constitution entrenching property rights.

Hanekom told a Constitutional Assembly workshop that adequate protection for property rights would be provided by common law together with a constitutional prohibition on arbitrary, unfair or discriminatory government action.

But SA Chamber of Business spokesman Ken Warren told the workshop it was imperative specific property rights, as contained in the interim constitution, were retained.

"By now, it should be clear that those fears are groundless," he said.

Nowhere in the world was ownership absolute and unrestricted, Hanekom said.

Government should be able to regulate the use of property in a number of ways and this should be reflected in the constitution.

By entrenching the "rights of property" in the interim constitution, potential problems had been created, Hanekom said.

He cited the example of recent litigation concerning establishment of an informal township at Diepsloot in Gauteng.

A constitutional protection of property reform was permissible given appropriate compensation, Hanekom said.

A balance was required between property rights and the right to land.

"Just as property rights must not be arbitrarily destroyed or confiscated to meet the needs of homeless and landless people, so existing property rights must be limited by the basic needs of homeless or landless people," Hanekom said.

The new constitution should make clear that expropriation for the purpose of land
Thousands of unemployed people may benefit if a plan to establish small, low-tech, low-budget industries at informal settlements is approved, writes Winnie Graham

Industries for squatters

Unemployed people will be given the opportunity of running their own factories near their homes if a plan to industrialise informal settlements is approved by Government.

The concept - mooted by Garevle Wood, a former automobile designer - has been designed to create jobs for thousands of unemployed people. The government is studying the proposal and has promised to report soon - after consultations with community leaders.

A group of businesses, including manufacturing and consulting engineers, have indicated that they support the project, which is seen to have "enormous potential."

The initial development cost is estimated at R250 000 and the Foundation for Research Development has committed to supplying some funding.

The combination of low-cost, semi-manualised housing units is a feature of the project under consideration. It is acceptable to the community, with a project cost that could impact directly on the enormous housing shortage.

Other similar industries at informal settlements would, in time, produce a wide array of goods from wood, steel, plastic and cement.

Wood said: "The concept was first mooted in Port Elizabeth ten years ago, in an effort to develop a pilot project where unemployed men and women would be trained to run small factories in their communities.

He said that the training would be provided through a central control office and training school. Once the trainees start their factories, a small, specifically trained staff would keep in touch through an information service control centre, communicating directly with the production line and factory through a visual/audio system.

The concept, and the highly trained supervisors - members of the government team - will enable factories to be placed virtually anywhere.

Wood said the proposed factories would be small, low-tech and low-budget.

"They could not afford to employ costly managers and engineers," he said. "A system giving management access to problems as and when they occur is therefore vital. We believe that a relatively inexpensive system, providing effective control, could be achieved fairly quickly. Visual/audio transmission could be by radio, satellite or digital telephone as in Telecom's IDTS system."

Quality

The envisaged housing modules, which, in time, could be produced in factories around the country, will come off the assembly line complete. Most of the components - floor slabs, window frames, toilet and plumbing modules, doors, foundations, roofing, gutters and basins - could be manufactured by the factories.

Wood said: "The public utilities production will comply with all the relevant SAPU quality control specifications and the national building regulations."

A two-bedroom house of about 40 square metres, complete with kitchen and bathroom, fully plumbed, electrified and traditionally finished, will sell at about R17 000.

The houses could be erected by semi-skilled labour and be ready for occupation within hours. Each factory will be able to produce two or three houses per shift.

"Initially the pilot plant will demonstrate products and houses which we have designed."

Wood said: "Once in place, the private sector will be encouraged to submit ideas and products. Sustainable job provision, marketability and competitiveness will be the accepted criteria. We believe that through market analysis and project planning this product pool will be continually increased and new markets developed."

The concept for the scheme, Wood said, was born in Port Elizabeth in the mid-60s when multi-nationals were downsizing and leaving South Africa.

Businessmen wanted to assess the impact of unemployment caused by displacement. One of the first initiatives which resulted from this consultation was the Small Business Development Corporation's "Hives of Industry.""

Another group worked with the remaining multi-nationals to evolve a strategy to develop low-cost factories of modular design but the scheme never got off the ground.

We believe the idea of using informal communities to provide centres for the production of modular components of the factories will be the key to solving the massive housing problem.

Another group worked with the remaining multi-nationals to evolve a strategy to develop low-cost factories of modular design but the scheme never got off the ground.

We believe the idea of using informal communities to provide centres for the production of modular components of the factories will be the key to solving the massive housing problem.

A semi-skilled and semi-skilled workforce will be trained in the factory and moved to the informal settlements on a rotating basis.

A multi-disciplinary firm of consulting engineers and project managers has been appointed to administer the funds for the development of the pilot plant.
R600-m drive to unlock housing funds

The giant housing agency kick-started by international financier George Soros appears to have had teething problems unlocking private risk capital locally.

Nursha was started last December following an initial R120 million stake in start-up money from the government, matched by another R20 million plus a R200 million guarantee facility over the next five years, given by international financier George Soros.

Mr Soros's offer was contingent on the agency's ability to raise another R600 million guarantee facility.

The agency's aim is to spread housing delivery in the short term and to take financial risks to unlock private capital.

However, months on, it appears to have had problems in unlocking that capital.

Some of the companies we approached made offers conditional on housing being provided for their employees, but we feel they should look after their own employees and that this facility must be used only for people who have no other way of getting a house.

Nursha intended raising money locally and overseas once the documentation for a major fund-raising campaign had been completed, he said.
Bond boycotters to get the boot

DAVID BREIER
Political Staff

TOWNSHIP residents borrowing money under the new mortgage indemnity scheme have been warned by the government not to try to pull a fast one by organising convenient bond boycotts and then expecting the taxpayer to foot the bill for their bond repayments.

Anyone who takes part in a bond boycott after borrowing from a bank in an area covered by the government’s new Mortgage Indemnity Fund (MIF) will be evicted, said Stephen Lauffer, spokesman for Housing Minister Sankie Mthembu Nkondo.

And he warned that areas covered by the MIF could lose this cover if residents organised bond boycotts — depriving others in the area of a chance to own a home.

All indemnities in these areas were strictly an arrangement between the government and the banks — they were in no way an offer to private individuals to tempt them to default.

The MIF was recently introduced to cover banks entering the lower end of the housing market again after they burnt their fingers in the 1980s as a result of politically-organised bond boycotts.

The aim of the new fund is to give banks the confidence to provide home loans to poorer areas again — in townships selected by the government as being safe enough for the scheme.

So far 108 townships — including a number in the Western Cape such as Blue Downs and the Washington Square por-
tion of Khayelitsha — have been covered and another 194 are under consideration.

But chronically unstable areas are unlikely to qualify as neither banks nor the government are prepared to risk their money.

The idea is that if there should be a breakdown in law in an area covered by the MIF, the government will ensure the banks get their money back.

But boycotters will be evicted, said Mr Lauffer.

“The rule of law is the rule of law and we will not deviate if people refuse to pay,” he said.

The MIF, however, does not cover normal commercial risks. The banks will continue assessing would-be borrowers on the basis of whether their income can pay for the bond — although less affluent homeowners now qualify for state subsidies of up to R15 000, depending on their income.

Mr Lauffer said that areas where banks had lent money before June 5 this year did not need mortgage indemnity cover.

The fact that banks had been lending there all along meant they did not need the MIF to cover them now.

But the MIF did apply to areas where banks had stopped lending because the breakdown in the rule of law meant they had been unable to repossess homes where bond payments had stopped.

What now happens in an area such as Blue Downs covered by the MIF is that banks are required to lend there — although they will assess each application for a bond on normal commercial grounds.

“That’s their decision. There is no cover for that. The banks won’t give loans to people who don’t have the liquidity. They have still got to have income. But if I am a normal commercial risk, they must lend to me if I am buying in that area,” said Mr Lauffer.

The MIF was only there to cover banks if there was a breakdown in the rule of law.

“It is a major goal of the government not to pay out. We are not abandoning the rule of law,” he said.

Those areas which failed to get MIF cover because they were too much of a risk, were an “alarm signal” to the government, said Mr Lauffer. Representatives of government departments, including the SA Police Service, justice, finance and housing, sat on the Mortgage Indemnity Board, which decided which areas to cover.

“Areas that don’t get cover are an alarm signal to the minister. If they are not getting cover, it is a job for the government to turn it around, and a challenge for the community,” he said.

Mr Lauffer warned that MIF cover for an area could be taken away any time.

“If anyone begins a bond boycott and destroys the property market in the area, nobody will get a bond to buy a house,” he said.

The MIF acted as a reward system for areas granted MIF cover as it gave them a functioning property market.
Govt warns against bond boycotting

By DAVID BREIER

Township residents borrowing money under the new mortgage indemnity scheme have been warned by the Government not to try to pull a fast one by organising bond boycotts and then expect the taxpayer to foot the bill for their bond repayments.

Anyone who takes part in a bond boycott after borrowing from a bank in an area covered by the Government's new Mortgage Indemnity Fund (MIF) will be evicted, said Stephen Lauffer, spokesman for Housing Minister Sandle Mthembu Nkonke.

And he warned that areas covered by the MIF could lose this cover if residents organised bond boycotts - depriving others in the area of a chance to own homes. All indemnities in these areas were strictly an arrangement between the Government and the banks - they were in no way an offer to private individuals to tempt them to default.

The MIF was recently introduced to cover banks entering the lower end of the housing market again after they burnt their fingers in the 1980s as a result of bond boycotts. The aim of the new fund is to give banks the confidence to provide home loans to poorer areas again - in townships selected by the Government as being safe enough for the scheme.

So far 103 townships have been covered and 194 are under consideration. But chronically unstable areas are unlikely to qualify as banks are not prepared to risk their money there.
Privatisation of the private sector

Ronald Roberts co-authored the Moseneke report on privatisation, David Green wrote the Monitor report on SA's worldwide competitiveness.

The restructuring of State assets must increase competitiveness in the State and private sectors, not simply transfer State assets to private oligopolies.

The key determinants of competitiveness are improved industry structure, strong competition law and effective regulation. If these prevail in both the private and public sectors, the transfer of State assets to private hands becomes an unnecessary sideshow in the quest for competitiveness.


Conversely, SA's privately owned steel bolt industry, protected from international competition, produces standard bolts 15% more costly than the US equivalent.

Governments selling assets to maximise revenues and reduce State debt almost inevitably retard competitiveness and long-run economic growth. Private purchasers will pay more for lucrative monopolies in protected markets than for restructured enterprises in competitive environments. Sustainable development requires the pursuit of competitiveness, not short-term revenue maximisation.

For example, Argentina's treasury-driven privatisers failed to draft adequate regulatory and performance standards to bind private purchasers.

Consequently, Argentina's airline was privatised as a domestic monopoly and service deteriorated. Tolls on Argentina's privatised highway system increased so rapidly that government was forced to suspend them.

To maximise debt relief, Argentina abandoned plans to restructure its State monopoly in telecommunications into five competing units. It then failed to establish an effective regulator of the privatised monopoly; long-distance and international phone rates were soon among the highest in the world.

Similarly, the UK's gas monopoly was hurriedly privatised intact to fill the revenue gap that arose when litigation delayed the planned privatisation of British Airways. This forfeited opportunities for industry restructuring and resulted in excessive post-privatisation profits at consumers' expense.

Similar failings have clouded SA privatisations. Had Iscor been privatised as individual mills rather than as a monolith producing a comprehensive range of steel products, domestic rivalry would be higher. Rivalry triggers product rationalisation, greater manufacturing efficiency and price competition.

Aside from competitive industry structure, effective procompetition law is vital. Cartel-based models of industrial competitiveness have failed.

According to the OECD, prices in the cartelised Swiss economy reach 40% above the industrialised world average. In emerging markets, such as Argentina, inadequate procompetition law has allowed aristocratic family-owned conglomerates to dominate privatisation, introducing overcautious management styles and retarding competitiveness.

In areas of "natural monopoly," where technical factors preclude competition, private ownership alone will not create efficiency. It is more important to separate the truly natural monopolies (electricity grids, pipelines) from related activities where competition is possible (electricity generation, water purification). Given independent regulation and maximum rivalry among providers (whether public, private, or a combination), private ownership becomes nonessential.

Government must also anticipate regulatory issues beyond particular industries.

Chilean experience, for instance, demonstrates the twin evils of inadequate procompetition law and lax financial regulation. In the mid-Seventies, Chile's State-owned banks were sold through public bids, requiring down payments as low as 20% of purchase price.

Conglomerates made leveraged purchases of banks, then used the banks' assets to bid on nonfinancial firms. Groups with small capital bases thus gained control of massive assets.

Lax regulation permitted banks to lend to enterprises bought by their conglomerates. Intra-conglomerate loans, from private banks to affiliated enterprises, soon averaged 15% of loan portfolios, reaching 40% in the case of Chile's largest bank. Enterprise failures triggered bank failures, during the recession of the mid-Eighties, government was forced into costly re-nationalisations.

In the late Eighties, Chile successfully re-privatised, after implementing new regulations that, among other restrictions, forbade conglomerates from buying enterprises for debt. This pattern is pregnant with lessons for SA, given concentrated patterns of cross-shareholding on the JSE and the intimate links between conglomerates and public banks.

Assuming competitive industry structure and effective regulation, State asset restructuring should aim to release resources from State-monopolised clusters to benefit the broader economy. But the problem here is not that the State is a hapless monopoly producer but exactly the opposite: it is a monopoly consumer of valuable semi-State expertise, in areas where the broader economy is critically weak, such as research and development, technical services, and machinery.

World-class expertise

For instance, whether or not the world-class expertise that created the Rooivalk and G5 and G6 cannons continues to have military applications, that expertise should be available to the civilian sector.

Revising the business strategies and regulatory environment of semi-State organisations is more important than simply selling them.

If a hypothetical private purchaser of Denel continued, for instance, to monopolise scarce technical resources for narrow military purposes, broader problems of weak clusters would be perpetuated, not solved. Thus restructuring, not private ownership, is the primary concern.

Government's housing programme, an RDP priority, has been partially privatised through joint venture arrangements. Yet the cost of a house is almost double that expected from international experience. Government could literally get twice as much bang for its money if the competitiveness of its underperforming private-sector partners was improved.

If competition is the heart of private enterprise, then State-dependent SA business, as much as the malignified public sector, urgently requires restructuring. Government's task is far more complex than simply selling its assets to the highest bidder. Intelligent restructuring can significantly boost reconstruction and long-term economic growth.
Army backs Masakhane

Local government crucial to campaign — general

HENRI DU PLESSIS
Staff Reporter

THE Masakhane campaign will only work after accepted local leadership has been established in an election.

That is the view of Dan Lamprecht, general officer commanding Western Province Command.

The campaign is aimed at encouraging people to "pay your services, co-operate and build the nation."

Major-General Lamprecht, who has been in charge of the army's Western Province Command throughout the country's historic period of political change, has had men under his command deployed in the province's townships since he took the reins.

The only way he is going to get them out is to do all he can to facilitate a return to normal civilian government at grassroots level.

"The defence force cannot go about telling people to conform to the Masakhane campaign, but we can help create the right atmosphere for local leadership to sort out the politics," General Lamprecht said.

"We can enter an unstable area, stabilise it and form a sort of beachhead almost, which then allows civilian authorities to re-enter the area to bring back civilian government."

"A campaign like Masakhane can never get off the ground in a strife-torn or crime-riddled area, and as long as residents in a certain area believe there is no acceptable civilian rule, they will contribute to instability."

"After all, how can people pay for services which they do not believe are theirs?"

"They have got to feel, down to grassroots level, that it is their school, their library, their swimming pool and their sports facilities before they can appreciate they have to pay for these things."

"To get that right, they have to have their own local government in place on the ground, a recognised local government they have accepted."

General Lamprecht said the SANDF was involved in overall plans to support the Masakhane campaign as far as possible.

"The SANDF is the tool used to back up the police where there is unrest or crime."

"The show of force may often be enough to make people see that talking about their problems may be a better option."

"After that, we can help to create a basic infrastructure for services and provide certain services ourselves, such as tents after last year’s floods on the Cape Flats and water in situations of drought."

"We also have the ability to store and distribute emergency supplies, but when we do distribute them, we do it among the representatives of civilian agencies."

General Lamprecht is confident the SANDF has community support.

"We have got the public's cooperation, we are accepted by them. This fact has been proven in the past."

The accent was however on the SANDF as the tool and the politicians as the workers.

"We must reach the point where the SANDF can withdraw to get on with other tasks. I am not saying that what we are doing now is not our job. It is."

"It is our job to provide the security for an ordered and functioning society where local and foreign investors can feel their property is safe."
SANDF denies mismanaging govt buildings

Johannesburg: The Defence Force has defended itself against criticism by the Public Works department that it has mismanaged government buildings.

The claims were made last week by Public Works director-general Mr Sipho Shezi. He said the defence force and the police rented office accommodation and then vacated the facilities before leases had expired, without advising Public Works, and leaving the taxpayer to meet their obligations.

Spokesman Major-General Gert Opperman said yesterday the SANDF placed "a high premium on the effective use of facilities ... regardless of whether they are government or hired property." Register

"We have a computerised facilities register which provides details of all the buildings and land under our control."

He added that the defence force was aware that taxpayers' money was used to provide facilities for the SANDF and that there was full co-operation with Public Works.

"...In the light of a shrinking Defence budget allocation, it happens on occasion that the SANDF is forced to vacate facilities which may then stand empty while the new users prepare to occupy them," Gen Opperman said. Sapa, Special Correspondent
Mandela orders land deals investigation

David Greybe

CAPE TOWN — President Nelson Mandela announced yesterday the establishment of a probe to overturn illegal land deals worth "hundreds of millions of rands" during SA's transition.

He said the inquiry would investigate "alarming allegations" of corruption and irregularities in the disposal of state land, particularly in former homelands, between 1992 and end-1994.

Geoff Budlender, adviser to Land Affairs Minister Derek Hanekom and Legal Resources Centre director, was appointed chairman and only member of the inquiry. He will be assisted by five investigating officials. Mandela invited "any person" to submit allegations.

Land affairs department chief planner Fred Kayser said the exact terms of reference were expected to be published on Friday. Mandela said the commission would cover the allocation, leasing, alienation and transfer of state land.

Eastern Cape land MEC Ezra Sigweza, who Budlender said had raised the issue of illegal land deals, said the value of illegal transactions in his province "runs into hundreds of millions of rands".

Budlender said more than 200 000ha of state land in Transkei and Ciskei were leased or sold under questionable circumstances in the last days of apartheid rule.
Task group to probe
govt housing policy

THOUGH its housing policy is unchanged there is room for refinement, the government said yesterday announcing a housing task group. BARRY STREEK reports.

THE government is to appoint a task group to investigate the implementation of its housing policies, Housing Minister Ms Sankile Mthembu-Nkondo said yesterday.

The terms of reference for the task group and the appointment of its members still have to be finalised.

However, it was unlikely that the task group would be appointed by next week, as had been reported, a spokesperson for the ministry, Mr Stephen Lauder, said.

The announcement would be made "in due course".

The government's overall policies, as confirmed in the White Paper on housing and in the Botshabelo Accord signed last year, remained the same, but there was 'always room for refinement in the policies to be implemented", Mr Lauder said.

This was also said by Ms Mthembu-Nkondo last month, after it was reported that her ministry was re-assessing the policies developed by her predecessor, Mr Joe Slovo.

There have also been reports by the regional ministers in charge of housing that they were dissatisfied with these policies.

Mr Lauder said one of the areas to be examined was the policy of "incremental housing" or, as it is called in the White Paper, "progressive housing".

This was the policy of giving people a basic opportunity within the limits of the subsidy, such as in core housing, and then providing further money for them to help themselves.

Supplies

This policy also included the establishment of building supply centres, which would provide access to basic training and cheap materials.

The announcement about the role and members of the task group would be made as soon as possible, Mr Lauder said.

"We need to listen to people on the implementation of policy."
HOME LOANS

When the tough get going

Government's housing programme might be faltering, but it's not through lack of effort on the part of the private sector.

In terms of their mortgage indemnity agreement with government, banks have already undertaken to provide mortgage loans of as low as R10 000 to low-income earners. Unfortunately, bank rules dictate these loans must be backed by assets as security.

A gap exists for so-called unsecured or nonasset-backed, personal loans, as many employees have no tangible assets.

This has led to a private sector initiative by Home Finance Guarantors (HFG) which acts as guarantor of last resort for up to 25% of the risk on such loans, using provident fund contributions as collateral. It aims to offer loans of R13 000 and less and anticipates an interest rate slightly above ruling mortgage interests.

Salaries of employees in this category would range from R700 to R1 500 a month. They would qualify for housing subsidies of between R12 500 and R15 000. The beauty of the personal loan is that employees would be able to use the additional money more flexibly, buying building materials in a self-help arrangement, rather than having to purchase a developer-built home that would win faster approval of mortgage lenders.

For employee housing loans, ideally the borrower has a deposit of 5%, as much as 80% of provident fund contributions is ceded, employers provide a guarantee of 10% to cover risk associated with retrenchment or industrial action. HFG acts as guarantor of last resort for up to 25% of the risk, and financial institutions provide the loan finance and cover any residual risk. A prerequisite for borrowers is that they are formally employed, are members of a provident fund, that their employers undertake to deduct irrevocable payroll contributions and that banks take a share of the risk.

Herein lies the rub. If HFG is able to succeed in attracting banks to share the risk in this arrangement for between 10% and 25% of the loan value, the scheme will fly. It needs bank participation to both administer the loans and provide residual risk cover.

HFG chairman George Thomas and CEO Charlene Lea say banks have expressed interest. They add that if banks buy into the scheme, they could fulfil their target of providing 50 000 loans a year over the next two years.

Council of SA Banks housing manager Lance Edmonds says the product should be attractive to banks which target the lower sector of the housing market like Standard Bank's E-Bank, Nedcor's The People Bank and the Community Bank. Lea says Standard Bank proper, Cash Bank, Future Bank and Perm are also entering this market.

Edmonds believes “the product could enable larger banks to move their scale of lending downwards to income earners of below R1 500 a month.”

HFG has assets of R100m which it received from the Independent Development Trust (IDT)'s Finance Corp. It is now becoming a division of the Home Loan Guarantee Co (HLGC), a Section 21 company which was formerly part of the Urban Foundation. The HLGC has been in the business of reinsuring mortgages for five years. Thomas says IDT directors decided it was best to use HFG for this initiative and separate it from the IDT's Finance Corp.

For 18 months, in its role as guarantor in employee housing schemes with provident fund backing, HFG has enabled 20 000 employees secure mortgage loans. Though they have no figures on the size of the market for small, nonasset-backed loans, Thomas and Lea believe this is where the need lies. They estimate the market could be 15% or 150 000 of the 1m homes the ANC wants to build by 1999.

The survey of sellers' attitudes to the manner in which estate agencies went about selling their properties was conducted by Markinor at the request of strategic marketing and planning specialist Transnational Dimensions.

It was based on a sample of 70 sellers who each employed the individual agencies between May and June this year. Agencies were rated according to 13 main criteria, including the speed they worked at, consumer service, expertise, property marketing and information.

Geffen is delighted with the survey outcome. "It proves we’re the best," he says. Of course, those who fared badly are less pleased. Some have taken issue with the survey sample and methodology.

Transnational MD Dolton Meyer says it revealed that where agencies spent money on training and development, they performed above the industry average. Conversely, those that weren’t, pulled down performance levels. He’s now planning to conduct the survey on a quarterly basis.

Agencies were asked to pay R30 000 for the survey results on the understanding they could use the information for promotional purposes — provided they checked the material with Transnational Dimensions.

Geffen apparently inadvertently broke this agreement by sending out ad material to the FM’s holding company Times Media and Independent Newspapers, showing how Geffen ranked in relation to its competitors. Though he did clear the written advertising copy with Transnational Dimensions, he omitted to submit for clearance a graphic and table which accompanied the ad taken from the survey results which named the other agencies and showed how they shaped up in the ratings.

As the agreement between the participants expressly forbade direct comparison between estate agencies, the newspapers concerned were threatened by Transnational Dimension’s attorneys with an interdict to restrain them from publishing it. It was subsequently agreed that the ad could be published — but without the table.

That might be a bit like closing the stable door after the horse has bolted, though. Geffen says he has already pushed into people's post boxes thousands of “letter drops” showing in graphic form how Lew Geffen Estates leads its competitors. He says he did this before he became aware of the “no comparisons” ruling.

So the truth, no doubt, will eventually be out.
Housing probe ‘waste of cash’

CT 11/8/95 (123)

The appointment of another task group to investigate housing policy was a waste of money, the Democratic Party’s deputy leader, Senator William Mnisi, said yesterday.

"The government must stop talking and start implementing," he said in response to the announcement by Minister of Housing Ms Sanise Mthembu-Nkondo, that a task group was to be appointed to investigate the implementation of housing policy.
Housing bill aims to give provinces power

Political Correspondent

A HOUSING Amendment Bill is to be tabled during the session of parliament starting today.

The bill is aimed at devolving certain powers in line with Schedule Six of the constitution, which outlines functions of the provinces.

It will give provincial ministers of housing authority over provincial housing boards and provide for the transfer of assets from the national housing board to its provincial counterparts.

A single housing development fund is to be set up, to replace the several funds created by own affairs and homelands administrations during the apartheid era.
Housing minister axes spokesman

Housing Minister Sandile Mkhemhi-Nkondo has dropped her spokesman, Stephen Laufer, in a move seen as reflecting deepening personal differences.

Government sources confirmed Laufer was shifted last week to the housing department’s subdirectory of communications. His ministry job has been advertised and Nkondo is apparently seeking a black person as a replacement.

Laufer would not comment yesterday. Nkondo and housing director-general Billy Cobbutt could not be contacted.

An ex-journalist hired last year by Nkondo’s predecessor, Joe Slovo, Laufer made his mark as an effective publicist. He played a key role in the Manakhanhome campaign and in the government’s Home Truths communication package.

His close association with Slovo may be a factor in his removal. A government insider said yesterday Nkondo was keen to “escape Slovo’s giant shadow” and establish an independent profile.

Affirmative action policy might also have played a role — Slovo was criticised for placing too many white officials in visible positions.

Laufer’s departure is seen as taking the heat off Cobbutt, also a Slovo appointee.

Insiders said Nkondo and Laufer were “personally incompatible” and their relationship had deteriorated recently.
Increase in small-home development

By Marlene Nieuwoudt

CT (PR) 15/18/95

The strong swing towards good-address small-home developments is evident in the latest Central Statistical Service figures which show a massive 88.6 percent increase in the number of plans for flats and townhouses approved during the first five months of the year against the corresponding period last year.

Plans for 12,210 flats and townhouses totalling R365.8 million were passed, while the number of units in this category showed a 40.7 percent increase over last year, with 1,631 more units constructed.

At the same time, the number of houses built dropped by 313 units while the number of house plans passed was up only 12.1 percent over last year at 15,875.

The strongest growth in plans for townhouses and flats was seen in Gauteng followed by Northwest and KwaZulu Natal.

According to the statistical service, building plans of just over R7 billion — R3.6 billion for residential buildings — were approved in the first five months of the year.

The balance was made up of R1.8 billion for non-residential buildings and R1.7 billion for additions and alterations.
Housing minister set to change personal staff

Tim Cohen 80 16/8/95

CAPE TOWN — Housing Minister Sankle Mthembu-Nkomo is set to embark on a "spring cleaning" of her personal staff, which she inherited from predecessor Joe Slovo. At least seven changes are in the pipeline.

The shake-up follows the news that she intended dropping her spokesman Stephen Lanfer because of what has been described as "personal differences".

A senior housing source said yesterday that seven people would be affected by the changes. The position of housing director-general Billy Cobbert is not considered to be under threat.

The changes would affect those who were essentially the minister's private support staff. Typically, ministers have about eight support staff.

These positions do not normally entail the power to make policy decisions and include such posts as private secretary and administrative officers.

No reasons for the changes have been put forward, but it is speculated that Mthembu-Nkomo would like to shake off the image of being simply the implementer of the ideas of her predecessor.

The official said it was every minister's prerogative to be surrounded by staff with whom he or she felt comfortable.
Govt home bank draws closer

Delivery of houses could soon receive new impetus as the Government draws closer to the final stages of establishing a bank to speed up the flow of housing finance.

The National Housing Finance Corporation, as the bank will be called, will be a government agency and will mobilise funds for smaller lending institutions, said housing consultant Johan de Hider.

Ordinary members of the public will not have access to the bank. Funding will be made available in specialised lending institutions.

Once the bank is established, home seekers who are red-lined by banks could be given additional funds to expend on their starter homes.

The bank is expected to be in operation before the end of the year.

The bank recently received about R3.96-million from the United States. The grant has been channelled via the United States Agency for International Development and will enable the Department of Housing to further develop its policy.

—Housing Reporter.
Home building centres planned

(23) CR 6/8/95

HOUSING support centres which offer free training in basic building skills and advice on building homes are to be established in disadvantaged communities around the country, Housing Minister Ms Sankie Mthembu-Nkondo said.

Speaking on a tour of the Community Housing Project of South Africa in Parow yesterday, Ms Mthembu-Nkondo said the project was aimed at easing unemployment and the housing crisis.

"We want to create a spirit of togetherness, to get communities to help each other build homes."

The housing centres, she said, would enable families needing homes to gain access to the government housing subsidy.

It was important that the subsidy system also be made accessible to women, who headed two-thirds of all households in the country.

— Staff Reporter
R89bn ‘will be needed for full urban services’

John Dladla

A CAPITAL investment of R89bn would be required to provide full services - including sanitation, water, sewage and refuse removal - for SA’s urban population in 10 years’ time from now, the reconstruction and development office said yesterday.

In a briefing to the development chamber of the National Economic, Development and Labour Council, reconstruction and development programme development planning director Cristian Olver said infrastructure for the provision of basic urban services would cost R44.8bn.

The figures are part of the RDP’s recently completed study on the urban development strategy, and are based on the assumption that the country would achieve an average annual growth rate of 3.5%.

Minister without Portfolio Jay Naidoo said the study had been tabled in the Cabinet, and government departments and the provincial governments were at present discussing the findings.

Naidoo said the study was part of an integrated development strategy which included a rural development strategy - including water, agriculture and land reform - estimated to cost about R38bn in 10 years.

However, he cautioned that the estimates on the rural development strategy were affected by insufficient information.

According to Olver, the strategy would be financed through a mixture of instruments, including government grants, debt and equity. The private sector, not involved in municipal projects at present, could contribute by sharing its skills.

Naidoo said that while government wanted to meet the basic needs of the people, it was crucial that mechanisms for cost recovery be instituted to create sustainable service delivery. Outlining problems encountered with RDP delivery, Naidoo mentioned weak capacity as the reason for the slow pace of providing funds, but not bureaucratic red tape.

Although R2bn in funds was approved during the 1994/1995 fiscal year, only R1bn was drawn from the RDP fund.

Another problem was one of perception about what the RDP was.

“Is it a set of spectacular projects or transformation? It’s taken a long time to get consensus that the RDP is about rights and responsibilities.”

The unavailability of local government presented a further setback to RDP delivery. “You cannot deliver from Pretoria or Tuynhuys. Delivery takes place at local level,” he said.

Naidoo used yesterday’s briefing to clarify his position on the running controversy about his ministry’s position on non-governmental organisations. Government wanted the creation of a representative transitional development mechanism which would operate until a national development agency was established.

On the Masakhane campaign, he said the transitional local councils were lukewarm on the programme because of fear of losing votes in the planned November local elections.
Housing concepts changing

Alternative homes might receive finance

The Star / Wednesday, August 16, 1995

page 12
Bill to hasten land development tabled

A DRAFT bill to cut through red tape in rural and urban land development was tabled in Parliament yesterday.

Land Affairs Minister Mr Derek Hanekom said the Development Facilitation Bill would help meet the need for land faster than was possible at present.

He said in a memorandum this measure would offer uniform national standards for land development.

It would set up development tribunals to resolve conflicts with minimum delay.

The RDP needed a significant increase in the rate and scale of land development for industrial, commercial, residential and small scale agricultural uses, he said.

The bill proposes a commission to investigate more thorough reforms in land development. — Sapa
Spinoffs as high-powered US mission heads for SA

CLIVE SAWYER
Political Correspondent

UNITED States Energy Secre-
tary Hazel O'Leary arrives in
South Africa on Saturday with
some high-powered investors,
bold plans to boost electrifica-
tion — and more than 2,000 kg
of books for the children of
Guguletu.

Mrs O'Leary will be accom-
panied by several US govern-
ment officials and 20 represen-
tatives of energy firms.

The collection of maths and
science text books, some of
which will be handed out in
townships other than Guguletu,
was organised by aides who
visited South Africa on recon-
naisance for the visit.

In a briefing by satellite yes-
terday, Mrs O'Leary outlined
the main goal of her trip — to
help realise the RDP goal of
the electrification of 2.5 million
households by 2000.

She repeated her statement
earlier this week that diplo-
matic tension between the US
and South Africa about the

Hazel O'Leary

storage of Iranian oil at SAI-
danha would not have a nega-
tive affect her visit.

It was normal for countries
and companies to disagree on
some issues, she said.

"We will forge ahead on the
things about which we agree." Immediate benefits of her
visit will include:

● Two hundred South Afri-
cans will be selected to go to
the United States for training
in energy business practice, the

start of a programme of uni-
versity and technical college
training in this field;

● Inter-government agree-
ments on the supply of infor-
mation on energy supply and
demand; and

● Opening a solar energy
panel factory which will create
jobs and demonstrate the use
of alternative energy sources.

Mrs O'Leary said interest
from potential business inves-
tors was so high that people
had had to be turned away.

Mrs O'Leary's visit will be
on the eve of the first meeting
of the South Africa-US bilat-
eral commission agreed to last
October.

The commission is to build
economic ties in the fields of
energy, human resources,
health and science and

technology.

South African ambassador to
Washington Franklin Sonn was
enthusiastic about the visit.

It would keep South Africa
on the front burner for poten-
tial investment, he said.
Housing delivery team set up

Robyn Chelmer
80 17/8/95

A national task team being set up by
the housing ministry will attempt to break
the critical housing delivery logjam, but no
review of fundamental policy issues is on
the cards, says housing department direc-
tor-general Billy Cobbeet.

Cobbeet said yesterday he had been
briefed by Housing Minister Sankie
Mthembu-Nkondo to ensure that the team,
expected to consist of about eight people,
urgently identified major obstacles to
housing delivery. The brief did not stipu-
late a review of policy issues, except where
these issues had a significant and negative
impact on delivery, he said.

The task team was also expected to look
into the effect on developers of provinces
having imposed minimum standards and
sizes of housing. National policy allowed
these standards to be negotiated between
developers and communities or buyers.

Sources said reasons why some funds
stipulated to the provinces had been allocat-
ed to various projects but not actually
spent could also be examined.

The team's establishment follows
Mthembu-Nkondo's statement last month
that the incremental approach to housing
would be reassessed to counteract prob-
lem in the low-cost housing programme.

She said it was becoming clear that
there were problems with the incremental
approach, and policy had to be re-exam-
ined.

The main difficulties facing the pro-
gramme were the low level of applicants
for mortgage finance. Provincial housing
boards had also experienced limited in-

Continued on Page 2

Housing

Continued from Page 1

quiries about individual housing subsidies.

Parliamentary sources also pointed to
the recently introduced mortgage indem-
nity scheme as being a major obstacle, as
the limited areas approved by the indemni-

ty board were hampering developers.

The high cost of money for low-cost
housing was a further impediment. This
was expected to be addressed by the
National Housing Finance Corporation via
an approach centred on introducing com-
petition into the retail lending market. De-
tails were due for release next month.

Cobbeet said the department was look-
ing at ways of speeding up finalising the
White Paper, originally due in March.

□ Sapa reports draft legislation to cut
through red tape in rural and urban land
development was tabled in Parliament
yesterday. Land Affairs Minister Derek
Hanekom said the Development Facili-
tation Bill would help meet the need for land
faster than at present and the measure
would offer uniform national standards for
land development.
Home council warns on bonds

Johannesburg: People using builders not registered with the National Home Builders' Registration Council will soon not be able to get bonds, NHBRC managing director Mr Peter Allsopp said yesterday.

Mr Allsopp said contractors had until September 1 to register with the NHBRC.

The NHBRC said registered contractors' work had to comply with technical standards set by the council and a warranty on houses built must be provided.

The non-profit-making NHBRC was formed in June to provide consumers with protection and to monitor builders' performance.

The council's warranty scheme applied to bonded houses qualifying for a government subsidy of between R20 000 and R65 000.

He expected the upper limit on houses qualifying for warranties to increase next year. Sapa
Massive water scheme to tap Zambezi river

The Argus Correspondent

PRETORIA. — The government is talking to neighbouring countries about tapping the waters of the Zambezi River in a multi-billion rand supply project which will dwarf the massive Lesotho Highlands water project (LHWP).

Government officials this week met representatives of Southern African states in preliminary discussions as the country's water supplies continue to dwindle.

It is planned that Zambezi water be sent 1,800 km through a system of canals, pipelines and tunnels to augment the Vaal River system, which supplies water to the Gauteng industrial and residential complex.

The distance to be covered — the official route has not been divulged — is almost five times longer than that over which water from the LHWP will flow to the Vaal.

The LHWP, latest estimates say, is costing R18.5-billion at today's prices.

The Zambezi water probably also will be used for agricultural, domestic and industrial purposes in parched western Zimbabwe, eastern Botswana and north-west South Africa, and provide thousands of jobs in all three countries as well as being a source of much-needed foreign currency to countries such as Zambia.

The scheme, believed to be the most ambitious of its kind in the world, is expected to skim off about 10 percent of the river's annual flow. The Zambezi is one of the few rivers in Africa which flows continuously all year round.

No statement has been issued on Wednesday's talks beyond the fact that the Department of Water Affairs and Forestry has already initiated the preliminary steps required to investigate a project which will supply water from the Zambezi River.

Paul Roberts, the department's deputy director-general, development, said yesterday "the recent admittance of South Africa as a member of the Southern Africa Development Community (SADC) will greatly facilitate contact with the (member) countries".

According to Dr Roberts, "the proposed project is an enormous one and would be larger than the Lesotho Highlands water project".

SADC is expected to discuss the idea at its summit meeting to be attended by 12 southern African heads of state at Emption Park next week. No early decision is likely, but Water Department officials say the matter is urgent for South Africa as the Vaal River system, aided by the LHWP, will not be able to sustain fully the Gauteng area beyond the year 2010 — in 15 years time.
Govt asked to act as developer

Contractors spurn work on cheap housing

Robyn Chalmers

LARGE contractors have effectively abandoned the lowest end of the housing market, citing a lack of political commitment, high risks, low profits and chaotic local government structures.

As a result, contractors, home builders and the Gauteng provincial housing board attending a National Association of Home Builders' meeting yesterday called on government to enter directly that end of the housing market as a developer.

Murray & Roberts community construction CEO Chris Cudmore said the most important issue holding up delivery of housing in SA was the lack of a single, clear message from government on its policy.

"We find national government saying one thing, provincial governments saying another while the excessive length of time required to process applications by local authorities is compounding the issue."

Contractors could not meet the expectations being created among communities by "political rhetoric", he said.

Gauteng provincial housing board representative Eugene Sadie said the project-linked subsidy scheme was not a success. The absence of large contractors meant 50% of SA's delivery capacity was not participating in the low-cost programme.

Board figures showed that only 1 260 houses had been delivered in Gauteng, totalling R50m in subsidies, since May, against a provincial target of 2 100 units amounting to R200m in subsidies.

"It is unrealistic to expect that 1-million houses will be delivered by 1999 via the private developer-driven route in the less than R1 500-a-month income category. At most, 10% to 20% will be delivered by the private sector," Sadie said.

"The state must assume responsibility for the delivery of welfare housing for those earning less than R1 500 a month."

However, housing department deputy director-general Neville Karsen said international experience had shown where government took the lead in delivery, it had been a dismal failure. "The process needs to be community driven and supported by government. We will assist as far as possible through mechanisms such as the National Housing Finance Corporation."

Council of Southern African Bankers CE Piet Liebenberg said it should be accepted that the formal banking sector was not prepared or equipped to extend mortgage finance into the lowest end of the market.

"We are willing to move into the market where income levels exceed R1 500 a month on a selective basis."

Contractors said other reasons for the lack of progress included the high cost of lengthy social compact and that cash flows were affected by subsidies being paid out only when houses were completed.

Other contributing factors were onerous minimum standards set by certain provincial housing ministers; the lack of end-user finance; the mortgage indemnity scheme being a new form of red-lining in areas not yet covered; and uncertainty about the implementation date and cost of the builders' warranty scheme.
NP warning about service payments

Mdukuza Harvey

THE NP has warned that unless SA's "culture of entitlement" is replaced with a "culture of payment", local governments will follow the black local authorities into a financial morass.

NP local government spokesman Jacko Maree said some local governments would be unable to meet their commitments in the next four months, finding themselves in deep financial crisis unless action was taken.

It was clear that user charges were the most important source of local revenue, but the Masakhane campaign had enjoyed little, if any, success. He called for firmer action, and financial discipline to be restored.

To restore financial discipline, he said, each consumer needed to complete a proper agreement for the provision of services, which would require full compliance with local bylaws.

Consumers should also lodge the normal two-month financial deficit equal to the services consumed. Failure to pay accounts, he said, must result in the disconnection of services and legal action.

Policy decisions, Maree said, needed to be made to ensure tariffs for service charges were revised annually to at least equal the inflation rate.

Over and above these steps, he said, there was the need for the state to acknowledge that those who suffered from poverty and unemployment were welfare cases who required government funding.

Masakhane director Chris Ncobelo said the NP's assertion was ill-conceived. He said the campaign was not directed only at addressing a culture of non-payment that had existed for the past 10 years, but also to address a long-term culture of lack of services.

He said the NP had to realise that the culture of non-payment for services was intertwined with the lack of service provision by local authorities. Effective local governance was vital to reconstruction. But the state of local governance had been characterised by unrepresentative local authorities and lack of service provision.
Tapping of Zambezi’s waters for SA discussed

BY NORMAN CHANDLER
PRETORIA BUREAU

The Government is talking to neighbouring countries about tapping the waters of the Zambezi River in a multibillion-rand supply project which would dwarf the massive Lesotho Highlands Water Project (LHWP).

Government officials met representatives of southern African states this week in preliminary discussions as SA’s water supplies continue to dwindle.

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Dr Paul Roberts, the department’s deputy director-general, development, said yesterday: “The recent admittance of South Africa as a member of the Southern African Development Community (SADC) will greatly facilitate contact with (member) countries.”

The proposed project would have to transfer the water over a distance of about 1 800km and the cost of water would be much higher than current water tariffs, he added.

The SADC is expected to discuss the idea at its summit meeting to be attended by 12 southern African heads of state in Kempton Park next week. No early decision is likely.
The task force looking into the question of minimum standards and incremental housing will be convened by Housing Department director-general Billy Cobbett. He says it will consist of about eight “non-high-profile people drawn from a national level.

“Our job will be to identify the constraints in housing delivery and advise the Minister on how to get delivery going. Our point of reference will be the Housing White Paper. This is not a policy task force at all. The time for policy debate and re-debate is over,” he says.

Gauteng Housing Board chairman Martin Van Zyl says the consensus in his board — and certainly in other provincial housing boards — is that there is a need for clarity on the issue of minimum standards. Thus he welcomes the task force.

He denies his board is stopping one-room houses from being built, though this was the case for a few months last year when Housing MEC Dan Mofokeng placed a moratorium on such houses shortly after the Transvaal regional housing board was split into four provincial boards.

Van Zyl says Gauteng has only placed minimum requirements of between 200 m²-250 m² on stand sizes. Mofokeng, however, recently asked developers not to bring him plans for one-room houses with toilets outside.

The Free State and the Eastern Cape boards have set roughly 40 m² as their minimum-sized house. The Free State, which has been the most rigid on standards, has gone one step further in not allowing core houses — houses with no internal partitions — to be built.

But development experience has shown that for a government subsidy of between R12 500-R15 000 only houses ranging from 16 m² to 28 m² can be built by developers. These are typically one-room houses. Only in Port Elizabeth are one-bedroom houses (two-room houses) of 21 m² being achieved, which together with serviced stand costs, fall within the R15 000 limit.

The constraints on delivery are not easy to resolve.

Van Zyl says developers in Gauteng told him that the minimum cost of a serviced site is R12 500, including VAT. At that price, only R3 000 remains to build a house. Services would include gravel roads, water, sewerage, high mast lighting, tarred bus routes and stands an average size of 220 m². The big developers say with their current methodology, only mass housing schemes will prove viable.

**LOW-COST HOUSING**

**Where more is less**

*FM 18/8/96*

Government insiders believe the Housing Ministry’s appointment of a task force to “refine the current policy of incremental housing” is a positive development. Debate on the issue and a lack of clarity over what it means has tended to hold up delivery.

In terms of incremental housing, recipients of the maximum housing subsidy of R15 000 usually purchase a serviced site and add a basic one or two-roomed top structure. This is all developers can build for the amount of money involved — once the cost of the serviced stand has been deducted. It is then up to subsidy recipients to finance the expansion of their home at a later stage. Ironically, in self-build housing schemes, such as those now being run on a pilot basis, slightly bigger homes can be produced for the same amount of money.

While national policy allows standards to be negotiated between developers and communities, the imposition of minimum housing standards by three provinces — Gauteng, Free State and Eastern Cape — has tended to eliminate the freedom to choose what size homes recipients settle for.

*Billy Cobbett... this is not about changing policy*
The housing fund
seek listing for
Government co

By Stewart

ST 20 1465
Housing ministry drops policy-review plan

By RAY HARTLEY

HOUSING Minister Sankie Mthembu-Nkondo and her director general Billy Cobbett appear to have shelved their policy differences and instructed a task group to concentrate its energies on unblocking the housing delivery pipeline.

The task group, which Ms Mthembu-Nkondo originally intended as a vehicle to review the late Joe Slovo's "incremental" policy, will now focus on how to get the low-cost housing programme off the ground.

"There will be no fundamental review of policy," Mr Cobbett said this week, following a news report that builders were staying out of the low-income market because of policy uncertainty.

Mr Cobbett said key obstacles to delivery included:

- Insufficient bank credit reaching low income areas;
- The high interest rate charged to low-income home buyers;
- The "perceived" uncertainty about housing policy.

Mr Cobbett would not comment on the composition of the task team, which is expected to be announced by Ms Mthembu-Nkondo soon.
Banks dump down on cut-rate bonds

PROPERTY VIEW Edited by Tom Hood

SUNDAY TIMES CAFE METRO, 20 AUGUST 1995
America aids SA technology

SUSTAINABLE technology was needed in South Africa to bring electricity to remote areas, United States Energy Secretary Ms Hazel O'Leary said at the Peninsula Technikon yesterday.

She is leading a trade delegation of more than 70 people from the Clinton administration.

Former US ambassador to Lesotho Mr Leonard Spearman said 35 Peninsula Technikon students had already been trained in alternative technology by US industries.

Ms O'Leary said her delegation wanted to ensure that the investment SA needed came to the country "to the benefit of both our nations".
Scheme ‘can aid’ housing plan

Robyn Chalmers

The establishment as soon as possible of community-driven housing support or building centres around SA is vital to overcome the logjam in the housing programme.

Housing consultants and construction industry spokesmen said at the weekend that housing assistance to the poor was being undertaken by subsidies on offer by government.

The centres could convert this financial assistance into housing reality. They were an important part of government’s low-cost housing programme, aimed at providing wholesale building materials to emerging contractors as well as a skills upgrade and training schemes.

Housing Minister Sankie Mthembu-Nkondo said recently the housing support centre programme, being initiated this year, would provide finance, job opportunities and reasonably priced building materials to the most disadvantaged communi-
Waste-tech acquires recycling firm

Robyn Chalmers

WASTE-tech has acquired domestic and industrial waste recycling company Waste Flo from Basil Read Construction for an undisclosed amount, it was announced at the weekend.

Wastetech MD Ken Bromfield said that with South Africans producing in excess of 15-million tons of domestic waste and 12-million tons of industrial waste a year, the need for re-use, recycling and waste minimisation was increasing.

"Waste-tech's acquisition of Waste Flo is in keeping with our efforts to reduce dependence on disposal and to follow world trends in increasing the amount of materials recovered and recycled from the waste stream. Waste-tech is aiming to further assist its clients to reduce their waste and its resultant impact on the environment."

Waste Flo has been incorporated into Waste-tech’s waste minimisation division which assists companies with waste minimisation programmes and recycling.

Bromfield said that with land being at a premium, it made sense to keep well-managed landfill sites operating for as long as possible. Recycling was one way of reducing volumes of waste to a landfill.

Waste-tech manages domestic and hazardous waste landfill sites and collects and disposes of medical and chemical waste in conjunction with local fire departments.

It also conducts clean-ups of hazardous waste spills through its mobile units and sets up waste minimisation programmes for waste-producing organisations.
HOUSING Minister Ms Sankie Mthombeni-Nkondo’s objection to the plans laid by her predecessor, Mr Joe Slovo, could delay the home delivery programme, says political analyst Professor Lawrence Schlemmer.

Her support for complete houses for all was a “totally impossible challenge” that would overturn much of the completed planning, Prof Schlemmer said in the SA Chamber of Business’ first quarterly political review.

There was widespread disillusion with the RDF, of which housing delivery was a major element, he said.

Few homeless people could actually afford a built home, particularly at interest rates of up to 22.5% on a fixed instalment loan.

Quoting HSRC statistics, Prof Schlemmer said 581 000 households wanted and needed to buy formal, low-cost homes.

Of these only about 166 000 could afford the repayments.

**Content**

A further 495 000 were content with other arrangements, like site and service housing, core housing, renting and other options.

“It is a matter of concern that the Minister of Housing has recently indicated, quite emphatically, that she favoured complete houses for all the homeless.”

The minister’s objection to her predecessor’s policy could delay housing delivery even further, “although evidence does not support her position, and she is likely to modify her reservations”.

Prof Schlemmer said while it was difficult to identify the number of families who had actually moved into new houses, it was “a fraction of the 200 000 targeted for the first year”.

• Sending troops to kwaZulu/Natal to quell the violence could result in an escalation of the conflict to crisis proportions, if not civil war, Prof Schlemmer said in another article.

International mediation or high level internal negotiation separate from the cabinet or the Constitutional Assembly was the only solution to the conflict. — Sapa
US warns SA over energy regulations

BY BRAY CANTERON

United States' secretary of energy Hazel O'Leary has told the parliamentary energy committee that if it wants South Africa to develop efficient energy supplies the government should have "a light hand with regulation".

At a meeting with the energy committee, chaired by ANC MP Marcel Golding, senior energy company executives accompanying O'Leary warned that over-regulation would lead to investors becoming wary of coming into the country.

In a joint meeting between the American delegation and the parliamentary committee, O'Leary said the United States had learned the consequences of over-regulation affecting energy supply.

What rules there were had to be simple and easy to understand. Potential investors expressed willingness to get involved in South Africa, but expressed concerns about the lack of a government track-record and the stability of South Africa.
Now we have female bricklayers

Women take courses aimed at helping the RDP housing programme

By Isaac Moledi

For centuries building has been a male-dominated terrain. But 18-year-old Miss Buhle Sibeko wants once and for all to put an end to this culture.

When she enrolled for an artisans' building course at Crown Mines' No 17 shaft three months ago, Sibeko, who hails from Soweto, found herself the only woman among 20 men who were taking the course.

At first, she says, she felt somewhat intimidated as her male colleagues could not understand what she was doing in a "men-only" job.

Colleagues changed

But the attitude of her colleagues changed as other women joined the course.

Today Sibeko is a proud person. She and 31 other young people were awarded certificates after undergoing a 13-week basic course in bricklaying, blocklaying, plastering and tiling as well as a numeracy and literacy programme. The students were also given building tools worth more than R600 each.

"I wanted to be an interior designer but after completing my matric last year, I could not get a bursary. So, I took this course."

"After 13 weeks of training, I realised how relevant the course is to what I want to do," says Sibeko.

The course Sibeko took is given at No 17 shaft, which is situated between mine dumps at the end of an isolated and winding road at Crown Mines.

The area around the shaft has become a vibrant business and community training centre providing valuable skills to enable aspiring entrepreneurs and scores of unemployed youths to contribute to the RDP's housing development programme.

The designers of the course, Enter Education, say the aim of the course is to help those who graduate to find or create their own jobs.

The British funded project is expected to continue for the next 12 months and a new intake began their training at the centre this morning.

Course coordinator Mr Mahlonzolo Kekana says the "earn-while-you-learn" project has been designed to address the issue of "marginalised" youths and involve them in RDP projects. Sibeko says she is happy that she and other trainees will be able to subcontract to big construction companies to exercise their skills.

Coordinator of the community RDP forum at Protea Glen Mr Tenki Sekonya says the forum has already identified Stocks and Stocks and Home Grow as companies that are prepared to subcontract their various projects to those who have completed the course.

Awarded diplomas

The trainees will then be awarded Building Industries Training Board diplomas if they satisfy the board's requirements during their internship as subcontractors.

Sekonya says his forum has identified various RDP projects at Protea Glen and the trainees will be helped by various stakeholders.
In the final analysis, there is much to be said in favor of the position that the potential for conflict in the area is minimized by the efforts of the Israeli government and the Palestinian Authority to maintain the status quo. The recent peace negotiations have been a positive development, and it is hoped that they will lead to a lasting peace agreement.

The current situation in the Middle East is complex and challenging. The issues of security, stability, and economic development are interrelated and require careful consideration. The international community must work together to support a peaceful resolution to the conflict and to promote greater understanding and cooperation between the parties involved.
Homeseekers' favourite lawyer killed

Mahlângu exposed housing scams involving millions of rands by unscrupulous developers

By Joshua Raboroko

A HUMAN RIGHTS LAWYER who was probing housing scams was assassinated outside his house on the East Rand in what is linked to his uncovering of fly-by-night property operations.

Mr David Vusi Mahlângu (39), legal adviser of the Housing Consumer Protection Trust, an offshoot of Lawyers for Human Rights, helped numerous home buyers who were ripped off of more than R12 million by unscrupulous property developers in the past two years.

Mahlângu was repairing his vehicle outside his Extension 22, Spruitview Garden, home, when a gunman shot him in the chest, killing him instantly last Thursday night.

A empty cartridge was later found on the driveway of his house by horrified relatives who came out to investigate after hearing the sound of gunfire.

Miss Martha Liale, a legal consultant in Johannesburg, said yesterday that Mahlângu's death was a blow to hundreds of home buyers who were ripped off by deceitful developers.

It was through his legal advice that the trust was able to get compensation for home-seekers amounting to more than R12 million from corrupt estate agents, financial brokers, property developers and contractors countrywide.

Mr Brian Leveson of Human Rights Lawyers said some of the developers had been prosecuted and sentenced to jail terms after being found guilty of crimes varying from fraud, theft and bribery.

Leveson said many scams Mahlângu had exposed involved several fly-by-night companies which purported to get government subsidies for low-income earners in Gauteng.

The trust was investigating many cases where innocent people were led to sign false documents in order to qualify for the government subsidy aimed at supporting households that earn less than R3 500.

Mrs Daphne Mastiela said her brother's death came as a shock to the family because they did not know the motive for the attack.

"He was a peace-loving man," she cried.

Mahlângu also worked for the Legal Aid and the Legal Resources First Bowling as a legal consultant, especially in consumer protection, before the establishment of the trust.

He held a B Juris degree from the University of Zululand. Mahlângu is survived by his wife Thandi and two children. He will be buried at the Dawn Park Cemetery on Saturday at 11.30am. The service will be held at home starting at 8am.

A police spokesman has confirmed the killing and said nobody has been arrested so far.
Govt unable to deliver housing

PRETORIA: The government would not be able to deliver on its RDP promise to build a million houses in five years, ANC secretary-general and Constitutional Assembly chairman Mr Cyril Ramaphosa said yesterday.

He said there might have been an overestimate of the government's capabilities.

However, the RDP was not about houses or jobs. It was a comprehensive socio-economic programme which expressed the aspirations of most South Africans.

Delivery was going through a lull but it would pick up.
Electricity distribution ‘needs major overhaul’

JOHANNESBURG - It would be unwise for the government to try to get rid of the 200 local governments which were currently selling electricity on a small scale. Many of the local governments were not able to provide services in many of the rural areas. The government was trying to rationalise the system so that the traditional licences which had been applied for by the local government would be extended for the benefit of the public.

In the past, the NER was the only body which produced power. Local governments were also interested in producing power for their own use. However, the government was now interested in rationalising the system to ensure that the public was supplied with electricity. The NER would be producing the power and then selling it to local governments. Dr. McPartland said that the government was looking into the possibility of extending the system to other areas.

The government was also interested in ensuring that the public was supplied with electricity. Licences would be issued to local governments and they would be able to supply electricity to their own customers. The government was also looking into the possibility of extending the system to other areas.

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25,000th client switched on

THE Phomбил Nomibane project which aims to electrify 40,000 homes in Khavelithe by the end of 1995, yesterday celebrated switching on its 25,000th customer.

The project, a joint venture between Eskom, Electricité de France and East Midlands Electricity in the UK, started in May last year.

Khavelithe's mayor, Mr. Vuyani Ncuka said the community was greatly appreciative.

- Staff Reporter

27/8/95
One of the many affordable houses built by Conover-Prusseal at Hornia View.

These houses are developed in Hopewell, north of Fort Lee.

Opportunities

As of the market seen in top end

Substantial.

In 1965 and 1966, Conover-Prusseal began building affordable housing developments near Fort Lee, with the aim of providing affordable housing for the local community. These developments were part of a larger effort to address the issue of housing affordability and to provide more housing options for residents. The development of these affordable housing communities was seen as an opportunity to improve the living conditions of many residents in the area.

The construction of these houses was carried out with the goal of providing quality, affordable housing that met the needs of the community. The designs were focused on creating comfortable and well-constructed homes that were also environmentally sustainable.

The affordable housing developments were located in strategic areas near Fort Lee, providing easy access to employment opportunities and other amenities. This strategic location was seen as an added benefit for residents, as it helped to reduce the costs associated with transportation.

As of the market seen in top end, the affordable housing developments were well-received, with many residents expressing gratitude for the opportunity to live in a safe and comfortable environment.

In conclusion, the affordable housing developments near Fort Lee were a significant step towards addressing the issue of housing affordability and improving the living conditions of the local community. These developments were not only a source of pride for the area but also a testament to the commitment of Conover-Prusseal and other housing developers to creating a more equitable and sustainable housing landscape.
The delivery of low-cost housing has stalled, although many of the important components are in place. What is lacking is the implementation of a co-ordinated policy and agreement on the fundamental questions “what is a home?” and “what can SA afford?”. David Jackson reports.

The housing logjam is growing into a crisis

The onus to get things moving lies with all stakeholders, which include central government, the provinces, the banks, the building industry, emerging contractors and established industry.

“We are all in this together — and we have jointly to work out solutions to some of the blockages in the system,” says Robinson. “Hopefully the national task force that has been established is going to be one of the ingredients that makes this happen,” says Robinson.

“Until we can get the issue of incremental housing sorted out with the provinces, the industry is going to be stymied in terms of delivery.”

The other priority is to create a finance mechanism which provides affordable funding to the poor, so that we can build real homes for those who haven’t had a chance previously to participate in the economy. This is absolutely critical to unlocking the potential of our economy.”

The lack of an accord between the national and some of the regional housing authorities, who appear to be working to different agendas, is one of the bottlenecks which LTA believes is hindering delivery.

LTA building division MD Malcolm Adamson says another factor is that the financial institutions require the mortgage indemnity scheme to be in place before they lend in certain areas.

He says: “There are still many areas not covered by the mortgage indemnity fund, not regarded as major risk areas, which are effectively still being red-lined.”

“Yet another complicating factor is that the formal banking sector, on its own admits, is not prepared to extend mortgage finance to the lowest end of the market (which is income earners of R1 500 a month or less), although the major need for housing lies within that sector of the population.”

“Even if mortgage finance was available, in many cases SA’s poor are unable to afford the repayment of even a small housing loan.”

“The national and regional housing authorities should consider the possibility of state financed rental housing to satisfy the very low end of the market.”

Adamson says further problems relate to bond applications and the registration of transfer — the delay in the processing of which is also a cause for concern.

“One can buy a top-of-the-range motor vehicle with a minimum of delay in the signing of an HP/lease agreement, but to conclude the registration of transfer of a house takes an inordinately long time, even if it costs only R15 000.”

Wirewall invention beats the straitjacket of costs

SA IS is becoming the Silicon Valley of the housing industry, despite the frustrations caused by red tape, says Wirewall Building Systems’ Duncan McGregor.

McGregor is the owner and inventor of the wirewall building system, which uses a rod piling system to replace conventional strip foundations.

He says that although it has taken a long time for low-cost housing to get off the ground, “we believe that the industry is at last in a growth phase”.

The Wirewall system was launched in March and is providing affordable homes in many centres of the country.

“Often, once the site and services are paid for, there is only R6 000 remaining (of the R15 000 subsidy) with which to build. We can still offer viable solutions in this price range,” McGregor says.

His main factory is in Alrode, Alberton, and another is in Park Rynie, KwaZulu-Natal.

He embarked on a number of joint ventures with major contractors eight months ago, and is currently building about 2 000 homes, partly financed by government and partly by banks.

A Wirewall contractor is erecting 30m² units at Plettenberg Bay for R15 000 — including the serviced stand costs. The Durban corporation has awarded the company a contract to erect RDP starter units in Briardene. These 13m² units cost R3 150.
Institutions eager to help, but must exercise prudence

GOVERNMENT, banks and the building industry have agreed to a set of lending criteria which will be in place until the end of March.

The 5% deposit requirement will be waived, while the affordability criteria are:

☐ A loan-to-value ratio of 80% of the total home package price;
☐ A three-year employment record or a savings track record with a bank of at least nine months;
☐ Insurance against political risk by the mortgage indemnity scheme;
☐ Coverage of the house by the building defects warranty scheme; and
☐ Life assurance.

Stricter lending criteria will kick in from April 1 and banks will be able to insist on a 5% deposit and adjust the loan-to-value ratio to 80%.

Council of SA Banks housing manager Lance Edmunds says the reasoning behind this is that in terms of the national housing accord it was accepted that bank involvement in a low-cost housing was conditional on it being sustainable.

"We agreed to 80 000 housing loans ranging from R10 000 to R65 000 at a cost of R2bn in the first year." (From June 1 this year.)

"That is relatively small beer for the banking sector. What we are looking for is sustainable lending over a long-term period to normalise the housing market."

"These criteria were established as being very sensible and reasonable. A 5% deposit is considered low by world standards and pressure to make it lower is being resisted. We believe a home owner should have some stake in equity in his property. The 80% loan-to-value ratio is an acceptable commercial risk for a bank."

Edmunds says banks do not discriminate against small entrepreneurs or self-employed individuals in any way, provided they can prove a track record such as regular rent payments over a five-year period.

"We also accept in the recession, people were retrenched and may have had judgments against them. We are prepared to overlook these judgments from the credit rating system point of view."

"Banks are prepared to bend over backwards to assist. We want to be part of the housing programme and we are not trying to make it tougher — what we are doing is exercising prudence."

Edmunds points out that the banking sector is facing potential losses of R7bn as a result of 16 000 repossessions.

"Without implementing prudent financial criteria, banks risk receiving a poor international credit rating, which can affect investment."

Misinconception that banks can provide the solution

BANKS can help kickstart the housing process, but they can only address the affordable sector of the market, says Council of SA Banks (Cosab) GM housing Lance Edmunds.

Cosab is the umbrella body of the Association of General Banks, the Merchant Bankers Association, the Clearing Banks Association and the Association of Mortgage Lenders.

Edmunds says there is a misconception that banks can provide the solution to the housing crisis.

He says banks are able to offer loans as low as R10 000, which addresses the market for those who earn about R1 200 or more a month. This would probably account for between 10% and 30% of the demand in the affordable housing sector.

The remaining 70% to 80% cannot be addressed by the banking sector.

At this stage there is no acceptable product which the building industry can provide in the incremental housing sector. Banks would be prepared to consider the incremental housing market provided it was sustainable. Applicants would need to be in regular employment and be able to maintain their commitments over a sustained period.

Edmunds says one of the problems bedevilling the housing programme is the political uncertainty in the run-up to the local government elections.

"What is essentially needed is a clear-cut policy from the top — with one housing policy and not 10."
Suppliers, builders wait for state to get its house in order

RESEARCH indicates that industry will be able to meet the demand for building materials to service SA’s national housing programme.

Building Material Suppliers of SA chairman George Thomas says: "Timber and PVC prices have risen over recent months at above the inflation rate but in both instances prices are related to the international market, which has hardened recently after a long period of stagnation. But for the rest, we have been consistently finding that the price increases have been well within the inflation rate.

"Our members have held their prices in real terms against rising input costs — particularly the cost of labour, which has risen substantially more than the inflation rate. Transport is also a serious cost constraint."

Thomas warns that the consequences of not getting housing delivery under way soon will be serious: "The serious players in the game want it to happen. The key is how the politicians are going to manage this process of unhooking themselves from the unreasonable expectations that have been created in the minds of people.

"Now that there is a better understanding between banks and government, we should start seeing real activity — provided that approved incremental-type projects are allowed to go ahead."

In this regard, says Thomas, the need for an accord between the provinces and the central housing authority is a conditional precedent.

"I do not believe that either the construction or the building materials supply industry will be found wanting. As building takes off and activity increases, so action will be taken to cope with the shortages. The market will take care of it."

There is also considerable scope for alternative or substitute products — such as concrete bricks or corrugated sheets instead of roof tiles, for example, if the situation warrants it.

Thomas says prefabricated homes are also an option.

Bifa executive director Ian Robinson says manufacturers of building materials are "reasonably capable of coping."

The biggest concern is about possible bottlenecks in the distribution of materials on the road and rail transport network.

Most of the suppliers say they will be able to deliver and building materials can be imported as a last resort.

Escalating building costs remain a major concern and Robinson sees the need for the indexing of home subsidies against inflation.

He says inflation in the building industry will be greater than the normal inflation rate above 10% or 11% this year, with some predictions putting building inflation as high as 17%. 
BIFSA has made a detailed submission to the national housing department on what it sees as the impediments to housing delivery — and one of the main focuses is incremental housing.

The organisation’s executive director, Ian Robinson, says that in some provinces, for example, there is a view at executive level that 40m² or 45m² houses — complete with dividing walls and other features — are the minimum socially acceptable product.

But Robinson says this will cost more than R40 000 a house.

Up to now, the national housing policy has advocated incremental housing in which the basic R16 000 subsidy can be used to provide a serviced site and basic shelter, or the beginnings of a core dwelling to which the owner can add over time.

He says another inhibiting factor is the election for local government due to be held in November. It is likely that firm policy decisions by provincial housing boards on incremental housing will be put on the back burner until after the poll.

He adds: “If we are to build 300 000 low income houses a year, I don’t think the country can afford to build that number of houses in the 40m² to 45m² range. For the poor, who have to rely on the subsidy scheme, I do not believe that anything more than incremental housing is affordable.

“It is unfortunate that expectations may be dashed in the process — but we have to cut our cloth to suit our circumstances.”

Another area that urgently needs to be addressed is the improvement of information and awareness campaigns.

“There is a lack of knowledge of how the subsidy works, how to get bond finance and how to deal with issues such as registration for the defects warranty scheme.

“Until we can get a better means of communication to enable people to understand what they are able to apply for, there is going to be a slow take-off in the housing delivery process.”

Robinson says the building industry is geared to deliver, “but is frustrated at not being able to deliver for a variety of reasons, one of which is this product uncertainty.

“Those who argue that the building industry is not geared to enter the low-income housing market (for homes below R65 000) are wrongly advised. It is a market that would be largely filled by emerging contractors, with, in appropriate circumstances, joint ventures being formed between those emerging contractors and the established industry so that they can cope with the volumes.”

The critical problem will be the lack of human resources and skills once volumes of home building reach the level of 200 000 to 300 000 a year.

This underlines the need, he says, for a much more concerted training effort.

About R25m a year is being spent on training but BIFSA’s calculations were that about R200m a year is needed to be invested in training and the upgrading of skills.

“The private sector is financing the R25m through levies obtained from builders. Even if we doubled the levies, this would still not provide the amount needed for training and we believe the government needs to come to the rescue of this initiative.”
Review of rent control legislation now on the cards

BY RONGIWE MLANGENI
HOUSING REPORTER

Legislation which governs the relationship between tenants and landlords is soon to be reviewed in an effort to put an end to the exploitation of tenants.

The Organisation of Civic Rights (OCR) has recommended a revision of the Rent Control Act of 1976 and applied to the Ministry of Housing to be part of a committee to restructure Rent Control Boards.

According to OCR chairman Sayed-Aghal Mohammed, the OCR was in the process of forming a group of experts to examine changes to the Act.

Housing Minister Sankie Mthembi-Nkondo said an inter-departmental committee was being set up to examine how legislation affecting the rights of tenants and owners could be reviewed.

Mohammed said it would be the first time in 70 years that tenants could anticipate having their rights recognised.
Electricity union rejects inefficiency claim

Mungo Soggot

The Association of Municipal Electricity Undertakings (AMEU) has defended local authority electricity suppliers from allegations that they are predominantly inefficient.

It has also criticised implied comparisons between local authority electricity suppliers and Eskom.

The AMEU was responding to last week’s announcement by the National Electricity Regulator that the electricity supply industry had to be rationalised to put an end to widespread inefficiencies that were threatening the RDP electrification programme and pushing up prices.

The alleged state of the industry had led the regulator to decide not to grant any distribution licenses next month, as had been the plan when the regulator was set up six months ago. Instead it would work with government on rationalisation.

AMEU president Howard Whitehead said: “The problem in the electricity supply industry is more of a financial nature than physical inefficiency. Complex cross subsidies cloud the facts.”

The regulator’s proposed rationalisation would probably see an expansion of Eskom’s role.

Whitehead said local authorities on average paid 20% more for electricity than Eskom distributors. Despite this, local authority distributors were able to provide reliable electricity at competitive prices.

“Comparisons seem to have been drawn with Eskom. If that is the case, is an organisation like Eskom that uses municipal payments to fund electrification, spends millions on marketing a product for which it has a monopoly, that incurs losses of R400m a month through ineffective cash collection and that has built a generation capacity far in excess of SA’s needs, efficient?”
Payment for services ‘better’

JOHANNESBURG: Payment for services in most provinces has improved to about 60% since the launch of Operation Masekhela, campaign co-ordinator Mr Chris Ngobo said yesterday.

He said the exceptions were KwaZulu/Natal and some areas in Gauteng and the Eastern Cape.
Builders conflict over registration

CT (FOR 30/11/75) (123)

By MARGARET BOWLEY

A new scheme for low-cost housing delivery in the province was announced last week, and will face a further round of opposition from builders who fail to register with the National Homes and Buildings Registration Council. Peter Allopp, the managing director of the council, warned this week that builders who fail to register may be barred from the market.

Allopp said that details of the new scheme, which will include a builders' defects warranty scheme, and a levy, would be finalised at the council's meeting on September 16.

"The levy will amount to between 1.5 percent and 2 percent of the building cost which will be payable to the council."

"Once houses at the top end of the market are covered by the scheme, the levy should be possible to reduce this to 1 percent of the building contract."

He said negotiations with financial institutions were also under way to allow the levy to be paid out of the buyer's deposit to help prevent cash flow problems for contractors.

A strong opponent to the scheme is Pieter Rautenbach, the executive director of the KwaZulu Natal Master Builders Association.

He said the creation of the council and the new scheme was equivalent of using a "sledgehammer to crack a nut."

"The extent of the problem of shoddy building hardly requires the formation of a multi-million rand bureaucratic machine which will just push up the cost of houses to the consumer."

"And if they extend it to cover all houses it will start undermining new development as builders will opt for existing houses."

Rautenbach said few, if any, of his members' members had enrolled because they did not want to operate at the lower end of the market.

"It is not all a fait accompli as Allopp would indicate and we will be meeting next week to plan our next response," he said.

While registration now applies to houses costing R65 000 or less, by the middle of next month it was expected to cover houses of up to R100 000 or R150 000 and up to R250 000 within a year.

"The aim is that all housing, even multi-million rand homes will be subject to the scheme," he said.

A number of builders' associations had expressed strong opposition to the formation of the council and to the new builders' warranty scheme, which comes into operation on January 1 next year. Allopp said they had to realise the scheme was now upon them and unless they registered with the council they would be excluding themselves from the market.

"Home buyers, starting at the lower end of the market, will be well advised to ensure any builders they employ from September 1 are registered with the council if they wish to access home loan finance."
‘Mothballing of Koeberg’ an energy option

Political Correspondent

MOTHBALLING Koeberg nuclear power station pending the outcome of an independent probe into its environmental and economic advantages is among options proposed in a “discussion document” on energy policy.

The document said Eskom acknowledged that generating costs at Koeberg were higher than those at comparable coal-fired power stations “in the Transvaal”.

However, Koeberg had not been operating under optimum conditions.

Eskom said that, replacing the lost generating capacity, if Koeberg was closed, would be higher than its present operating costs.

These claims had not been independently investigated, the document said.

Eskom had not released to the public technical details of its plans for decommissioning the station or disposing of radioactive waste.

There was general acceptance that full public disclosure and involvement were necessary for a feasible political and economic solution to the waste disposal problem.

Among other options in the discussion document are:

• Allowing Eskom alone to decide whether Koeberg should continue.
• A public inquiry into the economic and environmental desirability of the station.
• Mothballing Koeberg pending the outcome of a probe into its advantages over other ways of providing electricity.
• Obliging Eskom to publish full details of its plans for decommissioning and waste disposal and to hold public workshops in the Vaalputs/Springbok and Cape Town regions.
• An independent investigation into the effect of radioactive emissions on the environment, the health and safety of workers and communities surrounding Koeberg.

The document said this last option could generate people’s confidence in the government and Eskom, or public resistance with calls for the closure of Koeberg.
Taxi rank cost is forced up by squatters

Prepaid water meters proposed

Staff Reporter

PREPAID water meters should be combined with those already used for electricity to allow developing communities to control their water consumption, it has been proposed.

Researchers from the Water Research Commission said it was necessary for the private sector to develop a single unit for electricity and water prepayment.

This would ensure people in developing communities paid for water through an acceptable system because they were "highly suspicious of account systems, especially when the meter is not read regularly" and debt for water payments continued to rise.

Rail line planned

Municipal Reporter

A RAILWAY line for commuters living north of Milnerton is being planned.

This was confirmed by Metro manager Andre Harrison, who said R25 000 had been set aside for the conceptual planning of the line, which would run along the current Atlantis goods line.

But the new line was unlikely to operate for another five years.
Home builders to get staggered payments

Robyn Chalmers

The National Housing Board has recommended that progressive payments be made to contractors under government's housing subsidy scheme in a bid to alleviate the financial strain on builders.

Large and smaller contractors indicated recently that the single subsidy payment made only on the transfer of title to the homeowner was causing severe problems for those involved in government's low-cost housing programme.

Board chairman Ishmael Mhabela said the board recognised the single payment system was proving to be too onerous for builders, particularly the smaller contractors. The board is the housing ministry's primary advisory body.

Mhabela said the board had agreed that payments would be made in four tranches, but should not be regarded by builders as a form of bridging finance.

"The recommendation has been referred to the joint technical committee on subsidies. The board has agreed that should the committee encounter further obstacles to the recommendation, they will be dealt with directly by the board's chairman or vice-chairman to expedite the process."

If the recommendation was accepted by the ministry, the first tranche would be paid once a detailed engineering design for infrastructure had been approved by local authorities. The payment would equal the fees charged by a consulting engineer or other relevant professional.

Should the contractor not be able to continue with the work, it could be carried through by another appointed contractor and the funds would not be wasted, he said.

The second tranche would be claimed once the surveyor-general had approved the plan, indicating that town planning work had been completed. The third tranche would be made available when it could be proved the erven had been fully serviced, commissioned and connected with external services. A service completion certificate would have to be issued.

The final tranche would become available once the board was satisfied the project met its standards, the top structure had been completed and individual title had been registered by the homeowner.

Building Industries Federation of SA executive director and housing board member Ian Robinson said the progressive payments of subsidies would significantly assist contractors with cashflow problems.
Housing gets $75m boost (2)

Sponsoring brokers

Martin & Co.

The backing was about 5 million houses. The housing was a bit technical task to investigate housing problems and was busy with people who would have to be trained properly to be housed closer to their places of work. - Reader.
20 years housing backlog

SOUTH Africa's housing backlog would take at least 20 years to eliminate, Housing Minister Sankie Mthembu-Nkondo said yesterday.

Briefing the National Assembly's Reconstruction and Development Programme committee, she said the housing backlog was about three million and not 1.9 million as some thought.

"If we're very consistent in what we're doing, it won't take us less than 20 years (to eliminate)," she said.

It was vital that delivery problems be dealt with as "the more we delay, the more the backlog will grow".

Mthembu-Nkondo said 200 000 subsidies for low-cost housing had so far been approved. -- Sapa.
Backlog bigger than forecast

20-year housing wait

Cape Town – South Africa's housing backlog would take at least 20 years to eliminate, Housing Minister Sankie Mthembu-Nkondo said yesterday.

Briefing the National Assembly's Reconstruction and Development Programme committee, she said the housing backlog was about 3 million and not 1.6 million as some thought.

"If we’re very consistent in what we’re doing, it won’t take us less than 20 years (to eliminate)," she said.

It was important that delivery problems be dealt with now as "the more we delay, the more the backlog will grow."

Her department had initiated a special technical task team to investigate housing problems in all the provinces.

The team was also studying reports drawn up by the provinces.

Communication with people on available housing aid would have to be improved and the use of radio was among methods being considered.

Mthembu-Nkondo said 200 000 subsidies for low-cost housing had so far been approved.

Defaulted

Between 60 and 65% of South Africans fell in the "poor" category, with banks being able to help only about 30% of the total population.

About 34 000 bondholders had defaulted and a special company – Serveon – was visiting those homeowners to try to help them.

Another problem that would have to be addressed was that of people in far-flung areas such as Witenveld.

Many of them have to spend up to R3 000 a year on transport to and from work.

A way would have to be found to house such people closer to their work places.

Answering questions, Mthembu-Nkondo said the Government would not succumb to pressure from private sector companies.

Some were "playing wait-and-see" in a bid to pressure the Government to put up their subsidies so that they could make a bigger profit.

She said that due to some pressure from ground level, the Government might also examine legislation affecting rent control. – Sapa.
Zinc strikers face final interdict bid

Deborah Fine

STRIKING workers at the Zinc Corporation's East Rand operation have been ordered to show cause in the Rand Supreme Court next month why the company should not be granted a final order interdicting them from stopping temporary workers from entering the plant during the strike.

In an affidavit, Zincor senior personnel officer Martin Hurworth said strikers had also stoned vehicles trying to enter.

An interim interdict was granted on Tuesday prohibiting strikers from coming within 100m of the plant and obstructing access to the plant.

Eskom conduit for US Institute

Theo Rawara

ESKOM and the US-based Electric Power Research Institute had agreed to form an African centre for essential community services—a technology transfer mechanism for moving institute technology through Eskom to sub-Saharan Africa, they said yesterday.

Institute customer systems group vice-president Clark Gellings and Eskom research manager Steve Lennon said the centre would probably use a major SA university as its host site.

The California-based institute, with 700 utility members, was founded in 1972 for the US electric industry to improve power production, delivery and use.

The centre would function as a satellite of the institute's customer systems group, community environment centre in St Louis, Missouri, and would become part of the institute's centre and office network.

"The process of site selection (in SA) is already under way, with the opening scheduled for March-April 1996. Selection criteria include technical capabilities, community presence, ties to key SA industries and resource contributions," the organisations said in a joint statement.

Initially the centre would be supported by Eskom and the institute, with extra funding from SA's government, water utilities and health care industry. It was to be self-supporting and function as a nonprofit corporation.
Housing agency to raise guarantees

Robyn Chalmers

THE National Urban Reconstruction and Housing Agency (Nurcha) is aiming to raise more than R800m worth of home loan and working capital guarantees to match the funds made available last year by the international financier George Soros.

Nurcha CEO Cedric de Beer said yesterday that Soros’ offer of a guarantee facility of up to $30m was made on condition that his contribution should not exceed one quarter of the total guarantee facilities mobilised.

“An immediate task for Nurcha is to mobilise such additional guarantees, either as part of a general pool, or on a project by project basis to allow us to access a proportion of Soros’ guarantees facility,” he said.

The total amount of funds that could be mobilised under this condition was R800m which would only be attained over a number of years, but De Beer said that a recently launched campaign to raise the funds was well under way.

“We have either approached or are in the process of approaching a range of international development agencies and development banks, as well as local private sector sources for funds, and are involved in a few promising negotiations,” he said.

Nurcha was one of the 22 presidential lead projects set up to kickstart the reconstruction and development programme in SA. Its overall aim was to expedite housing delivery in the short to medium term within the metropolitan areas of SA for low-income households.

In order to fulfil this function, De Beer said that grant funding would be provided where such grants would unblock an appropriate housing project while guarantees would be directed at specific schemes.

“For low-cost housing initiatives to succeed, it is essential for developers to gain access to working capital loans but lending institutions will only lend money where a substantial proportion of the loan is underwritten.

“This is proving to be a major obstacle to many developers and contractors, particularly small, community based or emerging contractors. Nurcha will provide guarantees to lending institutions for a proportion of working capital loans to approved projects.”

De Beer said Nurcha also wanted to facilitate access to end user finance by providing guarantees to financial intermediaries for a proportion of the risk that they take on in providing such loans.
Landmark agreement on loans

By Joshua Raboroko

A HOUSING boom is expected in South Africa once again following a landmark agreement by the Government, banks and builders on a number of terms and conditions for finance to low-income borrowers combining loans with state housing subsidies.

The agreement allows easier access to home-loan finance for low-income earners in the short term in order to give developers, builders and potential homebuyers time to adjust to certain long-term criteria. The agreement was signed by Housing Minister Mrs Sakiie Mthembu Nkondo, chairman of Council of South African Banks Mr Danie Cronje and Cossas vice-president Mr Ian Robinson in Pretoria.

It was agreed that:

- The target agreed in the Record of Understanding between the Association of Mortgage Lenders and Housing Ministry - 50,000 loans in the government subsidised market within the first year starting June 5 1995 - is confirmed.
- Minimum building specifications for mortgageable properties regarding the size of houses, stands, infrastructure and service levels are modified in order to accommodate more affordable houses.
- The renewed commitment by the developers responding to the greater accessibility to credit made possible by the agreement will substantially increase the number of housing opportunities for recipients of housing subsidies.
- It is expected that over 200,000 subsidies already approved by provincial housing boards will rapidly become concrete housing opportunities.
- Lending will take place according to the following criteria:
  - There will be no deposit requirement of five percent and a maximum value to loan ratio of 90 percent originally announced on June 5, 1995, will now only be effective from April 1, 1996.
  - Subject to affordability, housing subsidies granted by the state, certain parastatal employers and private sector employers will be directly deductible from the mortgage instalment purposes of affordability.
  - Transfer and bond registration costs can be included in the loan made by the bank, subject to the loan value ratio limitations agreed upon.

Township buyers want refunds

By Joshua Raboroko

THOUSANDS of Gauteng residents who bought state-owned four-roomed homes on leasehold from the previous government have lost millions of rands.

Residents claim that old council houses were transferred freely to tenants, while they paid for them over 20 to 30 years or under 99-year leasehold system.

An elderly Mr Simon Sefatsa of Sharpeville says he bought his house under 20-year leasehold in 1990 but has not received any certificate.

He has continued to pay rent and service charges, even after the contract lapsed. He says: "I feel I have lost out because other people are going to get their homes free."

Most residents, in Sharpeville, Boipatong and Bophelong, claim they lost millions of rands because they bought homes under 30-year leasehold in the 1980s and have continued to pay council tax, in addition to rent.

They are demanding to be refunded because "our homes have existed for more than 30 years. It is unfair to have paid while other residents were not doing so, despite the 1984 rent boycott."

They argue that they paid before the dissolution of the black local authorities because they feared they would be evicted.

Gauteng MEC for housing spokesman, Mr Thabang Momouyane, says people who bought homes will have their problems resolved at established housing minister bureaux.

"The bureau will be established in Boipatong on July 21; in Bwaton Residence on August 20; Sebokeng North on September 11; Bophelong September 25; Sharpeville on October 9."

When buying a site to build a house, make sure that the ground is firm. If there is a lot of water around, or the property is near a river, you could have problems with the foundations and walls cracking at a later stage.
GOVT TO BUILD HOUSES FOR RENT

CT 31/8/95

HOUSING MINISTER Ms Sankie Mthembi-Nkondo said yesterday she was negotiating with private sector investors on a joint venture to build housing for rent and planned to introduce a rent control act. (123)

She said she expected an agreement soon with potential investors. The project would be backed by rent control legislation that would apply to new state housing.

She said the latest unofficial information was that the housing backlog was 2.9 million rather than 1.5 million units and it would take 20 years to catch up. — Reuters