URBAN AFRICANS _ GENERAL

1991

JANUARY — OCT.

Govt to consider R153-m a year home-buyer subsidy

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Star 4/1/91

By Michael Chester

The Government has come under pressure from the National Association of Home Builders (NAHB) to launch a radical new R153 million-a-year home-buyer subsidy scheme in the 1991 budget in moves to crack the housing crisis.

Proposals envisage a massive boost in the provision of new houses to lower-income families reaching as high as 770 000 units over the next seven years.

The exercise should also create more than 440 000 new jobs in the building industry.

Details have been submitted to Minister of Planning and Provincial Affairs Hernus Kriel, who has held talks with the NAHB about a new formula to provide affordable housing for lower income families.

A government response is expected in a special White Paper on Housing Strategies that is due to be published soon.

The NAHB in estimates that projected annual demand for new houses from 1990 to 2000 looks set to stand at an average of 367 500, compared with an actual 1989 supply of only 102 500.

Its new proposals are intended to give added impetus to initiatives launched by the Urban Foundation with its special loan guarantee fund and by the R2 billion Independent Development Trust started last year to tackle black socio-economic advancement.

The plan pivots on proposals that the Government ploughs an extra R152,84 million a year into subsidies offered to first-time home-buyers, beginning in the 1991/92 Budget.

In the first year alone, because of the multiplier effect on access to home-loan funds, the scheme should mobilise as much as R2 400 million in additional capital from the financial institutions, equal to 110 000 new houses.

Identical annual budgets over the next seven years should boost the number of new houses provided under the scheme to 770 000.

The NAHB says that in view of the limitations of State financial resources the scheme looks far more realistic than alternative suggestions of once-off capital subsidies of about R6 000 for each home-buyer, which would cost R660 million a year to provide the same number of houses, with costs peaking at a cumulative total of R4 620 million in the 1997 budget year.

Benefit

The subsidy scheme is aimed primarily at homeless low-income families. About 90 000 of the annual total of new home-buyers drawing benefit would be families with household in comes as low as R500 and no higher than R2 000 a month, moving into houses priced from under R12 000 to R35 000.

The annual balance of home-buyers would be households in income brackets between R2 000 and R3 500 a month.

Over the next seven years, according to NAHB calculations, the subsidies would benefit 700 000 first-time black home-buyers.

Subsidies would also be offered to about 28 000 white families, 28 000 coloured families and 14 000 Indian families seeking houses in price ranges from R35 000 to R65 000.

All subsidies should be based on household incomes alone.

HOUSING TYPE SOLUTION		PRICE RANGE (R)	ESTIMATED 1989 SUPPLY	PROJECTED ANNUAL DEMAND 1990 – 2000
TYPE	SIZE SQ M			
Luxury	> 150	> 170 000	4 500	4 500
Standard	100 – 150	90 – 170 000	10 000	10 000
Standard	70 – 100	65 – 90 000	13 000	13 000
Conventional	50 – 70	35 – 65 000	15 000	20 000
Stater	40 – 50	12,5 – 35 000	25 000	90 000
Incremental	< 40	< 12 500	20 000	30 000
Informal/site & Service	Varying	< 12 500	?	200 000
TOTAL			102 500	367 500

This table, compiled by the National Association of Home Builders, shows how the recent supply of new houses to lower-income families falls short of expected annual demand up the year 2000.

Household Income per month	Loan Amount (R)	Loans Number	Subsidy R-million per annum	Capital R-million per annum
500 - 599	11 930	22 309	17,75	266,14
600 - 699	14 090	13 125	12,33	184,94
700 - 799	16 260	13 751	14,90	223,58
800 - 899	18 430	15 684	19,27	289,03
900 - 999	20 600	8 713	11,96	179,48
1 000 - 1 099	22 770	8 883	13,48	202,27
1 100 - 1 199	24 930	4 916	8,17	122,58
1 200 - 1 999	34 690	15 114	34,95	524,30
2 000 - 2 999	49 760	6 202	16,55	308,60
3 000 - 3 500	64 650	1 303	3,48	84,21
	21 683	110 000	152,84	2 385,13

This table shows the pattern of income levels of families that would draw benefits from the proposed new home-buyer subsidy scheme — at a peak in the R500/R600 a month bracket and falling as household incomes reach into the R3 000/R3 500 level. It also breaks down the annual cost of subsidies in each bracket and how much extra home-loan cash should be made available as a result of the cushion of subsidies on bond repayments.

Look East for urban solution

PETER GARDINER urges business to act now to deal with the squatting crisis

A HUGE increase in the urban black population and a severe housing shortage have combined to create a major crisis — right on the white urban doorstep.

Urgent action is required. Thousands of nomadic, homeless people are squatting on river banks, golf courses, parkland, even graveyards — they are, in fact, resorting to their own housing solution.

One of the biggest problems in dealing with the crisis is that we have highly centralised government structures with most of the responsibility for urban functions resting with national agencies, rather than local organisations.

Weak local governments lack both legislative and financial powers to address urban problems and panic reactions or short-term cures show the need for long-term programmes to plan for, rather than against, the problems of the urban poor.

World Bank research shows that in a range of cities, including Bogota, Hong Kong, Seoul and Singapore, innovative policies have facilitated rapid urban growth without accompanying urban disorder.

In providing land for housing the poor, Seoul has evolved a highly successful system of intervention in the urban land market.

In terms of their programme of land adjustment, the public sector holds private land on a medium-term basis for the explicit purpose of improving it for urban use — but, it has to be said immediately, the growth of income of the individual is an essential element of success in effective urban management.

The Seoul system of land use intervention has relevance here.

Reluctance

In South Africa the surface areas of undermined strips are mainly in the hands of major mining groups which are reluctant to part with them. They may well rely on the all-powerful Mining Commissioner to help them protect this asset.

They must, however, be persuaded that to own vast areas of vacant land close to a major centre is an anomaly. While there is still an opportunity to allocate it for the national priority of affordable housing, it must be taken.

Once governments start nationalising vacant land, citizens start losing control of their cities.

Access to land for housing close to job opportunities and the creation of individual wealth go hand in hand.

Land owners' price expectations remain too high. They fail to recognise that the value of their land has been devalued by the threat of squatter occupation which would eliminate the opportunity for orderly development.

To break the land logjam and induce owners of strategically located land lying fallow to turn it to account is the prime preoccupation of the Housing Advisory Council, now under the chairmanship of Dr Joep De Loor.

In line with overseas precedents, a state levy on unutilised servicable land is in prospect by mid-1991 to reduce the incentive for long-term speculation. This could take the form of an availability charge to cover the cost of maintaining bulk services to the area.

There is no shortage of development agencies well equipped to buy land and mobilise funds for affordable housing.

Levels of entry into home ownership are being lowered dramatically as the financial logjam limiting the use of institutional funds for low-cost housing is continually breached.

Conscience

A roof over one's head is a basic human need.

The social conscience of business management must be aroused by the realisation that, to survive, it must play a role in the establishment of a consistent national shelter policy.

The options, quite simply, are the opening up of land by private land owners — or drastic intervention by government.

● Peter Gardiner is a director of Anglo American Property Services.

R600m boost for housing

BD Day 25/11/91

CAPE TOWN — Jan Steyn's R2bn Independent Development Trust has released a further R600m to provide 750 000 impoverished South Africans with their own piece of land and basic shelter over the next two years.

This represents the largest allocation made by the trust, which was established to address historic inequalities, and brings its total financial commitment so far to R800m. Other allocations of R200m have been directed at a range of education, housing and health projects.

Although the details of the R600m investment were still being discussed and finalised, Steyn said yesterday IDT trustees had agreed the funds should be used to enable poor people to own land and to stimulate the development of houses, communities and job opportunities.

He said the IDT had consulted a wide range of public and private sector institutions and extra-parliamentary organisations, some of which would act as conduits for the funds, and that land had been earmarked for possible development.

"We also hope that this intervention will

LESLEY LAMBERT

create new opportunities for mortgage lenders such as banks and building societies to participate in housing development programmes that benefit the poor." The location of land was of critical importance. "It should be as close as possible to job opportunities and free of racial constraint. It should be developed within an integrated city concept aimed at optimising opportunities in the urbanisation process," he said.

To ensure communities developed in these areas, the IDT would also support projects which created jobs and skills and encouraged the development of small businesses, particularly small contractors.

"We are having further discussions as to how this allocation should be structured and administered in order to achieve these goals. When these discussions have been concluded, we will make a detailed announcement as to the precise nature of our involvement," Steyn said.

Steyn emphasised that the IDT's inter-

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vention would not solve the housing crisis but said it would be an important first step in a process to give more people security and a stake in the economy.

He said the trust's efforts would rely heavily on co-operation from the public and private sectors, extra-parliamentary political groups and the communities involved. The development of a national housing policy, implemented by a single department of housing, was also a matter of urgency, he said.

Steyn warned that developmental initiatives would be seriously undermined if areas in which they took place were stressed by violence and rent, service and mortgage boycotts.

Interest gives trust a kick start

CAPE TOWN — The R2bn Independent Development Trust (IDT) has earned almost R200m in interest since July — sufficient to pay for its first round of development projects without denting the initial funding.

To date, the IDT has allocated R800m of its funds — R200m for developmental projects and R600m for the provision of land and basic shelter for almost a million people.

However, it has not started spending the allocated amounts because procedural requirements still have to be fulfilled, an IDT spokesman says.

For example, the R600m project to give 750 000 people access to their own land and basic shelter — which would activate a massive housing project — is subject to the repeal of the Group Areas Act and other proposed changes to land ownership.

Business Day 4/2/91

LESLEY LAMBERT

Releasing the funds is also dependent on the approval of proposed development projects by the communities which will benefit from them, and the negotiation of agreements with agents involved in the projects.

339 Accumulated

In the meantime, the full R2bn which was transferred from government to the IDT in mid-July last year and immediately invested in the capital market where it attracts returns of up to 19%, is earning interest at a rate of about R1m a day.

The spokesman confirms that interest accumulated so far is sufficient to cover the first R200m allocation for a range of housing, education and health projects.

The trust's initial funding of R2bn is likely to be boosted by another allocation from this year's Budget, as government continues the process of restructuring social spending to address historical inequities.

IDT chairman Jan Steyn regards the funds as a means of leverage to gain access to considerable private sector funding and thus, a catalyst for a far larger developmental process.

"It is the intention of the trust to use the financial leverage it has to tap available resources in the First World and make these resources work in the development of a new SA. To be able to achieve this in practice will be the greatest single challenge of the trust," Steyn said when he launched the IDT last year.

UF's housing policy

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Sowetan 7/2/91



The Urban Foundation says this starter housing package is priced at R24 900. The 45 sq m house is built on a 250 sq m property.

Last week we discussed the types of financial assistance available for first time home buyers, among which we mentioned the Government subsidy. Today, we look at the Urban Foundation's policy discussions on new proposals for housing subsidy. This is contained in the foundation's current booklet on *Policies for a New Urban Future*.

THE objective of Government housing policy should be to stimulate the supply of housing through inspiring large-scale affordability and not the demand for better quality housing by limited numbers of beneficiaries from the subsidy.

There is no doubt that housing subsidies do facilitate access to housing by the beneficiaries of the subsidies.

However, there are a number of significant issues relating to subsidies which suggest that the present subsidy system in the country should be seriously evaluated and restructured, the statement read.

The issues which need to be addressed are identified as the following:

Local and international experience reveals that subsidies tend to go to those who can generally afford some shelter without subsidies, instead of benefitting the very poor who, without subsidy, are unable to afford any shelter.

This is illustrated in South Africa by the first-time homebuyers' subsidy.

By March last year, more than R201 million had been applied to all first-time home buyers, of which R36,7 million (18 percent) had been applied to black participants who are generally the lower-income families in the country.

Stimulation of demand

This shows that the existing scheme does not necessarily assist those most in need.

The policy only impacts only on a comparativley privileged few, the statement said.

The provision of housing subsidies stimulates the demand for housing.

This means that the beneficiaries demand houses that are larger and more expensive than those which the buyer would normally be able to afford without subsidy, rather than simply allowing more people to afford a modest house in the first place.

Open-ended commitment

Interest rate subsidies generally represent an open-ended commitment to future demand for funds.

To illustrate this, R40-m was allocated in last year's budget for first-time homebuyers' subsidies for blacks.

And by June these funds had already been committed and a further R30-m was budgeted.

"Despite the problems associated with subsidies, it should be recognised that the total elimination of subsidies in the country is not practical or desirable.

"Given that the focus of housing should be on the urban poor, it would not be possible to meet the housing challenge without some form of interventionist action in financing."

Major proposals

The two major proposals for a new subsidy scheme are to:

1. Introduce a capital subsidy on serviced sites so as to subsidise site-and-service schemes and informal settlement upgrading schemes.

2. Modify the existing first-time homebuyer's scheme so as to orientate it further down market.

The criterion for the fair allocation of subsidies across racial groups would be equal use of the subsidy system, irrespective of race in each eligible income class.

This ideal allocation can be compared with the existing situation to assess in which direction subsidy allocation should move, if at all, in the interest of equality.

House prices may rise 12% — United

CHARLOTTE MATHEWS

HOUSE prices are expected to increase by about 12% in 1991 but the market will remain under pressure, the United says in its Quarterly Housing Review for the three months to end-December.

Pressure will come from the persistent economic downswing throughout most of 1991 and the authorities' intention of keeping interest rates positive in real terms by a substantial margin.

In the first three quarters of 1990 there was a fall in the number of building plans passed and the value of buildings completed is expected to fall in 1991. Higher building costs will also affect this activity.

The United shows the average price of a medium-sized house increased by 14% year-on-year in the fourth quarter to about R108 600.

Definition

In the same period the average price of larger houses rose by 5% to about R147 500 and smaller house prices went up 17% to about R92 000. The United's definition of a small house is one that has a building area of about 114m², a medium-sized house is about 179m² on average and a larger house has an area of about 265m².

Prices vary widely between different areas — a small older house in Johannesburg was selling for about R107 000 in the fourth quarter and the same house was selling for R53 000 in the Vaal Triangle.

The average price of a medium-sized house rose by 12,6% in 1990, which is roughly four percentage points above the 1989 increase. In real terms the price fell 1,6%.

The annual average price of all houses increased by 11,7% in 1990.

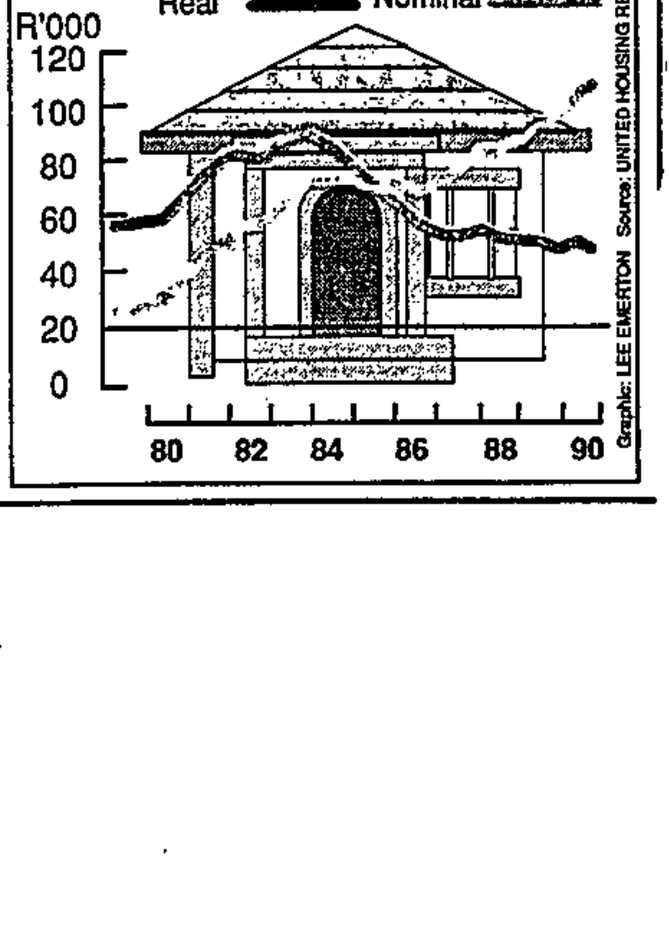
Substantial increases in the price of medium-sized houses in the fourth quarter were recorded by the Western Cape, where prices rose 16% year-on-year, in Johannesburg (11% higher) and Durban and the rest of Natal (14% higher).

The United foresees a two percentage point drop in the Bank rate in the first half of 1991, which implies the mortgage rate, 20,75% at the United on the 18% Bank rate, will remain positive in real terms.

Nominal mortgage repayments on an 80% bond on a medium-sized house rose 13,5% compared with the monthly repayments a year previously. After adjusting for the effects of inflation this is 1,1% lower than in 1989.

"Nevertheless the continued increase in the repayment/remuneration ratio up to the second quarter of 1990 can be perceived as an indication that it is becoming progressively more difficult to finance a new home," the United concluded.

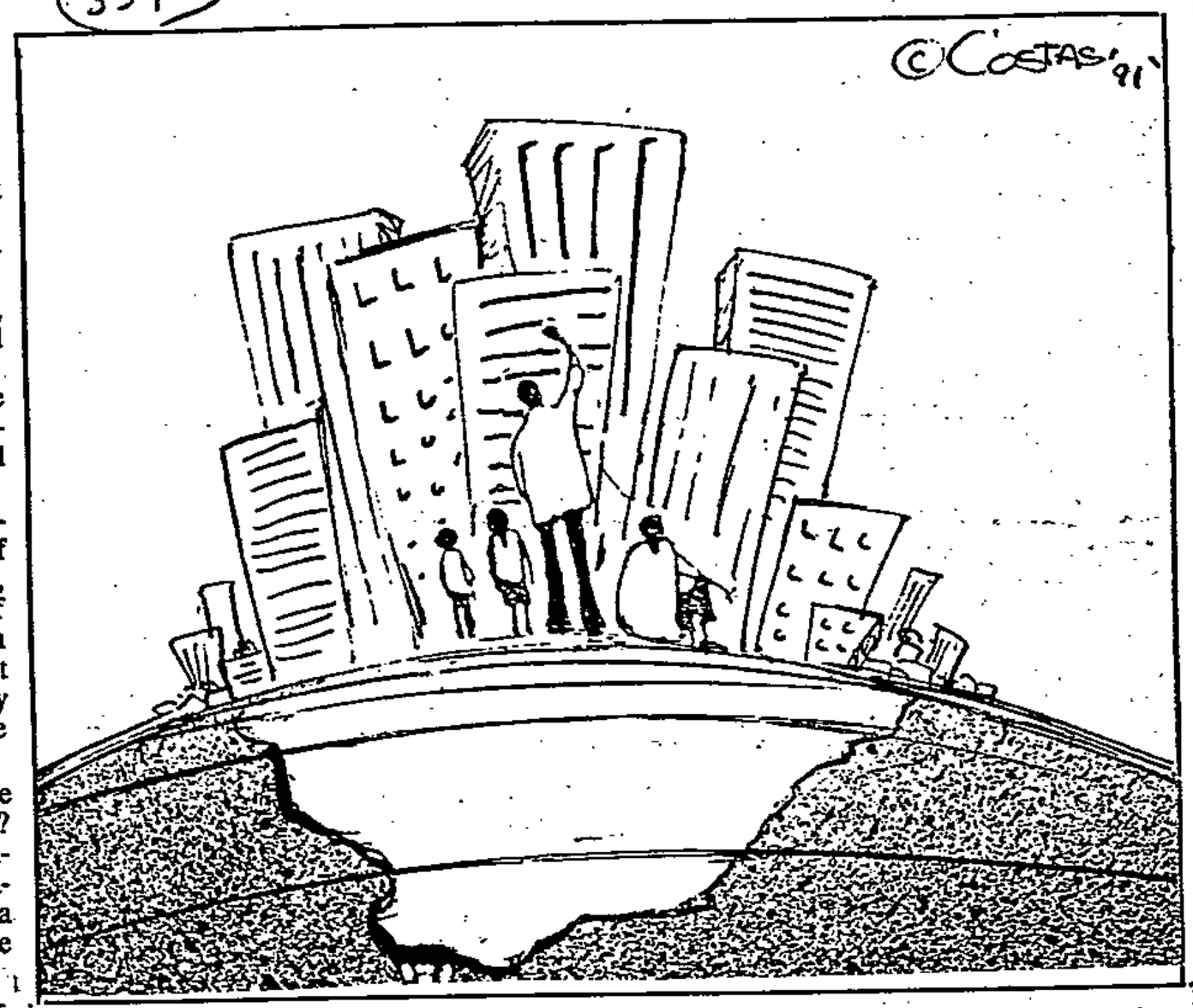
Nominal and real prices of medium-sized (140-220msq) houses



Possibly the city's best hope

W/E Mail 15/2 - 21/2/91 (339)

URBANIZATION IN POST-APARTHEID SOUTH AFRICA *by Richard Tomlinson* (Unwin Hyman, R69,95)



HOW would a democratic city — and one that also caters for the poor — be run? Can urban land be found, adequate housing built, and migration pressures reduced?

Richard Tomlinson, a well-regarded planner, has a few answers. Combining sound ethical principles and unrelenting scepticism, his *Urbanization in Post-Apartheid South Africa* is the most substantial technical guide yet to tightrope-walking the perilous gulf between apartheid control and market anarchy.

Tomlinson offers a solid critique of government's urban and regional policies (as well as of half-baked radical academic interpretations), then gazes presciently into the crystal ball of post-apartheid class alliances. He trashes both enlightened Afrikaner federalism and Charterist redistributive gobbledygook, and ultimately breathes a sigh of relief that big capital and the African National Congress will get on fine.

But what about the masses of poor people he guesses, probably correctly, will be left out? Though the book is extremely thin on explaining how the poor organise and struggle (arguably the key variables), Tomlinson deserves a careful hearing on what top-down reforms are or aren't feasible.

He argues convincingly that housing the urban poor ultimately depends on land acquisition, ideally by municipally-controlled (hence more democratic) land development corporations funded through the Development Bank (with which Tomlinson is associated).

And beyond the major centres? Tomlinson rejects Pretoria's shabby regional economic strategy — "deconcentration" — in favour of secondary city growth. (What, though, should be done with the decentralised factories and 200 000 manufacturing jobs is left uncontemplated.)

In order to slow migration, he admirably supports unionisation of farm labour, and community-oriented development in what are now homelands. But radical critics may complain that Tomlinson nevertheless misreads the agricultural crisis (one of overproduction) and hence overstates the benefits of corporate farm economies of scale.

And while rightly pointing out limits to land speculation taxes (which the ANC favours), he fails to investigate other means of decommodifying land and housing — as in, for example, the land invasions and community land trust strategies that are becoming all the rage.

Urbanization instead offers a cynical but explicitly non-ideological approach to urban and regional problems, drawing on eclectic Third World and East Bloc experiences. Breathtaking theoretical arguments are absent, but Tomlinson has marshalled a wealth of proof, especially quotes from his opponents' own mouths.

Yet, impressive an accomplishment as it is, *Urbanization* should not be the policy handbook of those (eg ANC progressives) who wish to challenge such wisdom as: "Since lowering rents (on public housing) reduces the resources available to the government, to do so is to favour those housed over those needing housing."

Such chic misgivings, symbolic of Tomlinson's teasing style, deserve response, perhaps something like this: If the post-apartheid urban economy, run by an ANC-Anglo American team, provides only "pragmatic" choices, then by all means help raise not lower the people's expectations, and force some debate (and action) on a radical new set of development parameters through which all can have full, democratic access to the city.

For example, this could mean adding real substance to the cry, "Housing a right, not a privilege!"; showing clearly how mass provision of housing can spur the national economy; or paying closer attention to the insurgent strategies and sentiments of groups like Civic Associations of the Southern Transvaal.

But if such inclinations are ultimately contained by post-apartheid government, as he predicts, Tomlinson can justly expect to win many converts. Unless there arises something more system-threatening from below, *Urbanization* policy recommendations might be the South African city's best hope.

Patrick Bond

Repression in Chile has subtle message for us

CURFEW *by Jose Donsono* (Picador, R56,99)

PW and Pinochet, both thankfully now gone, were two of a kind — give or take some braid, the medals and the hats. Chile and South Africa can see at least some parts of themselves in each other. So a big realist novel from Jose Donoso on the culture of Chile under the Pinochet repression has things to say to us.

The action spans 24 hours in Santiago. Not just any 24 — it is the night and day of the death and burial of Mathilda Neruda, widow of the great Pablo.

The novel is an obliquely stated act of homage to the poet — conceived and worked out around the issue of his legacy, now passing with Mathilda's death into the hands of others.

It is a bold conception and it gives Donoso's plot symbolic capacity and a sharp critical edge. He exploits both to expose the complicit intrigues and competitive manipulations among the principal cultural types and figures of Pinochet's Chile: proletarian, aristocratic, lumpen, artist, revolutionary. They make their bids in the name of their affiliations — Catholic, Popular Unity, Liberal, Communist, Pinochetist.

The Neruda vision gives them all claims but for each it is a different inheritance. All are disqualified by their narrow fragmented and factional perspectives.

The legacy finally falls, unasked, to the returned exile folk singer (Victor Jara?) as he takes on the responsibility of popular resistance and the romantic spirit of art.

There is some strain in this symbolic structuring of the plot but the core holds.

What the book reveals to us comes by contrast. We've had our Pinochet but we have never known a Neruda.

Our popular literature fails art; our art fails popular energy and vision. We do not have a common legacy and there is no inheritor.

Tony Morphet

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Public housing investigated

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THE Urban Foundation has embarked on an investigation into public housing programmes to resolve South Africa's housing crisis.

The study was based on assessments by international development institutions and it refers to the research into State-funded and housing schemes compared with similar schemes by private housing companies.

According to the Urban Foundation's report, African states such Kenya and Nigeria - after their respective independences - experienced financial constraints in its housing programmes for both the under-privileged and the emerging middle class due to lack of capital. Sowetan 21/2/91

As a result the reconstruction programmes of African countries were slower and the number of housing units initially planned could not be realised.

And the failure of the ambitious targets set was compounded by the application of high standards which inflated costs.

This resulted in the affordability of such units only to the middle-class.

But the provision of low cost housing is now chief item in the thinking of Third World countries and emphasis is now on a joint effort by both the State and the private sector.

In countries such as Hungary and Cuba housing was viewed as a universal right to be provided by the State.

However, limited resources forced the governments to enlist the services of the private sector.

Cash grant to home buyers would be a hit

Sowetan 21/2/91.

A CAPITAL subsidy to first-time home buyers in the form of a cash grant would increase the number of families qualifying for a bond as well as decrease the total cost of funding their house purchase.

This is the view of Mr Steven Miller, managing director of Murray and Roberts Housing susidiary, Construction Development Holdings.

Calculations released by Miller show hat the interest subsidy appears to ensure better affordability for homes costing R25 000 or more while the capital subsidy is a far subsidy for buyers purchasing homes worth less than this amount.

Interest subsidy

"Should the present interest subsidy be replaced by a capital subsidy of R6 000, the monthly family income required to qualify for a bond on a R15 000 home would drop to R524," he said.

Under the interest subsidy, the family would have to earn R656 a month to qualify.

This would obviously increase the pool of prospective low-income buyers. At the higher end of the market, such as where homes cost around R50 000, the situation is reversed and the buyer has to earn at least R2 300.

Petrol price is likely to be cut

Sowetan 13/2/91

TWO cuts in the price of petrol and other petroleum products may take place soon, informed sources indicated in Pretoria yesterday.

The first - possibly by 5c a litre for 93-octane petrol - may be announced by the Government next week after the National Energy Coumcil this weekend releases its January figures relating to prices of crude oil imports.

This would drop the pump price in the PWV area to R1,30c a litre, with corresponding cuts in other areas.

A second cut, by "a much greater figure" a source said, would probably take place in mid-March provided the Gulf War situation did not adversely affect ruling international prices for crude.

Crude oil was yesterday being traded at 20,20 US dollars a barrel on the Tokyo Stock Exchange, a price similar to the closing figures in New York yesterday.

The price has been see-sawing between 19 and 23 dollars for about three weeks after, at an early stage of the Gulf crisis, reaching over 40 dollars a barrel.

Campaign

NEC spokesman Hennie de Villiers said yesterday that he could not confirm a change in the price of fuel. He added, however, that if crude oil prices remained at current levels and the State's over-recovery on the price of petrol continued "the Government may have to look at it (the price of fuel)."

It is understood that until January 15 there had been a slight under-recovery on the price per litre of petrol, but since then the crude prices have dropped considerably, raising hopes of a reduction in the price of petrol.

Meanwhile, South African motorists achieved a nine percent saving in petrol during November and December, as a result of a fuel saving campaign launched by the NEC in the oil industry. The figures for January are expected next week.

Sowetan Correspondent



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New plan to provide land for the poor

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Sowetan 21/2/91

THE Government is working on an ambitious plan to give poor people in South Africa access to land.

This was confirmed by the Deputy Minister of Planning, Provincial Affairs and National Housing, Mr Andre Fourie, in Cape Town yesterday.

Fourie said that in terms of the Black Urban Development Act, his department was identifying land and would sell it on a site-and-service basis to whoever wanted to buy it.

"People can then build any house which they can afford to," he said.

The plan was not aimed at specifically addressing black housing needs, he explained.

Because the Act would be abolished along with the Group Areas Act later this year, "anybody" would benefit from the plan.

A subsidy of R6 000 would also be

ISMAIL LAGARDIEN
Political Correspondent

available for first-time owners.

"The Minister (Mr Hernus Kriel) is devising a new housing policy which will provide a one-off capital subsidy," Fourie said.

He said once the land was identified and proclaimed, any of the four provincial administrators, or even private developers, could buy the land for further development and eventual sale to prospective owners.

Fourie did not reveal the exact sum of money that had been earmarked for the scheme, as it depended on finances to be made available in the next Budget.

The Budget will be tabled by the Minister of Finance, Mr Barend du Plessis, on March 20.

Housing: The affordability barrier

(339)

President FW de Klerk's announcement of the scrapping of the Group Areas Act this year was widely welcomed. But what effect, if any, will this have on housing prices and residential patterns? REG RUMNEY investigates

W|Mail 22/2 - 28/2/91

IN THE short term, the passing of the Group Areas Act will probably have little effect on residential patterns, and not much effect on property prices.

In some areas its passing may cause prices to decline, particularly where coloured and Indian people have been forced to pay a premium for accommodation in racially zoned areas.

It will certainly not, as has been mischievously predicted by some estate agents, cause a sudden huge surge in house prices as blacks stream to buy houses in white suburbs.

This does not deny that in time property prices will more closely reflect the fundamental law of supply and demand.

Also, there could well be an influx of blacks into older, cheaper areas near the central business districts of major cities — areas with a large number of flats, particularly those where rent control has caused buildings to become run down.

For the moment there is an invisible barrier which will keep most blacks out of white suburbs. This is affordability.

The Urban Foundation has noted in its Policies for a New Urban Future: "...the majority of those families requiring housing will be very poor. If we examine current demographic statistics it is noted that today approximately 34 percent of the metropolitan black population, outside the national states and self-governing territories, earn incomes below the minimum living level of R700 a month."

Looked at another way, figures produced by the South African Advertising Research Foundation state as a group only 2,4 percent of Africans earned over R2 000 a month. The figure for Indians was around 27 percent, and for coloureds 12,5 percent.

That 2,4 percent translates into hundreds of thousands of people, but again, demand must be set against the prices of existing houses.



Evictions ...soon racist landlords will no longer be allowed to use the Group Areas Act to bar blacks from their buildings, but they may use exorbitant rentals to achieve the same purpose

Photograph: JUSTIN SHOLK

Property economist Neville Berkowitz notes that those blacks who can afford, by courtesy of home subsidies, conventional housing are mostly limited to a house costing around R75 000.

Assuming a R15 000 deposit, a R60 000 bond, even if interest rates drop to 18 percent, entails a repayment of more than R900 a month. Add rates, water and electricity and the householder has to pay an amount of more than R1 000 a month.

Even fewer blacks will be able to move into middle-class suburbs in the major cities, where house prices of R120 000 up are the norm. They will be dispersed and their effect will be diluted.

Houses of R75 000 and below, Berkowitz adds, are generally in the poorer white suburbs, which are Conservative Party dominated. Hence there is potential for conflict as blacks move in.

What will happen in those suburbs into which blacks move in significant numbers? The American experience of integration might provide some pointers. There are similarities as well as significant differences, as Lawrence Schlemmer and Louise Stack of the Centre for Policy Studies found in their local research.

Writing in *Indicator SA Issue Focus*, they conclude: "Broad comparisons with survey data from the USA show, not unexpectedly, that the degree of sensitivity to desegregation is greater among South African whites than among Americans ... segregation, informally secured, has tended to persist in the USA and Europe, based on much the same motivations as are evident from our South African data.

"Regrettably, it can be fairly confidently predicted that, after the abolition of racial zoning in South Africa, phenomena such as neighbourhood 'tipping' and white withdrawal from rapidly integrating neighbourhoods are very likely to occur."

"Tipping" happens in the United States when black residency of a suburb reaches a certain proportion, as low as 20 percent. It then becomes all black as whites flee.

According to a seminal report by Erwin and Antoinette Rode, *Property Prices in a Post-Apartheid South Africa*, in the US higher-priced suburbs showed little change, while marginal areas showed the highest incidence of what is dubbed there somewhat insultingly as "invasion". The US process is also accompanied by conscious manipulation by unscrupulous speculators of people's fears to buy cheaply and resell at exorbitant profits. (It's to be hoped that isn't replicated here.)

There are already several grey areas and borderline grey areas in the major cities, and these are in most danger of being "slumified".

The reason is the other side of the affordability coin. The poverty of those who need housing in urban areas could lead to overcrowding.

Whether in the short to medium term the abolition of the Group Areas Act actually pushes property prices up or down in your area depends on where you live.

Older areas near the CBD are most vulnerable, particularly where there are many flats and much rented property.

Berkowitz believes that to ensure slums don't develop, policing of areas by owners is essential to ensure multi-family occupancy of flats and houses doesn't become common in an area. This is merely another form of squatting, though under brick and tile rather than in the open, he says.

Multi-occupancy, though, seems inevitable given the sheer weight of the rapidly urbanising population.

The Urban Foundation predicts that by 2010 the population of South Africa's major urban centres will have more than doubled.

Erwin Rode thinks Durban will be an exception to the general trend of the Act's passing having little immediate effects there are many Indians who can buy into upper middle class suburbs. A movement of relatively wealthy Indians into Durban may be happening already. Durban house prices, says Rode, which have been lagging up until the second quarter of last year, suddenly shot up in the third quarter, probably because of anticipation of the Act being scrapped.

Where Indians target a suburb there may be an immediate rise in property prices. Mayfair is a good example of a change in racial mix pushing up property prices.

For some whites, particularly those in poor white areas such as Mayfair was, the process of change won't be pleasant. Landlords in marginal areas should also be worried. However, the change promises, in most cases, not to be apocalyptic and there will be few sudden, dramatic changes.

In the long run, however, the effect on property prices must be upwards as demand exceeds supply.

Simply, demand must outstrip the supply of new houses. Berkowitz say that in 1980 around 35 000 houses were built for the white market; in 1987 27 000; last year the figure was 16 000. The supply of new houses for the black market has all but petered out. But the population of South Africa is growing at a rate of around 2,5 percent a year.

The proper functioning of the law of supply and demand should, in turn, mean that more houses are built for the burgeoning population.

Govt has 200 000 unsold houses

BIDay 26/2/91

339

PRETORIA — Government township housing stock which is unsold after an eight-year sales campaign amounts to more than 200 000 units out of an original total of almost 333 500.

And according to DP spokesman on housing Jasper Walsh, at least some of the units should be transferred to householders free of charge depending on the length of occupancy and the total of rentals paid.

According to a Planning and Provincial Affairs spokesman, of the 333 481 units available when the scheme was launched in 1983, 209 204 remained unsold at the end of last month.

In the Transvaal there were originally 232 423 units for sale.

Up to the end of January, 85 173 or about 36% had been sold leaving a balance of 147 250.

Comparable figures for the eastern Cape are 36 771 with 9 880 sold (27%) and a balance of 26 891 unsold.

In the western Cape, of 20 041 units 4 760 had been sold, leaving 15 281 unsold. In the northern Cape, of 13 199 units 7 794 had been sold.

In Natal the original stock was 9 801 of which 5 924 have been sold. In the Free State, of an original stock of 21 258, 10 750 have been sold.

The spokesman said the remaining units were give-away bargains.

GERALD REILLY

Efforts

Prices ranged between R700 and R1 500 for a four-roomed house with services.

Intensified promotional efforts are expected to be made this year to speed up sales.

Walsh said rentals paid by individual occupants were often four times and more greater than the original costs of the units.

Unsold houses, he said, should be legally transferred to occupants taking into account what had been paid in rentals.

Move to offer homes to tenants

Bloody 26/2/91 339 26/2/91 Bloody

LESLEY LAMBERT

CAPE TOWN — Legislation enabling the conversion of all forms of black land tenure into full ownership was being drafted for government's consideration, Free Market Foundation executive director Leon Louw said yesterday.

If the legislation was approved by Cabinet and passed by Parliament, it would transfer full ownership of up to 500 000 township houses and almost 3-million rural "allotments" to the occupants.

Louw, who has made submissions for the legislation to the Departments of Planning and Provincial Affairs and Development Aid, appeared confident it would go before Parliament this session.

If enacted, the legislation will economically empower millions of urban and rural blacks whose existing occupation rights do not constitute full ownership and therefore do not entitle them to benefit from the sale or rental of the property.

Few township dwellers have full ownership rights to their property. Most homes are occupied in terms of leasehold agreements which have been upgraded over the years from monthly tenancy to 99-year agreements.

Even the most secure of these land tenures — the 99-year leasehold agreement — is subject to stringent controls which prevent the occupiers from selling, renting or developing the property.

Louw said current proposals were for the ownership to be converted free of charge by operation of law, although it was possible some form of payment would be built into the legislation.

'SA must act now to stave off slums'

UNLESS SA manages its housing crisis effectively and timeously, its residential areas will soon resemble the slums and squalor of the larger South American cities, says Murray & Roberts housing division executive director Gavin Hardy.

Hardy recently toured Argentina, Brazil, Chile and Peru to familiarise himself with housing problems in those countries, and to identify solutions which could be applied in SA.

"There are lessons we can learn from Brazil," he says. "Municipalities should concentrate on sewerage and water reticulation so that water and electricity are generally available.

"Low income schemes should be located close to business hubs. Informal building and economic activity should be allowed to flourish, and squatters should not be relocated."

If these problems were not correctly handled, there would be a massive invasion of land, unplanned urban development, health hazards and eventually SA — just like Rio — would become "a slum that can never right itself".

The problems of urbanisation could be complicated by the repeal of the Group Areas Act later this year. J H Issacs executive chairman Leslie Weil believes that "dictation by demographics" will be the research slogan in the post-apartheid property market.

He says that an urbanisation rate in excess of a million people a year — mainly blacks converging on the larger cities — will cause stresses such as squatting and crime.

"The greatest problems lie in low cost housing.

"It is important to note that 60% of the urban population cannot afford housing costing more than R12 500," Weil says.

The pressures on any type of informal accommodation, including illegal squatting on vacant land and the renting of

Reports by PETER GALLI and CHARLOTTE MATHEWS

shacks and rooms in backyards, are enormous, he adds.

On this issue, Hardy says neither government nor the private sector has the range of skills and resources to find a solution to the housing crisis on its own.

"It is imperative that the two consult and co-operate to ensure that houses are put on the ground on a daily basis," he says.

Group Five executive chairman Peter Clogg says SA has a massive need for low cost housing, but when it comes to providing homes it is "completely missing the point".

"Instead of tackling the problem in the obvious way, by setting up mass housing projects to provide between 1 000 and 3 000 houses at a time, we fritter away our resources on a plethora of smaller schemes which are inevitably more expensive," Clogg says.

Shelter

An alternative to mass housing schemes at the lower end of the market was to provide large numbers of serviced plots, sell them off at a sub-economic prices, and leave the owner to build his own home.

"It may not seem an ideal solution, but given the present crying need for homes, and our undertaking to provide shelter for all by the year 2000, I see no other way of getting the job done," he says.

□ Business Day reported last week that government had earmarked R600m to house 750 000 people, and that tens of thousands of sites for informal housing were being developed.

While a new housing policy has yet to be announced, the essential change is that government will no longer try to build houses for the poor. Instead, it will provide a subsidy — likely to be R6 000 — for the purchase of serviced plots.

GROUP AREAS (339)

ROUNDABOUT LOSSES

FM 1/3/91 (339)

Developers of black housing are likely to be the big losers when the Group Areas Act finally goes. Its abolition will strip away the protective barriers which created artificial property markets in otherwise uneconomic areas. FM 1/3/91

In the process, some development companies will inevitably be landed with large parcels of expensive residential township land in designated non-white areas which may even have to be restored to agricultural use.

The movement from these areas by middle- and upper-income blacks, coloureds and Indians who have the wherewithal to choose where to live, is already having a depressing effect on property prices.

And the difficulties of developers are being compounded by the high cost of mortgage finance which is continuing to depress the housing market. Institutions are also apparently reluctant to overexpose themselves to the R35 000-plus housing market because of their vulnerability to bond boycotts.

This rapidly changing black housing market is believed, at least in part, to have been responsible for the demise a fortnight ago of the DCM-listed Quantum Housing, which was placed under judicial management.

But developers' prime concern must surely be the vast amounts of capital invested in land which is now perceived to be in the wrong areas. Group Five executive director Theuns Kotzee puts it simply: "Historically, government decided where people stayed and allocated land accordingly. Once the Group Areas Act goes people will generally decide for themselves where to live."

The corollary to that is developers who have bought large tracts of land because of previous government policy — which is not where people want it — are likely to be among the first victims. Ultimately, says Kotzee, it might have to be restored to agriculture.

He believes even the lower end of the market will be hit. "Increased mobility, for example, will mean moving closer to work so they can travel by bicycle. That means living next to the industrial pockets."

Private development in non-white areas dates back to the early Eighties when the authorities enticed developers into the market. They offered developers serviced land free of charge. However, the free land soon evaporated and companies then bought and serviced their own township land.

"Some quick fortunes were made by some early speculators who then sold the 'free' sites at the market value, deriving a profit equivalent to the land value." The result, he says, was a mad rush for land allocations. Developers didn't always get title but they paid for development rights and were responsible for servicing tracts which were still raw. "They didn't worry about what they would do with the end product. Like Henry Ford, they just mass-produced houses."

Had the Act been abolished in the midst of this housing boom, Kotzee believes developers would have been in a far worse predicament. "As it is, with the unrest, the lack of bonds and finance, many companies had stopped servicing land and were offloading what they could.

"Certain developers have gone out of business. Some have written off large sums of money over the past few years. Others, and we hear there are still a few, still have the pain to come. They have capitalised all their costs and have rolled over interest charges in the hope that they will one day sell the land at an inflated value."

The Urban Foundation-linked Family Housing Association's Rod MacGillivray agrees: "Certainly developers will suffer. The question is: who and at what end of the market? Organisations with land holdings intended for low-income housing below R35 000 are not greatly at risk. It's a different matter for those with stands earmarked for the R35 000-R80 000 bracket. An R80 000 house is just not viable when it has been stuck over the horizon, far removed from commercial centres like Johannesburg.

"There are some developers putting money into servicing land for this market and I think they will take a bath. The same could happen to others who have been sitting on serviced land waiting for interest rates to fall." The association, he concedes, is one of them.

"We have a significant level of land holding, more than I would like in changing times like these." However, he adds that the association has anticipated what the changing laws would mean and has for some time refocused on the lower end of the market.

Time Housing's John Williamson concurs that some developers will be landed with high-priced land which is difficult to move. "In fact, a lot of land in white areas is cheaper than that in the black areas because the restrictions kept black land in short supply and at artificially inflated prices."

The only way to get rid of much of it, he believes, is to cut costs by reducing stand sizes and installing less sophisticated services. ■

R5-m gift from Germany

Star 5/3/91

The Urban Foundation last night received a donation of R4,7 million from the German government's Hanns Seidel Foundation.

The cheque was presented by Dr Otto Wieshau of the Bavarian State Ministry. (339)

Urban Foundation chief executive Sam van Coller said the gift was an indication of faith in the Urban Foundation and the future of SA.

Securing a home for every family represented the starting point for any real national development, he said. — Staff Reporter.

HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Death sentences commuted

3. Mr D J DALLING asked the Minister of Justice:

How many death sentences in each race group were commuted in 1990?

B11E

The MINISTER OF JUSTICE:

12 Black men.

Black local authorities/townships: population

11. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:

What was the (a) adult (i) male and (ii) female and (b) child population of each of the Black local authorities and townships in the Republic as at the latest specified date for which figures are available?

B16E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

See attached annexure.

1. NATAL

Black Local Authorities	*(a)(i) Male*	*(a)(ii) Female*	*(b) Children*
Klaarwater	1 144	544	3 808
Ningizimu	8 099	8 774	30 127
Shakaville	603	654	2 243
Hambanati	3 406	3 689	12 673
Shayamoya	60	55	297
Kwamevana	173	188	645
Sobantu	3 446	3 733	12 821
Bruntville	609	659	2 265
Enhlalakahle	818	887	3 045
Nkanyezi	203	220	765
Steadville	1 304	1 412	4 850
Dumbe	1 470	1 602	5 500
Mzingisi	101	109	375
Isokolele	210	227	780
Bhongweni	314	341	1 178
Bhekuzulu	1 485	1 617	5 540
Sithembile	712	772	2 650
Sibongile	1 145	1 241	4 260

2. CAPE

Bongelethu	2 007	2 088	2 405
Crossroads	9 337	9 487	25 124
Gugulethu	20 394	23 940	63 797
Langa	11 637	13 662	36 404
Nyanga	13 920	16 342	43 547
Kaya Mandi	698	820	2 182
Khayaletu	(	*5 700	)
Kwa Nongaba	1 023	1 250	1 791
Khayelitsha	20 714	24 317	64 799
Site C Lingelethu West	10 141	11 904	31 723
Lwandle	1 995	679	279
Masinyusane	864	1 025	1 216
Mbekweni	4 598	3 883	8 519
Mfuleni	3 567	1 626	1 868
Nduli	571	595	684
Ngubela	352	400	431
Sidesaviwa	1 526	1 582	1 548
Thembalethu	2 650	2 774	3 176
Zolani	1 077	1 240	1 483
Zweletemba	2 843	2 960	3 464
Zwelihle	(	*2 274	)
Boichoko	(	*5 400	)
Boipelo	(	*1 300	)
Mongani	(	*2 200	)
Ditloung	(	*1 450	)
Thembeni	(	*2 110	)
Dalcahewe	(	*102 000	)
Huhudi	(	*17 400	)
Lkhutseng	(	*13 400	)
Kutlwano	(	*860	)
Kuyasa	(	*11 000	)
Kwazamuxolo	(	*7 600	)
Lukhanyisweni	(	*1 200	)
Mataleng	(	*2 800	)
Matlhomola	(	*1 240	)
Motswedimosa	(	*3 370	)
Mziwabantu	(	*1 100	)
Nompumelelo	(	*2 070	)

Black Local Authorities	*(a)(i) Male*	*(a)(ii) Female*	*(b) Children*
Nonzwakazi	(	*9 900	)
Paballelo	(	*14 200	)
Babelo	(	*2 460	)
Thembinkosi	(	*1 350	)
Lidimalo	(	*2 400	)
Lihakaiatlou	(	*2 080	)
Valspan	(	*3 020	)
Marydale	(	*220	)
Hopetown	(	*588	)
Bhongweni	1 150	1 350	1 800
Bontrug	1 190.	910	6 200
Cumakala	1 453	1 417	3 208
Dukahole	5 212	5 456	10 023
Doyoki	603	572	1 841
Ginsberg	1 979	2 109	5 097
Gompo Town	(	*45 554	)
Cambridge	(	*1 257	)
Ibhayi	57 860	71 950	150 190
Kwa Zakhele	(	*105 453	)
New Brighton	(	*80 245	)
Walmer	(	*13 046	)
Zwide	(	*56 701	)
Ikhala	12	18	33
Jeffreys Bay	35	42	151
Kareedouw	104	116	361
Kati-Kati	706	1 820	2 866
Kei Mouth	165	146	611
Key Road	154	110	300
Khanyiso	654	803	1 608
Khayamnandi	1 900	1 700	4 900
Kwadwesi	732	768	828
Kwamagxaki	2 717	2 879	2 808
Kwanonjoli	1 025	1 025	7 890
Kwanobuhle	20 000	32 580	301 420
Marselle	590	530	1 616
Masakhane	517	495	770
Masakhe	1 468	2 026	2 906
Mavuya	993	1 550	3 480
Mlungisi	9 009	10 458	16 649
Motherwell	10 184	10 020	14 759
Mzamomhle	2 147	2 377	5 065
Nkulueko	2 035	2 026	1 401
Nkwenkwenzi	5 516	3 608	8 011
Nolukhanyo	993	1 346	3 555
Nomathamsanga	1 240	1 310	4 353
Nomonde	2 706	2 599	4 932
Nzizwe	521	498	769
Nyarha	1 880	1 960	5 041
Kwanomzamo	535	454	1 697
Kwanongubela	997	1 028	3 124
Motherwell (Transitcamp)	(	*19 344	)
Soweto (Ibhayi)	(	*74 200	)
Kwanonzamo	1 220	1 072	5 142
Motherwell	(	*70 986	)
Kwanonzwankazi	435	392	1 879
Kwatinidubu	3 085	4 141	7 357
Kwazamuicycinga	1 407	1 243	1 630
Kwazenzele	535	501	1 418
Kwezinaledi	665	660	2 910
Lingelethu	1 602	1 704	4 858
Lingelithe	5 109	6 330	12 666
Luxolweni	700	1 050	1 608
Qumrha	559	586	1 325
Riebeek East	45	45	346
Rini	14 918	16 090	23 992
Sinakho	1 473	1 591	1 594
Sonwabile	1 471	1 141	2 460
Thembalesizwe	440	356	964
Umasizakhe	2 775	2 452	5 203
Umzamomhle	489	588	1 367
Vuyowethu	324	270	472
Zakhele	120	160	135
Wongalethu	437	498	789
Zola	1 402	1 610	2 781

* Only total population figures are available

3. ORANGE FREE STATE

Seretse	1 395	1 326	1 988
Majwemasweu	2 319	2 689	4 018
Tswaraganang	1 280	1 320	1 400
Ipopeng	750	670	880
Malebogo	986	1 416	1 312
Ratanang	867	1 232	1 301
Itumeleng	2 675	2 407	3 892
Ditlhake	2 275	2 456	3 119
Pding-Tse-Rolo	740	1 300	1 740
Ikgomotseng	860	1 320	1 180
Tshepong	580	630	890
Makeleketla	3 253	2 650	5 097
Leratswana	900	1 350	2 250
Kgotsong	9 000	13 500	22 500
Ngwathe	480	720	1 200
Maokeng	19 000	28 500	47 500
Ntha	3 200	4 800	8 000
Mamafubedu	1 300	1 950	3 250
Matlwantlwang	1 200	1 800	3 000
Rummulotsi	4 320	6 480	10 500
Nyakallong	4 000	6 000	4 000

Black Local Authorities	*(a)(i) Male*	*(a)(ii) Female*	*(b) Children*
Phahameng	6 533	6 917	6 800
Tikwana	(	*7 000	)
Kutlwanong	(	*55 000	)
Masilo	8 000	12 000	8 000
Mmamahabane	3 088	3 144	10 228
Meloding	(	*43 000	)
Thabong	120 000	70 000	50 000
Monyakeng	4 000	4 500	10 000
Bohlokong	11 571	10 736	28 263
Kgubetswana	260	325	486
Ntswanatsatsi	250	350	450
Mashaeng	2 000	3 600	3 000
42nd Hill	6 000	10 200	12 500
Tlholong	937	1 111	894
Zamani	340	460	1 200
Petsana	4 287	4 859	7 341
Thembalihle	1 500	2 500	9 000
Ezenzeleni	1 600	1 800	3 200
Namahadi	4 217	5 428	6 355
Phirtona	3 900	4 800	11 400
Kwakwatsi	2 576	2 891	5 312
Metsimaholo	357	450	1 693
Tumahole	13 300	17 400	15 300
Mafahlaneng	880	1 408	1 750
Qalebotjha	2 150	2 680	125
Mokwallo	546	1 902	4 075
Hlohlolwane	3 000	4 500	7 000
Mahlatswetsa	2 000	2 700	2 300
Megheleng	6 449	9 673	15 650
Dipelaneng	400	700	900
Manyatseng	4 840	5 460	7 200
Moemaneng	1 643	920	3 563
Fateng-Tse-Ntsho	1 269	1 372	1 370
Mautse	800	1 000	1 200
Matwabeng	3 984	4 712	6 806
Borwa	1 500	2 500	2 000
Lephoi	4 000	4 500	5 000
Morojaneng	2 150	3 350	2 500
Ha-Rasebei	2 100	3 500	2 600
Matoporong	500	700	1 300
Rweleleyathunya	2 100	3 400	2 500
Mofulatshepe	1 135	1 424	1 295
Maphodi	1 600	1 700	1 700
Madirgella	2 630	2 820	2 300
Thapelang	300	400	300
Qibing	1 822	2 355	4 323
Matlakeng	2 100	3 350	2 550

* Only total population figures are available

4. TRANSVAAL

(a)(i), (ii) and (b)

The Transvaal Provincial Administration uses the official figures made available by the Central Statistical Services. The Transvaal Provincial Administration did not undertake any surveys of its own and does not have the figures as required. The next census survey will take place on 7 March 1991 whereafter accurate figures shall be available.

Indemnity: applications

47. Mr P G SOAL asked the Minister of Justice:

(1) Whether his Department has received any applications from exiles for indemnity in terms of the Indemnity Act, No 35 of 1990; if so, how many applications (a) have been received in total, (b) have been received from (i) sentenced prisoners and (ii) detainees and (c)(i) had been processed as at the latest specified date for which information is available and (ii) were (aa) successful and (bb) unsuccessful in each category;

(2) whether the number of categories is to be extended; if not, why not; if so, what are the relevant details;

(3) how many persons are employed in the office dealing with applications of this nature;

(4) whether it is the intention to increase the number of persons employed in this office; if not, why not; if so, (a) when and (b) why?

B89E

The MINISTER OF JUSTICE:

(1) and (2) The honourable member is referred to the reply to question No 4 on 19 February 1991, a copy of which is attached (col 81).

(3) Twenty-nine persons.

(4) The staff position is constantly monitored and personnel will be increased if and when circumstances so require.

Land: Black community development

62. Mr C B SCHOEMAN asked the Minister of Planning, Provincial Affairs and National Housing:†

(1) Whether any land for the development of Black communities has been purchased in the district of (a) Heidelberg (Transvaal) and (b) Nigel; if so, (i) what was the purchase price per hectare and (ii) from whom was it purchased, in each case;

(2) whether the State was the purchaser of the land; if not, who were the purchasers?

B174E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(1)(a) and (b) No.

Rest of question falls away.

Sentences handed down

64. Mr L FUCHS asked the Minister of Correctional Services:

How many sentences were handed down during the period 1 January 1980 up to and including 31 December 1990 in respect of the provisions of (a) section 54 (2)(a), (b) section 54 (2)(b), (c) section 54(2) (c) and (d) section 54(2)(d) of the Prisons Act, No 8 of 1959?

B180E

The MINISTER OF CORRECTIONAL SERVICES:

(a), (b), (c) and (d)

The information required is not centrally available and can only be obtained by a costly and manpower intensive country-wide survey. The files of prisoners who have been released are furthermore stored for a specific period only before being destroyed. It is therefore not possible to comply with the honourable member's request. I would however like to point out to the honourable member that section 54(2)(b) was repealed during 1978. The following information with regard to the periods mentioned are however available:

section 54(2)(a) — 1 January 1989 to 31 December 1989: During this period prisoners were reprimanded in 3 202 cases.

— 1 January 1990 to 31 December 1990: During this period prisoners were reprimanded in 3 119 cases.

section 54(2)(c) — 1 January 1989 to 31 December 1989: During this period prisoners were sentenced to the deprivation of one or more meals on any one day in 35 805 cases.

— 1 January 1990 to 31 December 1990: During this period prisoners were sentenced to the deprivation of one or more meals on any one day in 32963 cases.

This represents respectively 9,61% and 9,01% of the total number of prisoners admitted to South African prisons from police and courts during the respective calendar years 1989 and 1990.

section 54(2)(d) — 1 January 1989 to 31 December 1989: During this period corporal punishment not exceeding six strokes was imposed in respect of convicted male prisoners in 120 cases.

— 1 January 1990 to 31 December 1990: During this period corporal punishment not exceeding six strokes was imposed in respect of convicted male prisoners in 102 cases.

Citizen Force/Commando members: camp attendance

83. Lt-Gen R H D ROGERS asked the Minister of Defence:

How many Citizen Force and Commando members called up to attend camps in 1990 (a) applied for and (b) were granted (i) deferment and (ii) exemption?

B95E

The MINISTER OF DEFENCE:

The supplying of the figures can give an indication of manpower strengths and because the policy is not to divulge this information, the required information is given as percentages.

(a) (i) 34,9%
(ii) 0,0000218%

(b) (i) 22,11%
(ii) 0,0000218%

prisoners were sentenced to solitary confinement with dietary punishment in terms of section 54(2)(e)(ii) of the Prisons Act, 1959 (Act 8 of 1959).

(a) and (b)(ii) In one hundred and fifty five (155) cases other sentences were imposed on prisoners in terms of the stipulations of section 54(2) of the Prisons Act, 1959 (Act 8 of 1959). The detail of which is as follows:

— section 54(2)(a): In fourteen (14) cases prisoners were reprimanded.

— section 54(2)(c): In one hundred and forty one (141) cases prisoners were sentenced to the deprivation of one or more meals on any one day.

During this period no sentences in terms of section 54(2)(d) (corporal punishment) or section 54(2)(e)(i) (solitary confinement without dietary punishment) were imposed or served at the Leeuwkop Maximum Prison.

(2) No. The privacy of prisoners is respected and it is therefore policy not to make details of individual prisoners available.

(3) Yes. Regulation 103 of the Prisons Regulations issued in terms of the stipulations of section 94 of the Prisons Act, 1959 (Act 8 of 1959) sets out the procedures for dealing with complaints and requests. Prisoners are daily afforded the opportunity to lodge complaints/requests. The head of the prison or his delegate records the complaints/requests by entering them in the appropriate register whereafter such complaints/requests receive immediate attention. Feedback is given to the prisoner as soon as the complaint/request have been dealt with.

In addition to this prisoners may also lodge their complaints/requests to inter alia any of the following persons/institutions:

— the member in charge of the section where the prisoners sleeps (continuous);

— the commanding officer;

— visiting district surgeon;

— visiting inspectors of prisons;

— visiting officers of the command headquarters;

— the institutional committee;

— the Commissioner of Correctional Services and other visiting officers;

— visiting judges;

— visiting magistrates;

— visiting family and friends;

— legal advisers;

— the Legal Aid Board;

— the Court (Supreme Court) — notice of motion; etc.

Publications Act: committees

114. Mr A J LEON asked the Minister of Home Affairs:

(1) (a) How many committees referred to in section 4 of the Publications Act, No 42 of 1974, are currently in existence and (b) in respect of what date is this information furnished;

(2) (a) who are the members of each of these committees and (b) what, in each case, are the (i) ages, (ii) race, (iii) sex, (iv) educational qualifications and (v) literary and artistic expertise of these members?

Hansard 6/3/91

B318E

The MINISTER OF HOME AFFAIRS:

(1) (a) The Directorate of Publications does not appoint permanent committees with a fixed membership. All committees are appointed on an ad hoc basis to perform specific tasks and they become defunct immediately on completion of their tasks. The members of these ad hoc committees are selected from a list of persons appointed in terms of section 5 of the Publications Act, 1974, by the Minister for a period of 3 years after countrywide advertising in all the main newspapers.

(b) 21 February 1991. On that date there were 146 names on the list referred to above, and these persons were appointed for the term 1 April 1990 to 31 March 1993.

(2) (a) and (b) fall away.

Hansard 6/3/91

I am prepared to place the list referred to in paragraph (1)(b) at the honourable member's disposal if he so requires.

SADT: land

115. Mr M A TARR asked the Minister of Development Aid:

(1) (a) What areas of land are under the control of the South African Development Trust in (i) the Transvaal, (ii) Natal, (iii) the Cape Province and (iv) the Orange Free State and (b) in respect of what date is this information furnished;

(2) what is the current policy regarding the disposal of such land?

B326E

The MINISTER OF DEVELOPMENT AID:

Hansard 6/3/91

339

	Province	Area	Extent in ha
(1)(a)(i)	Transvaal	Zebediela/ Mynhardskraal	30 111
		Blouberg South	25 500
		Munnik Block	3 199
		Bewaarkloof	20 800
		Malitse	1 643
		Pietersburg	2 749
		Louis Trichardt	3 972
		Burgersfort	18 248
		Letaba	2 655
		Trichardtsdal	25 456
		Witvinger	51 202
		Steilloop	42 141
		Immerpan/ Saliesloot	63 000
		Moepel	25 509
		Bosbokrand	6 660
		Zaaiplaats	24 000
		Morgenzon	1 900
		Delareyville	860
		Brits	8 135
		Hammanskraal	2 303
		Pretoria	2 495
		Rustenburg	11 961
		Marico	5 332
		Bronkhorstspruit	24 682
		Warmbad	34 000
		Koster (Mthopestat)	4 427
		Coligny (Serobatse)	5 864
		Amersfoort (Daggakraal)	2 669
		Wakkerstroom (Driefontein)	6 971
		Pretoria (Soshanguve)	6 162
		Brits (Lethlabile)	4 153
		Brits (Hartbeestfontein)	5 693
		Letaba (Segops Location)	3 174
		Paul Pietersburg/Piet Retief	102 000
		Moutse	66 000
		Other	2 228
		Total	647 854
(1)(a)(ii)	Natal	Ntambanana	35 000
		Babanango	3 028
		Empangeni	12 892
		Eshowe	4 925
		Alfred/Harding	2 245
		Impendle	16 979
		Ingwawuma	182 933
		Ixopo	7 103
		Ladysmith	2 032
		Matatiele	3 309
		Melmoth	1 639
		Newcastle	1 096
		Port Shepstone	2 738
		Richmond	1 181
		Umzinto	2 104
		Vryheid	5 190
		Estcourt	6 100
		Lower Umfolozi (Reserve No 4)	23 446
		Ladysmith (Waaihoek)	25 136
		Port Shepstone (Frankland)	530
		Nkandla	3 500
		Ladysmith (Qinisa)	2 500
		Umzinto (Ifafa)	15 000

	Province	Area	Extent in ha
		Mtunzini	5 400
		Nqutu	8 400
		Ladysmith (Driefontein Block)	22 000
		Lower Tugela (Groutville)	3 700
		Total	400 106
(1)(a)(iii)	Cape	Stutterheim	465
		Indwe	323
		Elliot	966
		Cathcart	5 245
		Queenstown	4 972
		East London	12 000
		Whittlesea North	13 867
		Maclear	1 101
		Tarkastad	2 500
		Kuruman	16 507
		Taung	5 090
		Vryburg	12 301
		Queenstown (Lesseyton)	7 629
		Cathcart (Goshen)	1 607
		Stutterheim (Mgwali/ Heckle/ Wartburg)	8 181
		East London (Newlands)	4 366
		East London (Kwelera)	3 547
		East London (Mooiplaats)	7 674
		Kokstad (Waterval)	2 905
		Total	111 246
(i)(a)(iv)	OFS	Bethlehem	8 881
		Harrismith	35 871
		Thaba Nchu	525
		Botshabelo	23 000
		Total	68 277

Transvaal	647 854
Natal	400 106
Cape	111 246
OFS	68 277
Grand Total	1 227 483HA

(b) 31 January 1991.

(2) The land is for the present retained by the South African Development Trust. Arrangements for the disposal thereof will appear in a White Paper which will be Tabled in this session.

Livestock inspectors

122. Mr A A B BRUWER asked the Minister of Agriculture:†

(1) Whether he intends phasing out livestock inspectors employed by the Veterinary Services Directorate; if so, (a) when and (b) why;

(2) (a) how many livestock inspectors are employed by the said directorate, (b) what salary scales apply to them and (c) in respect of what date is this information furnished;

(3) (a) when last did these livestock inspectors receive salary increases and (b) by what amount or percentage were their salaries increased?

B351E

The MINISTER OF AGRICULTURE:

(1) No. It is not the intention to phase out any serving livestock inspector.

(a) and (b) fall away.

(Although serving officers in the occupational class Livestock Inspector will not be phased out, the occupational class as such has been phased out. As and when the number of serving officers reduces in a natural manner as a result of resignations, retirement or death, no new appointments will be made. The relevant duties will in future be performed by better qualified and technically trained Animal Health Technicians. They will take over various low-level technical duties which of necessity are presently carried out by highly qualified State Veterinarians. It will enable the Veterinarians to concentrate more effectively on professional high-level duties. However the Commission for Administration is presently being approached with the request that serving Livestock Inspectors who are not suitably trained to translate forthwith to the occupational class Animal Health Technician,

be given an opportunity for a limited period to translate to the said occupational class through informal training and examining and under supervision of selected State Veterinarians.)

(2) (a) 245.

(b) Livestock Inspector/Senior Livestock Inspector: R9 123 × 438 – 10 437 × 498 – 11 931/11 931 × 498 – 13 425 × 663 – 17 403 × 909 – 20 130.

Principal Livestock Inspector: R18 312 × 909 – 23 766.

(c) 28 February 1991.

(3) (a) 1 April 1990.

(b) 10% non-pensionable allowance. Livestock inspectors who have not reached the maximum of their salary scales are annually considered for the granting of a notch increase on their salary scales.

SOWETAN Building the Nation

PROPERTY FOCUS



The German ambassador to South Africa, Dr Immo Stabreit (left), with Dr Otto Wiesau and his wife at the presentation of a cheque for R4,7 million to the Urban Foundation.

R4,7-m boost for housing

Sowetan 7/3/91

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By KENOSI MODISANE

THE Urban Foundation this week received a major boost when the German Government presented it with a cheque for R4,7 million to help develop low-cost housing in South Africa.

The cheque was presented by Dr Otto Wieshau, former head of Stiftung and now Secretary of State in the Bavarian State Ministry for Culture and Science.

The UF acts as a catalyst in stimulating lending by financial institutions to thousands of prospective homeowners.

Those who will benefit from the donation are homeowners who are unable to secure home loans of R35 000 or less.

The UF's chief executive officer, Mr Sam van Coller, said: "The gift from the German Government is an indication of faith in the foundation and the future of South Africa.
to see an accelerated development and an equal opportunity society in South Africa based on justice and civil liberties for all.

"The Hanns Seidel Foundation is glad to see that the Urban Foundation's attempt to establish these goals through lobbying for sound policies, building supportive institutions and encouraging self reliance is bearing fruit."

Wiesau, who flew from Germany to attend the function, said his government was "aiming at developing the political and social knowledge to stimulate citizens to assume public responsibility".

Glad

The Hans Seidel Foundation is one of four political foundations in Germany.

"Securing a home for every family represented the starting point for any real national development."

Mr Stuart Carlyle, also of the UF, said the donation was made through the Hans Seidel Stiftung which previously made contributions to the UF's Home Loan Guarantee Company.

Presenting the cheque to Coller, Wieshau said: "The Urban Foundation has since its establishment in 1977 been aiming

Now in our 50th Year

GOUGH COOPER HOMES

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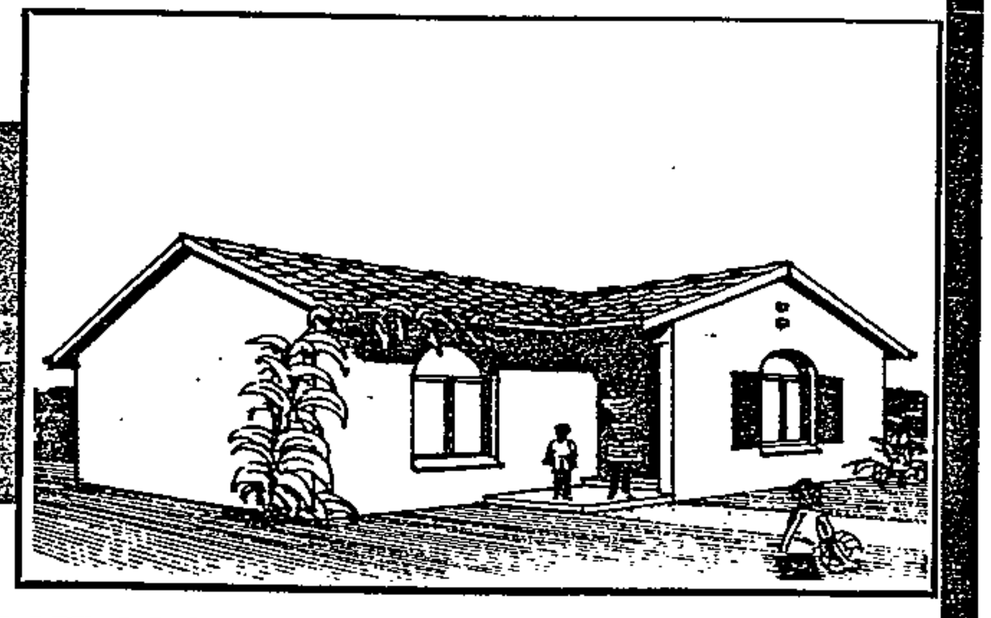

NOW HAVE THE HOME YOU ALWAYS JUST DREAMED ABOUT:

Debate over basic land and housing rights gains momentum

Star 11/3/91

The Government White Paper dealing with policy measures to follow the scrapping of the Land Acts and the Group Areas Act goes before Parliament tomorrow. It is released as the debate about land and housing as a fundamental human right gains ground and substance. JO-ANNE COLLINGE examines this debate.

IT IS easy to assert that access to land and housing is a fundamental human right. And reasonable, in a sense, since the internationally acknowledged right to life itself cannot be fulfilled without people occupying their own space and having some shelter.

But how objectively enforceable is the right to land and housing? Unlike the right to freedom of association or conscience, access to land and a home is dependent on financial considerations — on the capacity of the individual to afford a home or the State to assist in providing it.

Questions of morality, economics and vested interests twist and twine as experts try to envisage a constitution and a body of legislation guaranteeing land and homes for all.

Wits University researcher Aninka Claassens observes that South Africa is not alone in having to manage the tension between the right to private property and the need of the population to have land for survival.

"Some countries have decided not to entrench property rights in their constitutions, others have decided to balance the right of property by including the opposing material rights of shelter, life and adequate nutrition for everyone," she writes in a pamphlet, Who Owns South Africa?, released last week by the Centre for Applied Legal Studies.

Even political figures remote from the Left — such as Sir Winston Churchill, Abraham Lincoln and John Stuart Mill — have acknowledged that land cannot be equated with less finite, manufactured forms of property, Ms Claassens argues.

"They stress that security of tenure, which provides the owner of the land with the confidence to develop and improve the land, is vital to economic growth and political stability."

She suggests there are specific policy and legislative measures which could underpin these principles. For instance, land ownership could be limited to areas which are settled and productively used. Or limits could be placed on the amount of land owned by a single person. Speculative holding of land could be outlawed. Ownership of rural land could be subject to proper use and care of the soil.

She concludes that this would assist in achieving land redistribution in a post-apartheid South Africa "not by largesse, decree or bureaucratic favour, but within a regulated legal system under which all parties can invoke protection of their rights".

In a more particular examination of the pressures for urban housing, Legal Resources Centre attorney Geoff Budlender argues that housing can be elevated from a mere "social goal" to a fundamental right.

In a paper entitled "Towards a right to housing" delivered at a Unisa conference in November, Mr Budlender acknowledged it was difficult to envisage that a constitutional right to housing could oblige Parliament to make laws guaranteeing housing to all.

He argues there should be a constitutional presumption against homelessness against which acts taken by officials could be judged.

In addition, notes Mr Budlender, a constitution should be an "aspirational document, which binds the nation together by its highest ideals".

It might embrace something similar to article 11 of the 1966 International Covenant on Economic, Social and Cultural Rights, which recognises the "right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions".

The ANC's bill of rights enjoins the State to refrain from actions which would create homelessness, and it subjects the actions of the State to the scrutiny of the courts. It provides, in the most general terms for redistribution of land, which Ms Claassens argues to be essential if access to land is in any way to be enjoyed as a right. But the "aspirational" note on land and housing to which Mr Budlender refers is clearly lacking.

Whether such a gap will continue to exist in a bill of rights adopted by a future government remains to be seen.

The Witwatersrand Network for the Homeless is campaigning on eight "entitlements" which international housing experts discern as present in international housing law. They are: security of tenure; affordability; accessibility; habitability; control and participation; choice; equal access and non-discrimination; and legal remedy when denied housing.

It is self-evident that the National Party has travelled some distance since 1980 when Minister of Community Development Marais Steyn asserted that those whom the Group Areas Act had made homeless should "go back to where they came from" and stay clear of "white" South Africa. Tomorrow's White Paper will tell how far the NP is prepared to go in meeting demands for land and housing. □

Township residents will get full property rights

339

Sowetan 13/3/91

AN extra 1,3 million blacks in South African townships could soon become full property owners after the Government's White Paper on Land Reform is implemented.

The Upgrading of Land Tenure Rights Bill - one of five major bills aimed at effecting the reform policy - will automatically convert thousands of existing leasehold and deed rights to full ownership in already-proclaimed black townships.

The bill will also confer extraordinary powers on the authorities to cut through red tape and open township registers in several townships where this has been delayed by technicalities.

Subsequently all leasehold rights in those townships will automatically become freehold also.

Together these measures will convert 300 000 leasehold rights to freehold.

And all further registration of residential sites in these townships will automatically be freehold - adding another one million property owners to the market.

The White Paper expresses the confidence that the proposed measures to upgrade title deeds to full ownership will benefit not only those directly concerned but also the whole economy.

"In effect this will create a new property market with a substantial growth potential."

The White Paper stresses that the conversion of inferior titles to full ownership will be done free of charge.

Because full ownership rights cannot be granted in townships which have not been properly surveyed and established, the Government will undertake the "mass surveying of numerous unsurveyed townships and the updating of obsolete registers."

One million homeowners!

Sowetan 13/3/91 (339)

ALMOST a million black leaseholders will own their homes and the ground they stand on within the next three months.

In terms of the Upgrading of Land Tenure Rights Bill, to be brought before Parliament soon and expected to be passed by the end of June, all holders of 99-year-leasehold properties will have their leases converted to freehold.

Effectively, they will own their homes, Minister of Planning, Provincial Affairs and National Housing Mr Hernus Kriel said in Cape Town yesterday.

"It does not mean that they are getting these properties for free. They have - in most of these instances - already paid for them.

"If they are a registered leaseholder, then they have paid for the property," Kriel said.

By ISMAIL LAGARDIEN
POLITICAL CORRESPONDENT

He said that in the past black people were seen as illegal aliens in so-called white South Africa.

"But that was a dream," Kriel said.

The reality was that blacks were very much part of South Africa, he said.

The Government had undertaken to extend full political and land rights to them, the Minister said.

In the final analysis, all it will take is a stamp, which will convert a leasehold contract to a freehold contract, and the leaseholder will become a home and property owner.

Kriel was commenting in an interview with *Sowetan* on proposals in the Government's policy document - White Paper on Land Reform.

Once this document is signed, the Group Areas Act, the Land Acts and the Black Communities Development Act would be consigned to the scrapheap.

On squatters, Kriel said the creation of townships was under detailed scrutiny and people squatting on private property would be moved lawfully.

Proposals

However, not all reaction to the Government's full set of proposals was favourable.

Initial reaction to the White Paper from the ANC was that of astonishment and disappointment at the absence of an attempt to redress historical injustices, particularly in respect of forced removals, reports Sapa.

The Government has made it clear that there would be no going back into historical claims, or any attempt made to return ancestral land to any of the 3,5 million people removed forcibly under the homelands policy.

A member of the ANC's Land Commission, Mrs Aninka Claassens, said her initial reaction was that the Government's final proposals were a long way off earlier drafts she had seen.

She said the situation of many black communities now trapped in unresolved removal actions was worsened by it.

The Democratic Party agreed. "There are serious shortcomings," DP spokesman on land affairs Mr Peter Soal said.

"Land, like that of the Magopas, has to be returned to the people from whom it was stolen," he said.

*** More details on Page 7**

Millions of urban blacks get new deal

B Dmy 13/3/91

LESLEY LAMBERT

CAPE TOWN — Millions of urban blacks will be housed and granted full ownership of their homes, while black farmers will be settled on thousands of hectares of agricultural land freed up by new land reforms.

Cabinet Ministers told the Press yesterday that the new land policy, proposed in a White Paper on Land Reform, would remove restrictions to land ownership and allow wider ownership through the provision of state land and financial assistance, and the conversion of land tenure into full ownership.

Agriculture and Development Aid Minister Jacob de Villiers said 254 000ha of SA Development Trust farmland had been made available for black farmers in terms of the new policy. Another 220 000ha would soon be made available.

De Villiers said government would extend to black farmers all assistance programmes available to white farmers, including Land Bank loans, agricultural credit loans and advisory services.

Assistance would also be sought from the private and foreign sectors. He said they wanted to produce a situation where food production and employment opportunities abounded.

Planning and Provincial Affairs Minister Hernus Kriel said government hoped to fund new home ownership for 250 000 families this year. Another 80 000 plots would be made available by the Independent Development Trust's allocation of R600m for the provision of land and basic shelter.

Kriel said government had already allocated R390m for the purchase of residential property in urban areas, while an additional R450m had been allocated for the servicing of this property.

Financial assistance in the form of one-off state subsidies for first-time homeowners had been approved in principle and would be introduced in the Budget, Kriel said. "We are opening up all opportunities available to help urbanised people become homeowners," he said.

New legislation underpinning proposals contained in the White Paper would upgrade land tenure on a million township properties from leasehold into full owership with immediate effect. Rights on an additional million properties would be converted into full ownership once the properties had been surveyed, Kriel said.

Provision would also be made for the rapid development of informal housing settlements.

1,3-m new owners

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Star 13/3/91

AN EXTRA 1,3 million blacks in townships could soon become full property owners after the White Paper on Land Reform, tabled in Parliament yesterday, is implemented.

The Upgrading of Land Tenure Rights Bill will automatically convert thousands of existing leasehold and deed rights to full ownership in proclaimed black townships.

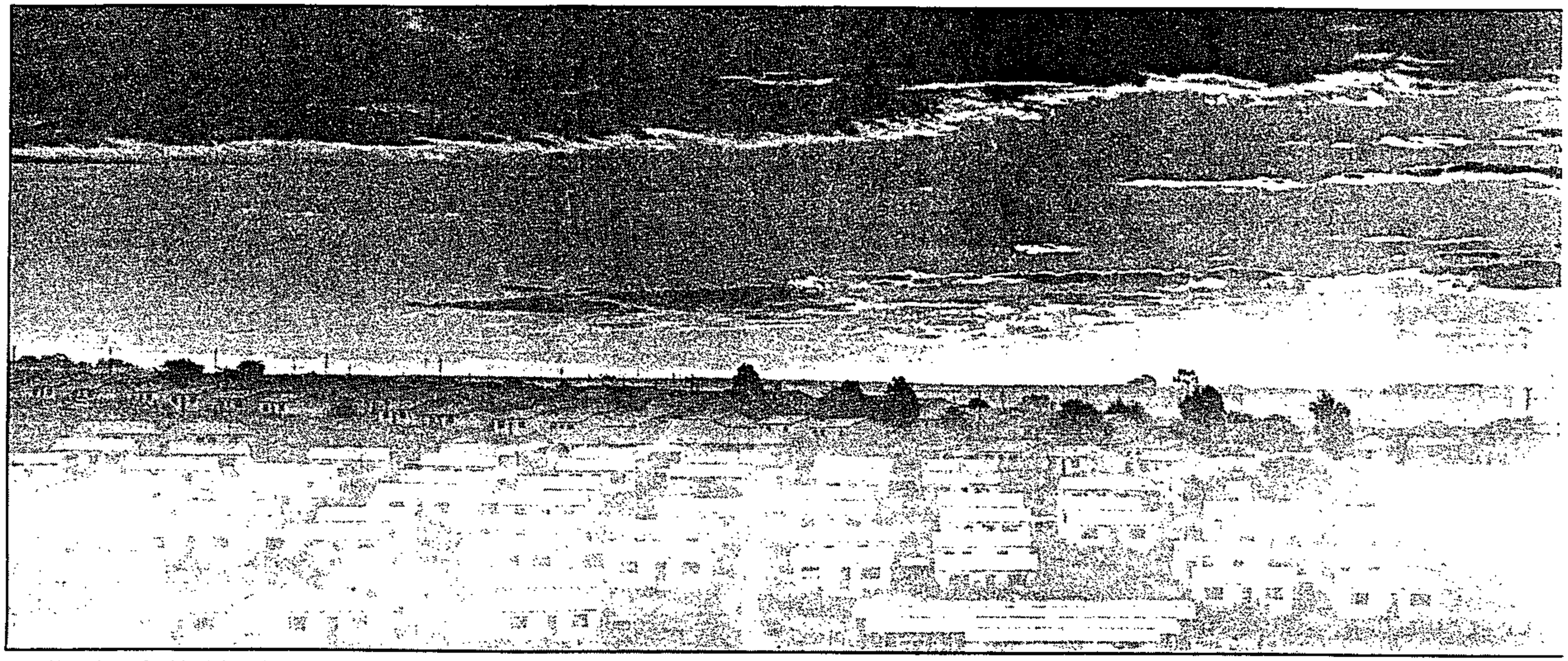
The Bill will also confer extraordinary powers on the authorities to cut red tape and open township registers where this has been delayed.

Subsequently, all leasehold rights in those townships will automatically become freehold.

These measures will convert 300 000 leasehold rights to freehold.

And all further registration of residential sites in these townships will automatically be freehold — adding another 1 million property owners to the market.

The Government will undertake the "mass surveying of numerous unsurveyed townships and the updating of obsolete registers." □



New dawn for black housing . . . over a million township residents could become full property owners once land reforms, proposed in yesterday's White Paper, are implemented.

Transforming townships

B/Day 14/3/91

IAN CLARK

THE scrapping of the Group Areas Act removes the restrictions on white-owned businesses from trading in the townships. Do the opportunities provided by this change outweigh the costs? Nafcoc for one believes they do not.

The Nafcoc argument reported in last Monday's Business Day, that supermarkets should be kept out of black townships in order to protect black retailers is, however, simplistic. Why should black retailers be protected at the cost of black consumers? It is more realistic, as Achib suggests, to promote specialist outlets which have natural, consumer-oriented advantages over chain stores. Such an advantage need not be any more costly or complex than the extended trading hours of a spaza shop, or the ability to sell goods in small quantities (for example, single cigarettes or sweets) to the very poor.

The issue runs much deeper than a simple consumer/retailer clash of interests. The question is whether the townships can ever be transformed into suburbs, with the usual suburban amenities.

Urban townships in SA were created as worker dormitories. Business was limited to convenience stores located, designed and built by the local administration boards. Products which could be sold were limited to grocery items, with everything else being bought in the "real" business areas in white towns.

These stores were rented, and licences issued, at the discretion of the township manager. Often licences and leases were "sold" for a monthly fee. This fee was increased if profits went up, actively discouraging improvement to the business. Alterations to buildings ran the risk of incurring the disapproval of the owner of the building, and the original licence holder taking possession of the business before the investment could be recovered.

Today with chain stores on the periphery of the townships, and spaza shops in the centre, the retailer is being squeezed out of existence. Businessman Joe Hlongwane believes township retailers are "on the edge of a precipice" with no hope of an internal solution.

Everyone is losing. Residents have to travel long distances to buy products not available in the townships and pay high prices for those that are. The low level of local business activity provides few opportunities for would-be formal business.

The business activity centring on a township chain store would create business opportunities for local entrepreneurs, as well as lower prices for shoppers. Niches will open up for specialist satellite stores, and shoppers will be attracted back to the areas in which they live.

The opportunities created would initially be for businesses providing consumer products and services, such as pharmacists, bookstores, greengrocers, educational suppliers, electronic equipment suppliers, clothes stores, toy shops, estate agents, medical services, florists, insurance brokers and tutors.

In time, these businesses would generate further opportunities for suppliers of business products and services.

Is it realistic to expect the chains to move into the townships? No, not as things stand.

Not only is there the obvious and vexed issue of security, but other perhaps subtler issues need to be addressed. Electricity is a good example of these issues. Even where rent boycotts are not a problem, township electricity is supplied intermittently. This is bad enough for a family, or any small business requiring refrigeration facilities. For a hyperstore it is simply not viable. Nor is the alternative of an independent supply of electricity acceptable. A lit-up supermarket blazing out in solitary glory while everyone else in the area fumbles for candles and paraffin lamps is asking for swift retribution. The same goes for other township services.

It is inevitable that townships will remain ghettos unless they become the focus of significant formal economic development.

Innovative ways will need to be found of making both residents and retailers with a high level of expertise come together to mutual advantage. For example, mobilising stokvel and savings club funds to give residents a share in their suppliers' success will not only give these funds a better return than they now enjoy but will also enhance the relationship between customer and retailer.

The removal of racial legislation by mid-year will not only open up opportunities for business, but it will also give township communities the chance of shaping their own destinies. Individuals and groups with this vision will take the initiative to ensure that this happens to the advantage of all.

☐ Clark is the director of Wits Business School's Centre for Developing Business.

Black business influx unlikely

Star 15/3/91

By Abel Mushi
and Musa Mapisa

The Government's land reform proposals, tabled in Parliament this week, has drawn mixed reactions from prominent black businessmen regarding their preparedness to buy commercial property and establish businesses in white areas — particularly in suburbs.

In a survey conducted by The Star, as many entrepreneurs expressed the willingness to "give it a try" as those who were reluctant because they felt the action would be perceived as some form of "sellout".

Black business-supporting financial institutions believed the movement by black entrepreneurs into such areas, if any, would be minimal.

The chairman of the Tshabalala Group of Companies, Ephraim Tshabalala, said: "I'm not interested.

"I'd rather expand into Orange Farm (a former squatter camp) because I believe I've got to stay close to the people who built me up. I cannot fail them now."

Mr Tshabalala said he believed entrepreneurs' priority should be the development of their own areas and creation of employment opportunities in their own communities.

Soweto business leader Richard Maponya said, however: "Of course! That's for sure!

"I think this is an opportunity we've been waiting for. A businessman has to look around for areas where he can make money."

Opportunity

Toby Makwakwa, the owner of several garages and fast food outlets in Soweto, said he would buy commercial property in white areas if a viable opportunity arose.

A spokesman for the Foundation for the Advancement of Black Business and Consumer Services, Fanyana Shiburi, said that although he welcomed the move, he did not think there would be a rush by black businessmen to white areas.

"One has to first find a market for one's products and services, and businesses in the townships are geared for the black market," he said.

African Bank's general manager of finance, Ismael Mamoojee, envisaged a gradual movement of black traders into white suburbs.

African Council of Hawkers and Informal Business president Lawrence Mavundla said he believed the move should be made to benefit black businessmen.

He hoped some "protective mechanism" would be adopted which would prevent whites from opening businesses in the townships as they had "never been disadvantaged".

Dawie Crous, the Small Business Development Corporation's senior manager of development promotion, said that although the corporation was very pleased with the new dispensation, it already had "established hives of industries" in white suburbs which catered equally for white and black entrepreneurs.

Although the desegregation offered new opportunities for black entrepreneurs, Mr Crous said he believed black businessmen would still put emphasis on developing their own areas where there was a need.

R13-bn attack on housing crisis

ANGLO-American Corporation chairman Julian Ogilvie Thompson yesterday pledged broad support for a radical new masterplan that proposes a massive R13,2 billion attack on the black housing crisis.

Mr Ogilvie Thompson revealed the basic outlines of the masterplan, which dwarfs most previous proposals, at the annual Transvaal regional conference of the SA Chamber of Business in Sandton last night.

Studied

He said the ambition was to boost the provision of sites and services to three-times higher than in 1990 — and boost the provision of new low-cost house units by no less than four times the current rate.

Details are contained

MICHAEL CHESTER

in sweeping new economic scenarios commissioned by the Old Mutual insurance company and the Nedcor banking/building society group. It is understood they have already been studied by the Cabinet and the ANC and Inkatha but have yet to be issued for general circulation.

Mr Ogilvie Thompson is one of the relatively few business leaders to have had access to the scenarios, which Harvard University in the United States had a hand in compiling and which set out the economic options open to South Africa in the post-apartheid era.

He disclosed that black housing was earmarked for the first phase of a proposed high-powered

● TO PAGE 2.

Housing

● FROM PAGE 1.

programme that needed total co-operation between the Government, the trade unions, the private sector and communities in general.

It was envisaged that actual production of low-cost housing units would be funded by the financial institutions at the rate of R2 billion a year in a three-year initiative running from 1992 to 1995.

In addition, it was proposed, government subsidies running at R2,4 billion a year would cover the provision of sites and services for extra housing projects.

However, he added that an essential thesis of the scenarios was that a major breakthrough in economic performance in South Africa over the next five years was crucial to avert a disintegration of black society, meet black expectations and prevent a further decline in white living standards.

What was required, he said, was a dynamic "kick-start" to renewed economic growth.

The positive side of the scenarios also envisaged:

- A multibillion rand programme to bring electricity supplies to 1 million more houses a year in a new prepayment system.
- A restructured education system aimed at compulsory free primary education at state schools and a partnership between the state and the private sector to run skills-oriented secondary schools.
- The creation of community-based, government-funded voluntary job corps to counter unemployment and "tackle the problem of the so-called lost generation".

Mr Ogilvie Thompson added, however, that in debating the merits of various socio-economic packages now on the agenda, it was also important to consider costs and affordability.

—MASSIVE CAMPAIGN TO HOUSE THE POOR—

SOUTH AFRICA is poised to launch a massive "homes for the poor" campaign which will involve the government and the private sector.

A White Paper on land use released last week paves the way for non-racial land ownership throughout the country.

The private sector and development agencies have begun filling in the details:

● Independent Development Trust chairman Jan Steyn announced that the trust had earmarked R750-million to finance more than 100 000 serviced sites for people earning less than R1 000 a month.

● Anglo American chairman Julian Ogilvie Thompson, this week pledged "broad support" for a master plan which proposes an injection of R13,2-billion into "site-and-service" schemes to house the homeless.

The new initiatives complement existing schemes. The SA Perm has announced a plan to allow employed home-owners to raise capital based on future earnings.

Earlier in the week, Planning and Provincial Affairs Minister, Hernus Kriel, said the government would soon announce a scheme for households whose income did not exceed R3 000-R3 500 a month.

He said the government was thinking of providing grants of between R6 000 and R7 000.

He "guesstimated" that the scheme would initially provide land for about 250 000 first-time buyers. Mr Kriel said the government planned to develop about 107 000ha in urban areas for squatters who would qualify for the first-time capital grant scheme.

The need for a major government housing initiative has been given an added boost by a confidential scenario presentation commissioned by Old Mutual and Nedcor.

The researchers — Paris-based Paul Wack and Harvard's Bruce Scott — warn that because of inappropriate economic policies in the past, South Africa will not be able to pay for a major political transformation unless it takes radical steps now.

Among the social investment proposals: a job corps for the unemployed, funded by levies on the private sector; prescribed investment by financial institutions in housing development and greater private sector investment in education and skills.

The bottom line is expenditure of R13,5-billion over three years for housing development. The private sector will be called on to provide R2-billion a year and government subsidies on services and infrastructure could run to R2,4-billion a year.

In supporting the basic proposals, Mr Ogilvie Thompson spoke of the need for a dynamic "kick start" to renewed economic growth in South Africa.

Mr Steyn, explaining the IDT plan, said the scheme would redress some of the inequalities and injustices of the past.

terday. Gunfire was also heard while the meeting was in progress.

Homeless to benefit from R13 billion deal

MILLIONS of underprivileged black people stand to benefit from a private sector initiative aimed at addressing the black housing crisis.

The chairman of Anglo American Corporation, Mr Julian Ogilvie-Thompson, at the weekend unveiled a R13 billion plan aimed at providing shelter for the lower-income group.

In another similarly dynamic plan announced on Friday by the Independent Development Trust (IDT) and involving R750 million, about one million first-time black homeowners will receive a R7 500 grant to buy serviced sites.

According to Mr Ben van der Ross, housing director of the IDT, it appeared "unlikely" that the Government would be able to commit substantial funds to the immediate housing needs of lower income groups within the 1991/92 financial year.

He said, however, that IDT was in no way relieving the Government of its responsibility of providing subsidies for first-time black homeowners.

By ISMAIL LAGARDIEN
Political Correspondent

"However, the Government's inability to commit sufficient funds in this area is perpetuating unsatisfactory and unacceptable living conditions for the poor, as well as increasing the risk of land invasion, and exacerbating instability," he said.

Housing units

In his pledge, Ogilvie-Thompson said the aim was to boost the provision of sites and low-cost housing units.

The African National Congress, Inkatha and the Government are reported to have studied the proposals.

To qualify for IDT's subsidy, the following requirements must be met:

● To Page 2

Deal to benefit millions

● From Page 1

* The applicant must to be over the age of 21;

* Must have dependants who live with him or her;

* Must have a maximum monthly income of R1 000;

* Be a first-time property owner; and

* Receive no other housing subsidy from the State.

The grant will not be paid directly to the applicant.

If the selling price of the site is more than R7 500 the balance will be paid by the purchaser.

If it is less, the residual amount will be set aside for use in consolidation programmes in the progress area.

The plan announced by Ogilvie-Thompson will result in the erection of low-cost housing units at the rate of R2 billion a year between 1992 and 1995.

It was proposed that the Government must provide R2,4 billion in subsidies a year for sites and services.

He envisaged:

* A multibillion rand programme to bring electricity to a million more houses a year;

* A restructured education system aimed at compulsory free primary education at State schools and a partnership between the Government and the private sector in running skills-oriented secondary schools; and

* The creation of community-based voluntary job corps to counter unemployment and tackle the problem of the so-called lost generation.

The job corps, which will be funded by the Government, would handle public works projects and offer training in basic skills, ideally leading to permanent jobs.

He said major companies were already contributing far bigger proportions of their dividends for social-investment programmes than their counterparts abroad.

R750m homes plan set to alter face of SA, says trust

LESLEY LAMBERT

CAPE TOWN — The Independent Development Trust's (IDT's) R750m home ownership plan has been described as the start of a process which will reverse the legacy of racially segregated urban planning and alter the face of SA cities.

By giving 100 000 poor families R7 500 each to buy a serviced site, the trust would not only initiate a process of housing and economic empowerment, but would also influence the evolution of new urban policy, an IDT policy document has stated.

IDT chairman Jan Steyn and housing director Ben van der Ross said on Friday the trust would favour applications for land in urban areas close to job opportunities and would choose development sites which normalised conditions in areas that had been racially segregated.

The IDT document indicated that unused land in and around metropolitan areas would be targetted for informal housing, while under-used land would be redeveloped and densified. Outside agencies would be funded by the IDT to earmark urban areas worthy of redevelopment.

The R7 500 once-only capital grant would be provided to heads of households who were over 21 years old, earned less than R1 000 a month, had dependents living with them and were first-time home buyers. Beneficiaries would receive credit for the amount against the transfer of property to them.

The ownership of a site would be considered the first phase in a housing process in which residential settlement was improved over time, the document stated.

To ensure that the process was sustainable, the IDT would extend the scheme, and possibly additional funding, to agencies which implemented qualifying projects. It would also encourage innovative financing mechanisms to gear up on the funding it provided and establish institutions to provide loan finance for the building of homes and community facilities.

The inclusion of the private sector would mobilise additional funding, resulting in large-scale access to land.

IDT trustees approved the allocation of over R1bn on Thursday, bringing the trust's total financial commitment to about R1,25bn. The allocations included an upgrading of the R600m originally allocated for home ownership to R750m and an additional amount for a new initiative to mobilise private sector funds for home building, Steyn said. Details of the private sector project would be announced within 10 days.

He said government was due to announce a similar home ownership initiative aimed at higher income brackets.

□ The SA Housing Trust described the announcement of the capital subsidy as "a beacon of hope for the creation of wealth for the poor people in SA".

However, trust MD Wallie Conradie expressed concern about the impact the subsidies would have on development with specific regions.

Billions in private funds to be tapped

KEVIN DAVIE

A SPECIAL supplement to tomorrow's Budget is expected to outline government's new plan to facilitate the transfer of billions of rand of private funds into socially desirable investments.

The supplement flows from an investigation by Japie Jacobs, Finance Minister Barend du Plessis's special adviser on institutional savings and social investments.

Jacobs was given a brief by Du Plessis to draw up a co-ordinated plan to facilitate the movement of funds from potential sponsors to recipients. His investigation included input from the Life Offices Association (LOA), the Development Bank, the Small Business Development Corporation (SBDC) and the Independent Development Trust (IDT).

The need to channel institutional savings into social development has been a hotly debated issue for some months. Political parties such as the ANC have said the life and pension industry should invest a portion of its assets, say 10%, in housing, health and education.

The LOA has conducted its own inquiry but has argued strongly against a return to a policy of prescribed investments. Its view is that a market return on investment is essential, and that the paper should be tradeable. With adequate underwriting by government, billions of rand of private savings could be released for development spending, industry sources say.

A Finance Ministry source said yesterday the supplement to the Budget would contain general comments on the contractual savings industry.

The Cabinet, meanwhile, has been briefed on a major new confidential plan by Old Mutual and Nedcor which recommends that sweeping changes be implemented before 1994, when the new constitution is expected to come into effect.

The plan envisages a massive housing, jobs, electrification and education programme which would have to be put in place immediately to stem the disintegration of black society, meet minimum black socio-economic expectations and prevent a

☐ To Page 2

Private funds

☐ From Page 1

decline in white living standards.

The plan has also been presented on a confidential basis to the ANC, Inkatha and the PAC, but is yet to be completed, Old Mutual and Nedcor sources say.

Pierre Wack, a leading scenario planner in the Old Mutual and Nedcor report, also played a prominent role in developing Anglo's "high road, low road" scenarios which were popularised by Anglo executive Clem Sunter.

The Old Mutual and Nedcor scenario argues that SA faces a Beirut situation unless there is rapid economic growth within the next few years. A two-stage growth plan is proposed so that desired political change is not fatally undermined through lack of economic growth.

The first, or "kick start", phase involves investment in poor communities to give the economy a rapid boost; the second calls for an export-oriented strategy to make this growth sustainable.

The first phase has four parts including the provision of housing on a massive scale (200 000 homes and 400 000 serviced sites every year for the next five years), the electrification of a million homes a year for five years, a massive skills training programme to be partly financed by tax breaks for companies which do the training, and the creation of a government-funded jobs corps of one-million workers to build houses and install electricity.

The plan could create 800 000 jobs (excluding the jobs corps), the scenario planners say.

'No promised lan

South 28/2 - 6/3/91

By Musa Ndwandwe

THE joy of the Hout Bay squatters who moved to their "promised land" this week, was dampened when they arrived at the site and found it unsuitable and lacking in facilities.

Many of the Sea product squatters complained about the shortage of basic facilities like toilets and taps.

They said the government had unilaterally chosen the site for their new home.

The community, however, intend to celebrate their resettlement on the land with a ceremony to be held at a later date.

"We would like to claim this as a victory for the people as this is the first time that black people's struggle for land has been attended to by the government," said Ms Vanessa Matthews, spokesperson for the Hout Bay Housing Crisis Project.

There was still reason to "continue the struggle for affordable houses for all", said Matthews.

Hazard

She said the area where the squatters were being resettled was not properly serviced and inadequate for housing an estimated 2 000 people.

"Four to five families will have to share a single toilet and 20 families will share a tap," she said.

"Soon, this will constitute a health hazard," said Matthews.

Residents also complained that the plots accorded to each family were too small.

"This will create a possibility of a fire harzard," said Matthews.

A public meeting is being planned at which the dissatisfaction of squatters will be voiced.

Matthews said their grievances would be forwarded to the government.

"People are moving to this place to gain relief from the rightwing harassment they have been subjected to on the privately-owned land," said Mr Nkosinathi Majola, a resident.

Community leaders said an appropriate name would be given to the place after people have settled down.

"We are very likely to honour our comrades who died in the mysterious fire at Sea Products," said Matthews.

Most residents blamed the landowners for the fire that caused the death of four people on Christmas Day last year.

A spokesperson for the Regional Services Council representative, Mr Sam De Beer, said more land was to be made available to squatter communities at a later stage.

Ebrahim tells of torture

South 28/2 - 6/3/91

● From Page One

were we able to walk into the Pretoria offices of the security police without being hampered?" he asked.

"On the way to Pretoria, they were already attempting to interrogate me, asking the kinds of questions only the security police would know.

"The first question they asked was how I felt about being arrested on Freedom Day (December 16). Then they asked me where I had planted the bombs."

The abductors led him across the border to South Africa against his will and told him to wait for people who were coming from Johannesburg to fetch him.

Later two cars arrived with several white men armed with rifles. One put leg irons on Ebrahim's legs, his hands were untied and he was handcuffed. He was compelled to get into one of the cars.

He was taken to the Pretoria offices of the security police where he was informed that he was being detained under Section 29 of the Internal Security Act.

"I was later taken to John Vorster Square in Johannesburg where I was interrogated and tortured," Ebrahim said.

"I refused to tell my interrogators anything except my name and they then tried to break me by subjecting me to some kind of sensory deprivation.

"I was locked in a small cell, with very little air coming in and sharp, loud noises going off constantly every few minutes.

"It was beginning to affect my mind, I couldn't sleep, I couldn't eat, I couldn't sit, my nerves were being affected.

"I thought I wouldn't survive — that my mind would crack."

Ebrahim suffered the torture for three days, until he was visited by an inspector of detainees and complained.

The torture stopped for three days, then started again, until his doctor complained. He was then transferred from John Vorster Square.

"The security police tried to interrogate me again, but I wouldn't answer their questions," he said.

"I complained continuously that I had been illegally abducted and could not be interrogated.

"After that, I didn't see the security police again until I was charged. In the meantime, my lawyers had brought a court application for my release and the security police must have suspected it would rule in my favour because they stopped questioning me."

Ebrahim said he did not believe the security police had enough information about his activities to charge him.

His name was added to a charge sheet of two other ANC members on trial for treason — Simon Dladla and Mandla Maseko.

"I thought at one stage the security police would kill me — they were very vindictive," he said.

"They thought they had a very senior ANC official in their custody and were disappointed that they couldn't get any information out of me.

"In the end they really tried to kill me. The prosecutor asked for the death sentence at the end of the trial."

Ebrahim said the police had no evidence against him. Everything that was said in court by the witnesses was fabricated.

Ebrahim, Maseko and Dladla refused to give evidence in the 16-month trial which began in Bethal after Mr Justice H Daniels in the local circuit court in Piet Retief on August 6 1987, had dismissed an application of objection to the court's jurisdiction, and ended in the Pretoria Supreme Court with his sentence in January 1989.

This was Ebrahim's second spell on Robben Island.

In 1979 he was released after serving 15 years on the Island and was banned and restricted.

He had been a member of the Natal regional command of Umkhonto we Sizwe when he was convicted in 1964.

After remaining in Durban for 18 months, he left the country and joined the ANC's political department.

He was sent to Swaziland as head of the ANC's political section and chairperson of the regional political military committee.



GOING HOME: Ebrahim Ismail Ebrahim arrives at Cape Town harbour from Robben Island this week PIC: YUNUS MOHAMED

Fish factory cuts quota — and workforce

South 28/2 - 6/3/91

EIGHTY-THREE workers have been retrenched at a Lamberts Bay canning factory.

The workers were cut after the factory's anchovy quota was reduced by 50 000 tons.

The workers were retrenched despite assurances by the management last week that no worker would be laid off, said West Coast Food and Allied Workers' Union (Fawu) spokesperson, Mr Gert Koenana.

He said other fishing towns on the West Coast had also been affected.

In Elandsbaai, about 400 workers from three factories in the area are on short time. (3) fishm (4)

In St Helena Bay, eight workers are on short time, Koenana said

The companies involved could not be reached for comment.

Bo-Kaap anger sale o council

RESIDENTS in C Kaap area have plans of the Cape cil to sell land in opers.

Residents at a this week warned come like District S only to "yuppies".

An executive Action Group, (B Goede, said the of the nature reserve vate developers to providing houses.

De Goede said neged on promises:

- To provide 56 R1 000 each to ants, on condition to council standards
- That 62 new erected in Schotshe ther subsidised by cost exceed R30
- That sites with be sold to present or R5 000.

South

De Goede said started moving and

"Three years ago houses was R51 to between R115 on all properties. can afford the high these amounts," De

Bokag recently met which is expected community's de

A spokesperson Ted Doman, said erected was much envisaged.

Doman said that even gone bankrupt. building were so ment only subsidsed the council was set money.

Deputy City Van der Merwe, that the council was promises were

He said money was able to build the area.

"It is like being the rich to give to Merwe said.

He said selling land opers was the only for Bo-Kaap no money.

Only 7 townships electrified

CM-Tue-'91
20/3/91
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Political Staff

ONLY seven of the 271 black townships outside the homelands are fully supplied with electricity.

Many of the other townships had not been supplied with any electricity or a small percentage of the houses had electricity.

This was disclosed yesterday by the Minister of Planning, Provincial Affairs and Housing, Mr Hernus Kriel, in reply to a question by Mr Peter Soal, DP Johannesburg North.

Mr Soal said it was an appalling situation that there were millions of South Africans without electricity.

"Various studies have shown that it is not only more expensive to use other forms of energy, such as paraffin, wood and coal, but this can also be environmentally detrimental, as well as a health hazard, and it can be dangerous, especially in regard to burns on children and potential damage to property," he said.

"Eskom has stated that it has the capacity to provide electricity to all South Africa's townships but it cannot do this because of the shortage of capital.

"Surely the time has come for the government to take the bull by the horns.

"A special fund and strategy to electrify all South African homes within five years should be launched as a matter of urgency."

According to Mr Kriel's reply the seven townships with housing units which had been electrified were all in the Cape.

They were: Nyanga, Philippi, Lwandle, Khayamandi, Zweletemba, KwaMagxaki and KwaDwesi.

Mr Kriel said 56% of the housing units in Khayeltisha, 48% of those in Crossroads, 69% of those in New Crossroads and 36% of those in Guguletu still had to be supplied with electricity.

He also mentioned that 38% of the housing units on the West Rand and 48% of those on the East Rand still had to be electrified.

Time loses out on black housing

Finance Staff Star 20/3/91

Adverse conditions in the black housing market continue to depress earnings at Time Holdings.

Attributable income plunged by 70 percent to R2,6 million (R8,7 million) although turnover was up by 16 percent to R265 million (R228 million).

The dividend has been reduced from 10c to 5c a share but shareholders have been offered a bonus of 10 shares per 100 held.

Commenting on the problems in the black housing market Time Holdings financial director Neil Carter said firm action was taken to address the problems.

This action included a restructure as well as extensive branch closures and staff reduction in the second half. The branch closure led to a one-off R5,6 million loss.

"Lack of bond finance, high interest rates and unrest in black areas led to a year-end loss of R4,8 million after the half-year's R3 million loss," Mr Carter said.

SOWETAN
Building the Nation

R600-m fillip for housing

Sowetan 21/3/91 339

By KENOSI MODISANE

THE proposed R600 million housing subsidy scheme announced by the Independent Development Trust will help to address the low-income housing crisis if it is applied to State-owned land.

This is the opinion of Mrs Vino Nankan, managing director of Ven-Rich Housing Corporation.

The IDT's scheme offers the prospect of grants or subsidies of R6 000 for a homeowner.

It is generally anticipated that it will enable homeowners to obtain titles for stands on State-owned land and could well make provision for services such as sanitation, water and electricity.

The balance would be used for building homes on the stands.

But Nankan maintains the scheme will have to be "clearified".

A start

"This scheme wouldn't have direct influence on companies like ours because it appears to make provision for stand-owners to build their own homes and our business is house construction.

"But it could start the ball rolling in the right direction by mobilising the Government to provide more State-owned, serviced land for low-income housing developments.

"If more State-owned land were available for development, home-owners could be saving as much as R9 000 on 200 square-metre stands and a great many more people could be qualifying for loans between R12 500 and R35 000 made available under the Urban Foundation's Loan Guarantee Initiative announced last year."

90 000 families will benefit in housing move

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Sowetan 2/13/91

THE sum proposed for Housing in the printed estimates was R1 087 billion as against R1 208 billion in the previous financial year, Minister Barend Du Plessis said yesterday.

SA Press Association

This took into account the interest earnings and capital return flows accruing to the various housing funds, Du Plessis said.

It was proposed that an additional sum of R90 million be voted the Department of Planning, Provincial Affairs and National Housing "in the light of more rapid urbanisation and the necessity of providing both new and existing urban communities with land and basic infrastructure".

Lend

The unspent portion of the R250 million set apart for this purpose in 1990/91 out of the proceeds of privatisation, namely R119 million, would be spent in 1991/92 on purchases of land and infrastructure for black urbanisation and would be accounted for in the 1991/92 Additional Appropriation.

"It is also proposed that in the Additional Appropriation a further amount of R60 million be made available as a conditional ad hoc appropriation for housing for the House of Representatives."

Du Plessis said the sums allocated for Housing were not comparable as a measure of the progress being made with low-cost housing, since there were several outside bodies also actively involved in the financing of housing.

The Government welcomed the initiatives of the Independent Development Trust, which had announced that R750 million was being made available for housing finance over a two-year period to give needy South African access to property rights.

"Taken in conjunction with the existing and new schemes of various housing authorities, this should give about 90 000 families access to low-cost housing or serviced sites in the 1991/92 financial year."

The activities of the South African Housing Trust, the Urban Foundation and various other independent private initiatives would take achievements even further.

The Independent Development Trust was beginning to make a key contribution to the broad development process in South Africa, especially to less-advantaged regions and communities and groups.

Violent

"The Trust's achievement is all the more laudable given the strained and often violent atmosphere in which it must pursue its task."

There was no intention that the Trust should assume the State's duties vis-a-vis the poor in their desperate need in fields such as housing.

On the contrary, urgent attention is now being given to means South Africa and Swaziland were represented, had already recommended to those governments that the application be accepted and draft agreements were "in course of preparation".

Upliftment slice largely hailed

By Helen Grange
and Winnie Graham

A mixed response has met the Government's Budget for social upliftment, with some housing economists suspicious of how the money will be used to address the critical housing shortage.

Social upliftment has been a major focus of this year's Budget, with particular attention being paid to housing in the light of rapid urbanisation. Some R1 billion has been set aside for this purpose.

Jan Steyn, chairman of the Independent Development Trust (IDT), has welcomed the Budget's focus on poverty.

"Obviously we are encouraged by the reorientation taking place in the areas where funding is being allocated by the State.

"The war on poverty has to be fought by everyone in this country if we are to create a just and peaceful society," he said.

He added that the R1 billion for housing would complement the IDT's own R750 million initiative in this area.

The Urban Foundation abstained from commenting on the Budget until today in order for directors to study it more completely.

Dr Azar Jammine, director and chief economist of the Econometrix think-tank, said an analysis of the spending "inside the Budget" revealed that the Government would not spend "one iota" more on social upliftment this year.

"The figures show that 36,6 percent of the Budget has been set aside for social upliftment — exactly the same as last year."

Most of the money earmarked for social spending, he said, would probably go on health and welfare services, teachers' and nurses' salaries, and administrative and bureaucratic costs.

It was sad, however, that the Government had to increase spending on policing when what the country needed was more housing, Dr Jammine said.

Very little was happening on the housing front, largely because of the bottleneck in the supply of materials, the reluctance of builders to work in the black areas and the lack of training for home-owners who wanted to build themselves.

He said the Government could do little about the unemployment problem while people were killing each other.

The spending on social upliftment, however, could go a long way towards stabilising South Africa which, in turn, would lead to revitalisation of the economy.

"The individual will pay more tax than last year," he added. "In part he is being taxed to pay for social upliftment."

Actstop, an organisation representing tenants in low-income urban housing, welcomed the large amount put aside for housing but expressed reservations.

"It's good news, but we would like to see how it is going to be implemented. If it is anything like the White Paper on Land, it will be dubious."

Aida Holdings chairman Aida Geffen said that without the infrastructure, the Government's contributions to housing would be wasted.

"The problem is that, as in the past, the money does not go to private enterprise to be used and distributed where it is needed most.

"Huge amounts are whittled away by housing foundations and trusts because the infrastructure for housing is inadequate and money is spent on houses for middle-income earners rather than for people in the sub-economic group.

"The Government just creates these papers and hopes its proposals will work."

Outlay on buying land for homelands is slashed 76%

Political Staff

CAPE TOWN — Government spending on the purchase of land for the homelands is to be slashed by 76% from R53,5m to R12,7m during the 1991/92 financial year.

But expenditure on the 10 homelands is to increase by 24,7% to R9 811,5m.

No provision has been made for the purchase of properties in the four independent homelands, an item which cost R15m last year. B|Dam 21|3|91

The cuts in expenditure come in the wake of government's White Paper on land reform, in which it said the law under which land was to be purchased for the homelands, the 1936 Development Trust and Land Act, was to be scrapped.

Enormous sums of money have been spent over the years for the purchase of land to consolidate the homelands.

This item will now disappear from the Budget, and the R12,7m in the 1991/92 financial year is likely to cover commitments which government has already made for the purchase of property.

The Estimates of Expenditure, which was tabled in Parliament last year, make provision under the Foreign Affairs vote for budgetary aid to the independent homelands of Transkei, Bophuthatswana, Venda and Ciskei to go from R2 644,9m to R3 551,9m.

A further R86m has been set aside for the industrial incentive schemes in the TBVC states and R13,6m for "ad hoc grants", for which R6,1m was budgeted last year.

However, no details were provided of how much would be transferred to each of the TBVC states.

Under the Development Aid vote, R6 160m has been provided for the six non-independent homelands, compared with the R5 129,9m budgeted last year.

KwaZulu is to get R2 736,7m, Lebowa R1 578,2m, Gazankulu R773,9m, Ka-Ngwane R413,2m, KwaNdebele R333,7m, and QwaQwa R313,1m.

Health spending goes up by nearly 9%

Political Staff

CAPE TOWN — Government spending on health services would increase by 8,9% to R8 175bn in 1991/92, with greater emphasis placed on primary health care, said Finance Minister Barend du Plessis.

But despite the change in emphasis on health spending, only 5% of the health budget would go to primary health care, Du Plessis said. B|Dam 21|3|91

"Experience has shown that the health status of a community is influenced to a significant degree by expenditure outside the strict health field, for example in the supply of water for domestic use, sewerage, housing and balanced nutrition.

"Various measures for which funds are being supplied in this Budget ... therefore indirectly support the function of primary health care," he said.

Du Plessis said the private sector continued to devote itself to more specialised curative services "for that portion of the population that can bear economic tariffs".

He said what the private sector spent on health services already represented about 45% of the total.

Spending on housing 'must be accelerated'

Political Staff

CAPE TOWN — Beefed up housing schemes should allow an additional 90 000 families to acquire housing or a serviced stand in the new financial year, says the Budget review.

However, the actual amount provided for housing in the Budget dropped from the R1,208bn in the 1990/91 financial year to R1,087bn in the coming financial year.

An additional appropriation of R60m for housing expenditure is also proposed for the House of Representatives.

The review points out, though, that these amounts are not strictly comparable for purposes of evaluating the progress of low-cost housing, inasmuch as certain off-budget loci have come into existence that provide various forms of financing in this field.

The review takes note of the serious housing shortage and says it could get worse. B|Dam 21|3|91

It said it was estimated that more than 1,6-million people could be regarded as squatters, as defined at present, while another 1,7-million lived in backyards.

The review says state spending on housing must accelerate and adds that a "leverage mechanism" must be devised in respect of private sector funds to deal with backlogs.

It noted that the Independent Development Trust had recently announced that R375m would be made available in each of the following two years for housing.

In addition, it was proposed that the R119m remaining from the R250m allocated in 1990/91 for the purchase of land for black urbanisation, be voted in the additional appropriation for 1991/92. This was to have been funded out of the proceeds of privatisation.

It was further proposed that a supplementary R90m be voted for the Department of Planning, Provincial Affairs and National Housing to supply basic infrastructure.

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om the surplus of the previous financial year meet its financing requirement.

AX PROPOSALS:

VAT will be introduced at 12% on September).

Company tax: The nominal company tax ıte will be reduced from 50% to 48% in the rst step towards the goal of a 40% tax rate. owever, the removal of tax concessions will sult in a higher effective tax.

Personal tax: The maximum marginal tax ıte for married men will be cut from 44% to 3% and the primary rebate will be reduced om R2 100 to R2 000.

The maximum marginal tax rate for married women remains unchanged at 38%, while ıe primary rebate will increase from R700 to 800. Married women over the age of 65 will ecome eligible for the additional rebate of 2 100. Separate taxation will be fully phased this year with the separate taxation of investment income.

Life assurance industry: The tax rate will be educed to 43%, the same level as the maximum marginal rate for individuals.

Mining industry: The lower tax formula for old mines recommended last year will be ully implemented this year and step three of ıe phasing out of the surcharge on non-gold ıines will proceed.

Marketable Securities Tax and Stamp Duty: MST will be reduced from 1,5% to 1% of the purchase price of a security, while stamp duty on the transfer of unquoted marketable securities will be reduced from 15c to 10c. Both will be phased out over three years.

IMPORT SURCHARGE:

- ☐ Capital goods will be cut by half to 5%.
- ☐ Intermediate goods will be reduced from 7,5% to 5%.
- ☐ Less essential consumer goods will be maintained at 40%.
- ☐ White goods will be maintained at 15%.

CUSTOMS AND EXCISE:

- ☐ Beer will increase by 3c a bottle of 340ml or "dumpy".
- ☐ Spirits will increase by about 1,5c a tot, or 37,7c a 750ml bottle.
- ☐ Cigarettes will increase by 3c for 10 cigarettes.
- ☐ Cigarette tobacco will increase by 3c per 50g.
- ☐ Pipe tobacco and cigars will increase by 25c per kg.
- ☐ Fortified wine and sparkling wine will increase by 1,8c per 750ml bottle.

LAST YEAR'S SURPLUS: R1bn has been allocated to government pension funds, R450m to the Export Credit Reinsurance Fund, R350m to the Maize and Grain Sorghum Boards and the remaining R206m to the 1991/92 fiscal year.

LESLEY LAMBERT

Andrew hits out at govt over housing budget

A1@am 22/3/91

339

CAPE TOWN — Government passed up the opportunity of creating thousands of jobs and building stability by not placing greater emphasis on housing and allocating it more money, DP Finance spokesman Ken Andrew said.

He said yesterday the Budget fell far short of what was required to manage successfully the transition to an equitable and stable SA.

The amount provided for housing in the Budget dropped from the R1,208bn in the 1990/91 financial year to R1,087 in the coming year.

An Independent Development Trust housing spokesman was incredulous that the amount allocated for housing did not come up to expectations.

BILLY PADDOCK

He said it was cheating to conflate this year's Budget with unspent allocations from previous years.

Andrew said: "We needed a Budget for a new SA and for all 35-million people. This Budget just does not get there."

He said Du Plessis' analysis of the problem was correct but the allocations did not match it.

He said Du Plessis, through the housing issue, would have been in a good position to give teeth to President FW de Klerk's reform initiatives by creating thousands of jobs and thereby sustaining growth.

It would also have gone a long way towards addressing poverty.

He said the private sector would have been involved in construction and in financing.

He said the building industry was already operating under capacity and this would have injected growth in that sector as well.

"But instead the allocation by the state for housing is down on last year's Budget and it is more a holding operation than a plan to move forward," he said.

And yesterday the Labour Party decided it would be putting forward proposals during the committee stage of the Land Reform Bills that persons who had rented their houses for more than 15 years be given them and the transfer costs borne by the state.

Urbanisation - the 1970s, 1980s and early 1990s

New Nation (Learn Nation) 22/3 - 26/3/91 (337) (339)

This is the last article in our series on health in the city which was adapted from Critical Health. This article gives us an update on urbanisation since the 1970s - if you remember, the second one only described what had happened up until the mid-seventies. If you are interested in the housing question, which is related to urbanisation and health under capitalism you might like to read the articles on our Current Issues page. It might be useful to take these pages to your civic meetings to use in your discussions on housing and the rent boycott.

Since the 1970s, the South African government has been faced with growing economic and political problems. We have suggested that the National Party tried to respond to this crisis by restructuring apartheid. Its aims were to suppress political opposition and to improve the state of the economy.

The capitalist class needed a more skilled urban workforce and the state was forced to accept that a permanent urban African population was unavoidable. It still insisted, though, that different race groups would be confined to segregated residential areas.

The townships were managed by Administration Boards, but, in the late 1970s, Community Councils were introduced. In the early 1980s, these were replaced by the Black Local Authorities which eventually took over all the functions of the Administration Boards. The government was responding to political resistance by attempting to replace unelected white administrators with elected local authorities. The working class, however, boycotted elections for both the councils and the local authorities and these structures failed to win political legitimacy.

Rent Boycotts

The government was also searching for a solution to the financial crisis of the Administration Boards. The townships were expected to be financially self-sufficient and the councils and local authorities were made responsible for the task of raising income. The monthly charge to residents for house rents and services was the only major source of income available to them. White municipalities, however, are able to get large proportions of their income through rates imposed on the commercial companies and industries that fall within their boundaries.

In the late 1970s and the 1980s, service charges increased well above the rate of inflation. Residents refused to pay the monthly charges. A rent boycott was started in the Vaal in 1984 and spread to numerous other townships nation-wide. Councillors were forced to resign and, by 1986, Black Local Authorities had collapsed in large parts of the country. The state responded by trying to smash the working class and its structures. It did eventually manage to revive most of the local authorities by smashing the class after the militant 84 - 86 period. It was clear, however, that these structures were unworkable for both financial and political reasons.

The Group Areas Act of 1950 enforced the development of separate residential areas for "coloureds" and Indians and allowed for the creation of "coloured" and Indian local government structures. Most of these structures exist today as advisory bodies to white municipalities and have no real power. They do have the option to apply to become independent from white municipalities. One of the reasons why these bodies have not applied for this autonomous status is that they would then have to be financially self- sufficient. Once again, income would have to be obtained almost entirely from residents.

The Regional Services Councils (RSCs) represent an attempt to overcome the obvious financial weaknesses of racially separate local government structures. They raise income through charges or levies on employers and use this income for development in all areas within their region. The RSCs allow for some redistribution of resources to poorer communities but they also allow for the continued existence of racially segregated local authorities within their regions. They are therefore additional costly structures that are responsible for tasks that could be undertaken by non-racial local authorities.

The form of control of the rate of urbanisation has also changed since the 1970s. The control of urbanisation on a racist basis attracted widespread internal and international criticism. In 1986, the government abolished influx control and replaced the pass document with a uniform identity document for all racial groups. It introduced a new form of control which discriminates against people who do not have access to housing. The Prevention of Illegal Squatting Amendment Act came into effect in 1988 and this change to the law makes it easier for the state to remove those millions of South Africans in the urban areas who do not live in formal housing.

The Housing Shortage

In the 1980s, however, the state has effectively handed over the task of providing housing to the private sector. Africans were granted the right to own houses and the state is now selling off its present housing stock to people in the townships. This means that the state has fewer houses to rent to residents. The very few houses that are being built by the private sector are being sold at prices which the working class cannot afford. It has been estimated that less than 11% of urban Africans have enough money to buy the few houses built by the private sector. As a result, there is a growing shortage of houses in South Africa.

In recent years, government authorities have responded to squatters in a number of different ways. In some cases, shacks have been demolished and communities have been removed. There are also many squatter communities that have been allowed to grow. A number of local authorities have, for example, provided basic services to squatters and demanded high monthly payments.

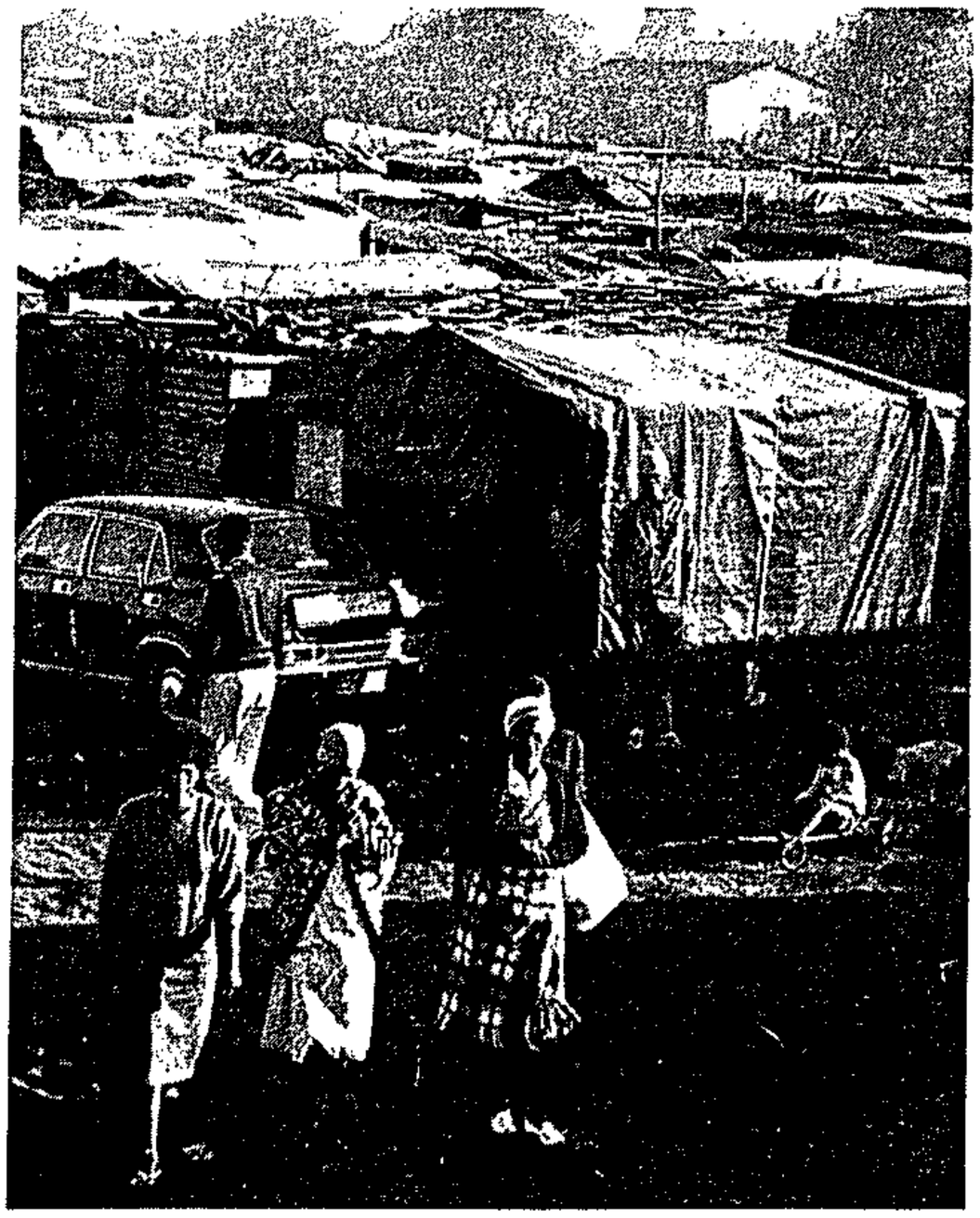
Large numbers of people are leaving the rural areas and moving to the urban areas in a desperate search for employment and, in the absence of influx control, the number and size of squatter communities is growing rapidly. The severe shortage of houses in the urban areas has forced many urban residents to move into shacks in the yards behind township houses. The number of new backyard shacks is also increasing very quickly. There are 5 million or more squatters in South Africa today. The government estimated that the housing shortage was 800 000 in 1988 and a government minister said that 11 million people will be in need of housing over the next ten years. Do you perhaps know what figures the Civic Association for Southern Transvaal (CAST) gives for the number of people needing houses?

The Impact of Urbanisation on Health

Urbanisation in South Africa has had serious consequences for the health of the majority of the population in both urban and rural areas. Workers were exposed on the mines to a variety of infectious and occupational diseases and the migrant labour system allowed for the spread of infectious diseases into rural areas. The combined effects of land dispossession and increasingly strict enforcement of influx control led to overcrowding in economically unviable bantustans. This has resulted in widespread malnutrition and lowered capacities to recover from infectious diseases.

In the racially segregated cities, a far higher proportion of African infants die before they reach one year than white infants. The lack of provision of housing in the urban areas is leading to further overcrowding in the townships as well the formation of a large urban squatter population. The method of financing of the Black Local Authorities, together with increasing levels of unemployment, has resulted in enormous financial pressure being placed on township residents. The cutting off of water and electricity to certain townships in the last year has led to health risks, particularly from infectious diseases. Urban squatter communities are faced with insecurity as well as financial pressure.

These current trends in urbanisation, when seen in conjunction with the deteriorating and increasingly expensive state health service, can only be expected to have a negative impact on health in the urban areas.



City Press

PROPERTY



Fewer blacks want bonds

C/Press 24/3/91

339

Special Correspondent

ONLY about 900 black people have used the Urban Foundation's loan guarantee scheme since its inception on July 1 last year.

This low figure again focuses attention on problems in the black homes market, which has been experiencing difficult times since the second half of last year.

Urban foundation general manager Franz Pretorius said although the reaction was disappointing, it was understandable because the present climate for loans was not favourable.

Developers accuse financial institutions of being wary of making loans available in specific black areas.

Some of the largest financial institutions confirm they allocate fewer loans for black housing than for white housing. However, some of them deny they are hesitant to allocate housing bonds to blacks.

They say the demand for houses has declined, because developers are no longer prepared to build in black residential areas.

National Association of Home Builders executive director Johan Grotsius says in the prevailing circumstances financial institutions are hesitant to make housing loans available in black areas. "Money is available, but financial institutions select applicants very strictly, for understandable reasons."

United Building Society managing director Mike de Blanche admits that his institution is hesitant to make loans available to blacks. However, he emphasises that this must be seen against the background of the "threatening sword of boycott actions".

"This increases the risk and causes financial institutions to be unwilling to make loans available."

He said everything possible should be done to prevent black housing becoming politicised, or it could go the same way as black education. "I have the impression that people in certain ranks have shifted their political targets to housing," he said.

The problem of black housing is being complicated because a large number of blacks do not know what the responsibilities of home-ownership entail. He believes people should first attend a course in home-ownership before they become home owners.

Home loan applications: precautions and rules to keep in mind

A HOME loan is a contract between you and the building society and is known as a mortgage bond.

The contract states that the building society agrees to lend you money to build or buy your own home.

You will be paying interest on the loan at the current interest rate.

Interest rates are subject to change from time to time due to market conditions.

Your monthly payment will be affected by these changes, so it would be wise to take this into consideration when applying for your bond.

The same conditions for the buying of a property on freehold (ownership) exist for the acquiring of a property on leasehold.

You in turn agree to repay your loan, usually over a period of 20 years, by making regular monthly repayments.

Although the first few years of your repayment will go towards clearing the interest accumulated each month, you will after two or three years start clearing your capital.

Your home will act as security for the repayment of your loan, should you default.

A mortgage loan may not only be obtained for the purchasing or building of a home, but also for the improvement or extension of your existing home.

If you are buying a property you and the seller will have to sign certain legal documents for the purchase of the property.

It is suggested that the contract for the purchase includes a clause which protects you from not being bound if, for some reason, your loan application is not approved.

When signing the documents for the purchase of a property the procedure would take from four to 12 weeks up to the time that the property is transferred into your name. Until transfer is taken, do not pay anything except a small deposit – between five and 10 percent of the purchase price.

Ensure that any money paid prior to the final registration is paid into an attorney's or estate agent's trust fund so that funds can be recovered more easily should the contract be cancelled.

You should specify in the agreement that all the interest is payable to the purchaser.

It is wise to allow the transfer date to precede the date of occupation.

Should the deal fall through, your problems will be multiplied if you have already taken occupation.

If, in your "Offer to Purchase", you have agreed to take occupation of the property before the transfer procedure is complete, you will have to pay occupational interest to the seller until the transfer is through.

This monthly payment will be stipulated in the document. After completion of the "Offer to Purchase" document by both the seller and the purchaser you will be required to complete a loan application form at the building society where you apply for the mortgage bond.

The building society will carry out an inspection to ensure that it can reasonably lend on the value of the property and that the house is in good order.

The building society will evaluate your application with a view to your ability to repay the loan based on the prevailing homeloan interest rate and your gross monthly income.

Your monthly instalment should not exceed 25 percent of your gross monthly income.

The maximum loan that can be given against the security of the property is 80 percent of the valuation of the property.

In certain circumstances a 90 percent loan can be considered by the branch manager at the branch where you make your application.

Homeless reject Govt White Paper

Staff Reporter Star 25/3/91

The urban homeless should organise direct mass action to register their opposition to any attempts by the Government to implement its land reform strategy.

This was one of the resolutions at a conference on homelessness in southern Africa, convened by the Catholic Church and held at Broederstroom last week.

The conference, attended by about 150 delegates, flatly rejected the Government's recent White Paper on land, declaring "it does nothing to address the needs" of the landless and homeless.

During the discussion, delegates expressed a complete sense of alienation from the official process. "It is *their* White Paper. It has nothing to do with us. We will go on with our struggle for housing", was a sentiment expressed more than once.

Delegates agreed that they should become familiar with the proposed laws on land and housing because they believed "the State intends to proceed with the recommendations of this paper (and) we should take up mass actions to show our disapproval".

Resolutions taken by the conference emphasised the need for unity in countering evictions and violence. They also examined ways of improving health, education and welfare services in areas where people were inadequately housed.

There was also a new assertiveness on land as a basic right.

"The Government and private institutions must be pressurised to provide the poor with subsidies to buy land. Where necessary the land must be occupied. All classes must be educated about the fact that land is a basic right which is being denied to millions of people," the meeting resolved.

many "non-urban" areas as semi-ur- tical Service (USS) figures show. 1988 to 101 000 in 1990.

Theologians seek equality in housing

$ 10 Dly 25/3/91

DARIUS SANAI

LEADING SA theologians and academics have appealed for the state, the private sector and individuals to join forces in redressing the inequalities of the housing system.

In a 120-page booklet titled Homes for All, Christian Research, Education and Information for Democracy (Creid) analyses the problems in the SA housing situation and reviews possible courses of action.

It says less than a third of South Africans have access to housing, leaving more than 22-million people — mostly blacks — living in shacks, hostels or squatter camps.

The Urban Foundation has estimated that 2,8-million houses will be needed to accommodate the increase in population by the year 2000.

The report says that in 1981 there were almost 1,3-million houses available for white people and only 486 000 for blacks, despite there being more than five times as many blacks as whites.

The repeal of the Group Areas Act will not redress the balance by itself, it says. The average new house for whites is worth at least three times more than that for blacks, making it almost impossible to integrate the black and white middle classes.

"Many white South Africans are seeing black people as the new middle class. But the size and cost of the houses being built shows just how little even the relatively wealthy among black and coloured people can afford," it says.

It advocates a non-interventionist line by government, suggesting options like a tax on vacant land to prevent speculation.

Planning

A tax on multiple ownership is also seen as a possible remedy.

Businesses are urged to play a positive role in addressing the problems. The usefulness of provident and pension funds to provide housing is debated, as is a mediatory role by property developers.

It says planning, public participation in policy decisions by all groups, the creation of merged municipalities from the current segregated ones and further devolution of power to local authorities are priorities for the long-term improvement of the housing situation.

The group's members include professors in law, philosophy and biblical studies from the universities of Stellenbosch and the Western Cape and Unisa, and representatives from the Nederduitse Gereformeerde Kerk and the Methodist Church.

STORES LIMITED

Reg. No. 68/06034/06

YEAR ENDED 28 FEBRUARY 1991

Year ended 28.2.91 (unaudited)	Year ended 28.2.90 (audited)	Growth %
5 189,2	4 380,9	18,4
133,4	117,1	
6,4	14,2	
139,8	131,3	6,5
53,0	48,0	
86,8	83,3	
,2	,5	
86,6	82,8	4,5
—	4,2	

Basic home out of reach of majority

Star 26/3/91 (339)

By Abel Mabelane
East Rand Bureau

The Urban Foundation estimates that at present only 43 percent of urban black families can afford the most modest formal house, and the situation is unlikely to improve in the forseeable future.

This was said by an Urban Foundation delegate, who asked not to be named, at a seminar on informal housing held in Germiston on Friday.

"Informal housing already is the dominant form of shelter provision and this dominance is likely to increase in the next decade.

Neglect

"International experience has shown that if informal housing processes are actively promoted and incorporated into an overall national housing strategy, liveable environments can be created.

"Neglect or official antagonism on the other hand often produces chaotic encampments, land invasions and health problems."

She added that the two recognised forms of informal housing delivery were in-situ and site and service schemes.

The delegate said the in-situ upgrading refers to a process of upgrading already existing shack settlements to achieve minimum levels of health and safety.

Dealing with health and safety usually implies attention to water, sanitation, drainage, access for emergency vehicles and fire hazards.

The delegate said as with in-situ upgrading, site and service schemes needed managed consolidation processes to move them forward from slums of hope to very liveable environments.

"But unless local people become the driving force, upgrading programmes are unlikely to be successful."

Professor W van Delft of the University of South Africa (Unisa), said informal housing referred to a settlement pattern in a designated area in which the occupier constructs a dwelling built to his own choice.

She said these dwellings and designated areas would be upgraded in accordance with the community's resources.

Changing the face of South Africa

Sowetan 27/3/91

339

More than 60 towns, cities within decade

IMAGINE South Africa with another 68 towns and cities - some the size of Bronkhorstspruit, some no bigger than Naboomspruit and a good few as large as Randfontein, Roodepoort or Rustenburg.

That's the prediction 10 years hence. In another 20 or 30, there could be several more cities, possibly the size of Johannesburg, Durban and Cape Town.

Work has already started on these so-called "projects" which, in time, will change the face of South Africa - and which will house tens of thousands of newly urbanised people.

One of the organisations involved in South Africa's new look is the SA Housing Trust, a body created three or four years ago to "facilitate the provision of affordable shelter for the lower income communities."

Trust

The trust started building houses almost immediately but soon realised man needed more than a roof over his head.

If SAHT was to build, it could not simply construct "straight rows of houses". It had also to create shopping centres, schools, industrial parks, bus stations, clinics and recreation facilities.

It had to ensure parks were started and trees planted.

SAHT, in other words, had to create a balanced community environment where people would be happy to live and raise their families.

The level of services provided to a community is yet another very important factor.

Mike Fowlds, corporate marketing manager of the SAHT, said it was "short-sighted and false economy" to provide people with sites without water, sewerage and electricity.

The old concept of one tap for every 10 houses was simply no longer acceptable.

"Human dignity requires certain basics," he said.

"Homeowners must be able to derive an element of dignity from their houses and environment."

Granny

Building balanced community developments has provided the people at SAHT with a new insight into what is required. Because houses had to be "affordable", (R20 000 for house and stand) dormitory housing was previously provided.

"We very quickly saw the dehumanising effect this would have on any community," Fowlds added. "We started speaking to people and learned what they wanted in terms of a home and environment. A granny told us the kitchen area of our houses was too small. She needed space because she minded several children while their mothers were at work.

"Another wanted bigger bedrooms."

The SAHT now offers its customers a choice of house at all its projects.

It created its own bond financing subsidiary and network of agents, and has initiated an education programme for "the little guy" who has had no experience of paying bonds, rates, electricity and water.

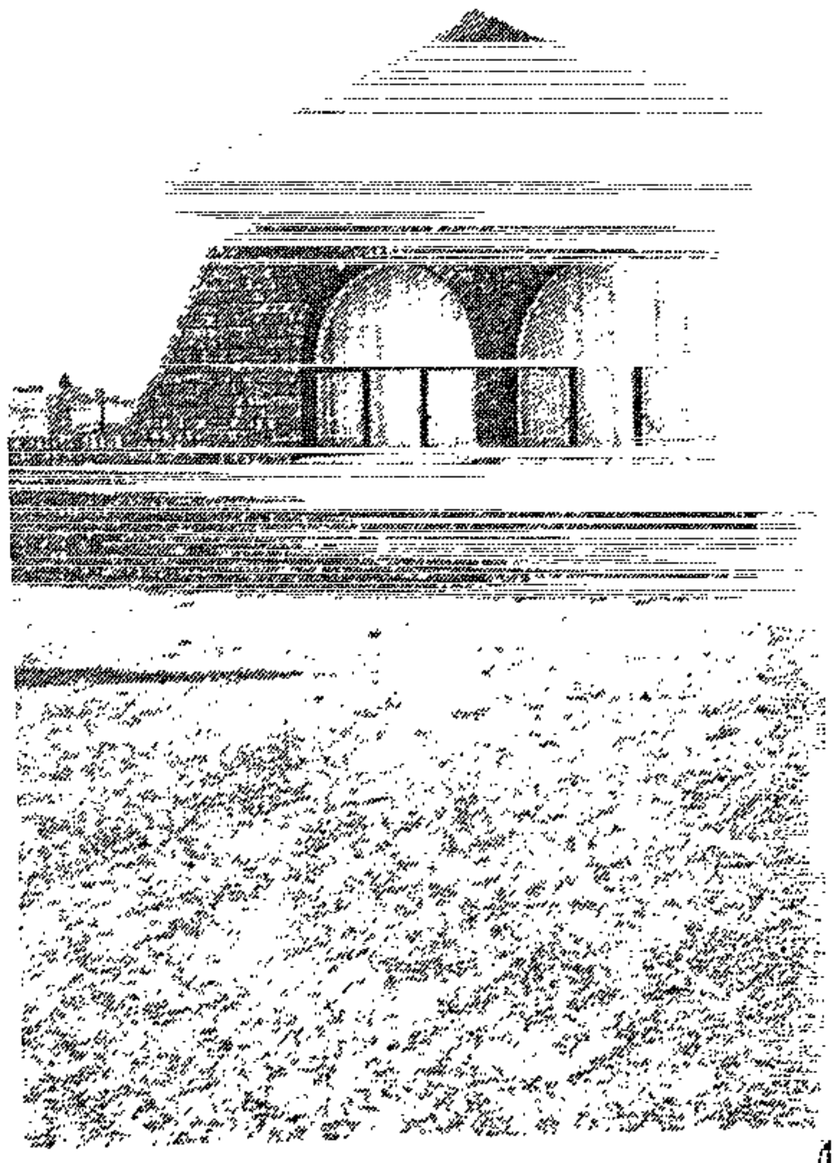
Since its inception, the trust has approved projects which will make 62 600 houses and 54 800 stands available.

Fowlds said that with the housing backlog at 1,8m, 320 000 houses a year had to be built by the year 2000.

Although the SAHT provided 40 percent of the affordable houses last year, it was not entirely satisfied with what it had accomplished.

"We need to push ahead at an even greater rate," he added.

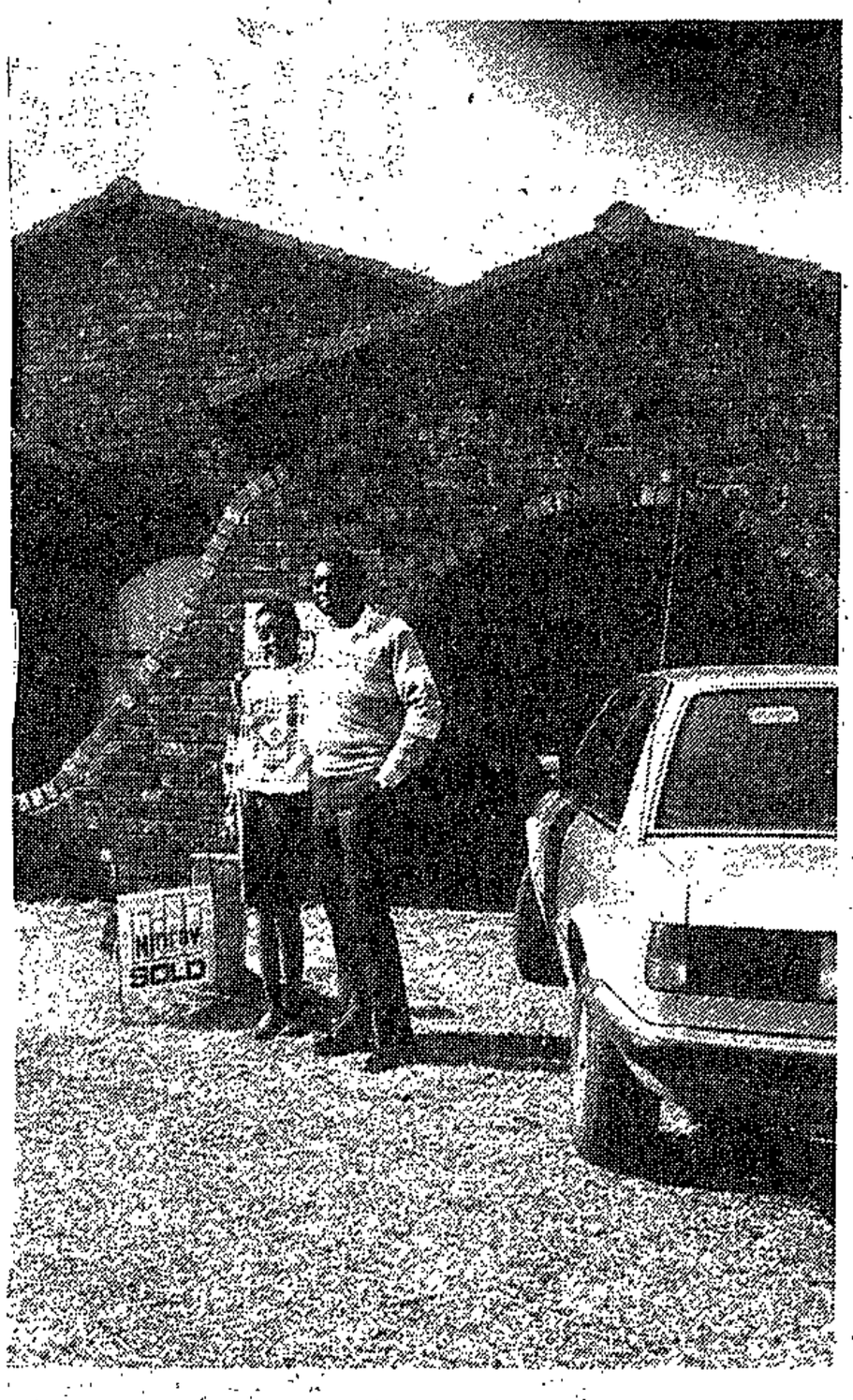
He recognises, however, that not everyone will want a house, that some may never be able to afford them. But the ultimate dream of most - to have a home of their own - may one day become a reality. - *Sowetan Correspondent*



Projects underway will house tens

339

new



f thousands of families by the year 2000

Atlantis workers laid off after anti-lead lobbying

CM-Tonks 2/13/91

ANTI-LEAD lobbying in Europe and North America has forced a Cape producer of lead seals for wine bottles to lay off workers because of slackened demand for the metal.

A lull in the demand for lead-based capsules had led to the Cookson Relvas factory in Atlantis recently retrenching 10 of its redundant staff, company general manager Mr Colin Benger confirmed yesterday.

"This unfortunate situation was initiated by the Greens — the main problem is claimed to be contamination," he explained.

Environmentalists believed that discarded capsules dumped in landfills caused lead to leach into the ground water supply, polluting it, said Mr Benger. Local connoisseurs, however, will still enjoy their better wines sealed with lead, a KWV spokesman said this week. — Sapa

More about bond repayments

Fowler 28/3/91 339

Home ownership is not a privilege. It is a just reward for hard work and perserverence. But how do you set about buying ground then financing, building and maintaining a home? Join us every Thursday to learn the answers . . . and if you still have any questions, write to Jacky, PO Box 260835, Excom 2023.

LAST week we learnt how to work out how much you can probably afford to spend on a conventional house. We also looked into the concepts of bonds and interests.

Alfred and Selina Kunene, who are planning to build a conventional house, now have a better understanding of these subjects, and are ready to visit FHA Homes to discuss the house they'd like to build, and learn more about bonds and repayments.

After making an appoinment, they prepared a list of questions.

Firstly, they needed to know whether it was possible to have a conventional brick home built for R45 000. They knew that FHA Homes was formed by the Urban Foundation and does not operate for private gain; and they expected a straight answer.

FHA Homes, they were told, could arrange for their home to be built in Vosloorus at a cost of no more than R45 000. The Kunenes were satisfied. Vosloorus was convenient to their workplaces, schooling was available, and they already had friends living there. But before committing themselves, they needed to know more about bonds and repayments.

A bond is simply a loan to enable you to buy your house. Although bonded, the house will belong to you from the day it is registered in your name in the deeds office, and the lender of the money can only take it back if you fail to repay your debt as agreed.

Banks and building societies usually allow clients 20 years to pay off their bond. Payments are made monthly and are known as instalments.

When you pay a monthly instalment, you're paying off more than just your loan.

Each instalment also includes the interest on your loan, an administration fee of R5 and insurance. All these are paid together, which is convenient.

As we mentioned last week, Alfred and Selina had managed to save R12 000 over the years. If they paid a R9 000 deposit on their R45 000 home, they would need a bond of R36 000. Instalments would amount to R630 per month.

This is a great deal more than the R300 that the Kunenes are presently paying in rent. Can they afford it?

The Kunenes are in for a pleasant surprise. Their instalments will be far lower than usual.

Because they earn less than R3 500 per month, and they're buying a newly-built house, they qualify for a special subsidy which will pay of their instalments for many years.

This subsidy, called the First-time Homebuyers Subsidy, will pay approximatly one-third of the interest part of the instalments on their house (excluding ground) for first five years. In the Kunenes' case, the subsidy (which is at present paid over seven years) would amount to about R195 per month for the first few years.

But how should the Kunenes apply for a bond and the First-time Homebuyers Subsidy? And what about the initial cost? What will these amount to?

Be with us next week when we learn the answers.

*** Prepared by FHA Homes.**

D

Political unrest dents Faircape Homes' results

CHARLOTTE MATHEWS

THE EFFECT of political turbulence on the black housing market was reflected in Faircape Homes' results in the year to December 1990.

Faircape has reported a loss for the year which is more than double its earnings a share profit in 1989.

On turnover down 23% to R35m from R45m, an operating loss of R7,9m (R1,6m profit) was incurred. This was softened by a tax receipt of R977 000, a R248 000 contribution from an associated company and an extraordinary item of R788 000. As a result the bottom line loss fell to R5,9m, which represents a loss of 73,5c a share from a profit of 33,3c a share in the previous year.

At the same time the number of Faircape shares in issue has risen by an additional 1,8-million.

Faircape joint MD Mike Vietri said if current circumstances continued, black housing may no longer be a viable market for developers.

B (P ay
28/3/91

339

Detriment

"As long as intimidation and the resultant bond boycotts continue, the private sector will be unable to play its role in meeting the enormous need for affordable housing in this country.

"This is to the ultimate detriment of those people who wish to acquire a home, and asset, of their own."

Vietri said Faircape had increased its activity in other property markets — at interim stage, he said, this was the middle-to-upper income group housing market — and the benefits of this strategy would appear in the current year's results. Vietri was confident Faircape would return to profitability.

In the current year Faircape sold a parcel of land in Philippi, which was expected to improve gearing. The ratio of long-term liabilities to group investors' interest on the balance sheet is 79%, compared with 53% in 1989.

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B 10 am 28/3/91

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HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Blacks: housing shortage

104. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:

(1) What is it estimated was the shortage of housing for Blacks in the Republic, excluding the self-governing territories, at the end of 1990;

(2) how many houses were provided in each province in 1990 for such Blacks by (a) the State, (b) local authorities and (c) the private sector;

(3) when is it estimated that this shortage will be eliminated?

B289E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Transvaal

(1) 323 848 houses.

(2) (a) None.

(b) Material loans were granted to local authorities (5 212 loans were provided to individuals to erect houses).

(c) 23 690 houses.

(3) It is the aim of the Government that by the year 2000 shelter be provided for all South Africans.

Natal

(1) 180 000.

(2) (a) ± 500.

(b) None.

(c) ± 550.

(3) It is the aim of the Government that by the year 2000 shelter be provided for all South Africans.

Orange Free State

(1) 68 378.

(2) (a) 741.

(b) None.

(c) 1 651.

(3) It is the aim of the Government that by the year 2000 shelter be provided for all South Africans.

Cape Province

(1) 184 760.

(2) (a) 415.

(b) 2 685 houses erected by way of self-help loans granted to individuals by local authorities.

(c) 5 020.

(3) It is the aim of the Government that by the year 2000 shelter be provided for all South Africans.

Persons/communities: resettled

132. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:

Whether any persons or communities have been resettled under section 5(1)(b) of the Prevention of Illegal Squatting Act, No 52 of 1951, as amended in 1990; if so, (a) how many persons or communities, (b) (i) from and (ii) to which areas and (c) who applied for the resettlement in each case?

B372E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Yes.

(a) 214 Black families.

(b) (i) From an area without services in the Black residential area of Dordrecht.

(ii) To serviced sites in the Black residential area of Dordrecht.

(c) On request of the Black Town Council of Dordrecht.

Apart from the 214 families mentioned which have been resettled under section 5(1)(b) of the Prevention of Illegal Squatting Act, No 52 of 1951 as amended in 1990, numerous voluntary removals have taken place which led to the orderly settlement of approximately 245 000 people up to 31 December 1990, inter alia 16 250 at Mangaung near Bloemfontein, 18 000 at Odendaalsrus, 24 000 at Duduza near Nigel, 80 000 at Orange Farm near Vereeniging and 47 760 at Zonkesiswe near Germiston.

Transvaal Black local authorities: services

162. Mr J VAN ECK asked the Minister of Planning, Provincial Affairs and National Housing:

(1) (a) (i) In how many Black local authorities in the Transvaal has the provision of any services been discontinued and (ii) in respect of what date is this information furnished and (b) in respect of each such case, (i) what is the name of the relevant (aa) town and (bb) township, (ii) what services were discontinued and (iii) on what date was each of these services discontinued;

(2) whether these services were discontinued only in townships that were in arrears in respect of service payments; if so, (a) what total amount is owed by each of the Black local authorities concerned and (b) to whom is it owed; if not, (i) what procedure was followed in discontinuing services and (ii) why was this procedure followed;

(3) whether he is taking or plans to take any steps to restore the provision of services; if not, why not; if so, (a) what steps and (b) when?

B438E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(1) (a) (i) Seven.

(ii) 7 March 1991.

(b)

(i) *Name of town*	(ii) *Services suspended*	(iii) *Date of suspension*
(aa) and (bb)		
eMzinoni (Bethal)	Electricity	14 January 1991
Siyathuthuka (Belfast)	Electricity	19 November 1990
eThandakukhanya (Piet Retief)	Electricity	6 February 1991
Tswelelang (Wolmaransstad)	Electricity	17 October 1990
Borolelo (Swartruggens)	Electricity	29 January 1991
Tokoza (Alberton)	Electricity	1 December 1990
Munsieville (Krugersdorp)	Electricity	4 March 1991

(2) Yes.

(a)

Name of town	*Amount*	(b) *To whom outstanding payable*
eMzinoni	R 672 787	Bethal
Siyathuthuka	R 75 407	Belfast
eThandakukhanya	R 157 975	Piet Retief
Tswelelang	R 28 279	Wolmaransstad
Borolelo	R 4 935	Swartruggens
Tokoza	R2 248 908	Alberton
Munsieville	R 58 225	Krugersdorp

(b) (i) Falls away.

(ii) Falls away.

(3) No steps are to be taken to restore the respective services. Consumers should pay for the electricity they use as the services cannot be rendered unconditionally without payment. Available bridging finance is not intended to finance payment boycotts.

OFS Black local authorities: services

164. Mr J VAN ECK asked the Minister of Planning, Provincial Affairs and National Housing:

(1) (a) (i) In how many Black local authorities in the Orange Free State has the provision of any services been discontinued and (ii) in respect of what date is this information furnished and (b) in respect

Housing spending 'lagging far behind'

B/Day 28/3/91

28/3/91

339

GRETA STEYN

INVESTMENT in property is heavily skewed in favour of new commercial buildings with spending on new homes lagging far behind in spite of the massive housing backlog.

Figures in the latest Reserve Bank Quarterly Bulletin show fixed investment spending on residential buildings plunged by almost 9% in real terms last year to bring the total real decline compared with 1984 to about 32%.

By contrast, spending on non-residential buildings was up a real 12,6% last year and was higher than in 1984.

Property economist Neville Berkowitz said the skewed nature of the flow of funds into property investment was a reflection of the returns, which were better in commercial property than in housing.

A further factor in the past year had been high interest rates and financial institutions' reluctance to provide finance for houses in townships where there had been threats of bond boycotts. But he said that the supply of offices and retail shopping centres was enough to restrain increases in rentals.

"Also contributing to the lack of new investment in houses is the substantial decline in new houses built for the white property market. Only about 26% of building society lending is for new constructions."

He predicted recent initiatives by the Independent Development Trust would show up in the Reserve Bank figures next year.

The Economic Advisory Council's long-term economic strategy notes that contractual savings — those with life assurers and pension funds — "may possibly be easier to re-allocate to areas of development than discretionary savings". It added that government would have to provide institutional investors with "certain risk insurances" to enable them to meet their obligations on a commercial basis.

Figures in the Quarterly Bulletin show long-term insurers had R12,4bn invested in fixed property by the end of the third quarter of this year, representing just over 11% of their total assets. This is a slight increase on the proportion invested in property at the end of the third quarter of 1989. About 39% of their investments are in equities.

Life assurers are working with the Development Bank on ways to invest in commercial buildings in townships by creating a separate fund.

Pre-primary school fees to soar

B/Day 28/3/91

DARIUS SANAI

FEES for public pre-primary schools in the Transvaal would soar by up to 663% from the second term of this year, the Department of Education and Culture announced yesterday.

The department said in a statement that pre-primary school fees in the past had been "unrealistic" and that the hikes were necessary to maintain services amid rising costs.

The announcement comes days after the Transvaal Provincial Administration announced hospital tariff hikes in some cases more than double the previous fees.

The highest rises are those for the higher-income groups, with people earning over R12 000 a year facing an average increase of 150% in pre-primary fees. Parents with two children at pre-primary school, who currently pay R1,57 a day per child face a 160,8% rise in fees.

The 663% increase applies to families who previously paid R5,70 a week to send three children to school. They will now pay R43,50 a week.

Pre-primary education is not compulsory, and therefore must be paid for by parents, the statement said.

About 85% of the money paid by parents is used by the department to pay for school maintenance and teachers' salaries, with the rest going directly to schools for food and outings.

Education sources said the big rise in fees, combined with the department's statement that "sometimes unrealistic fees were levied in the past", suggested the authorities were manoeuvring to meet the costs of political changes in SA.

Lower income groups suffer less under the rises, which take effect from April 1.

Parents earning less than R12 000 a year face an increase of 84,4% for sending three children to pre-primary school and 90,7% for one child. Earners in the higher income group will pay 133,1% more for one child.

756 900 families homeless

THE black housing shortage outside the homelands stands at more than 756 900 units, the Minister of Planning, Provincial Affairs and National Housing, Mr Hernus Kriel, said yesterday.

In reply to a question in Parliament, Kriel said there was a shortage of more than 323 800 houses in the Transvaal, 180 000 in Natal, 68 370 in the Free State and 184 760 in the Cape.

"It is the aim of the Government that by the year 2000 shelter should be provided for all South Africans," Kriel said.

Last year, Transvaal local authorities provided loans to 5 212 individuals to erect houses, the private sector provided 23 690 houses, while the State provided none, Kriel said.- *Sowetan Correspondent.*

750 000 houses needed for blacks

8tw 3/4/91

Political Staff

HOUSE OF ASSEMBLY — Black people living outside the self-governing territories faced a shortage of 756 986 houses, Minister of Planning, Provincial Affairs and National Housing Hernus Kriel said yesterday.

Mr Kriel was replying to a question on the housing shortage put by Democratic Party MP Peter Soal.

Mr Kriel disclosed there was a shortage of 323 848 houses for blacks in the Transvaal, 180 000 in Natal, 68 378 in the Free State and 184 760 in the Cape.

"It is the aim of the Government that by the year 2000, shelter will have been provided for all South Africans," Mr Kriel said.

Last year the State provided no loans for houses in the Transvaal but provided for about 500 houses in Natal, 741 in the Free State and 415 in the Cape, he said.

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UAL and IDT unveil plan to fund housing

339

BRENT VON MELVILLE

A NEW funding instrument, aimed at raising R500m from the private sector for the provision of low cost housing finance, has been unveiled by UAL Merchant Bank and the Independent Development Trust (IDT).

In a financial breakthrough the IDT and UAL say they have succeeded in securing the first tranche of R120m from eight financial institutions and it is envisaged that further funding will be raised in the near future at market-related rates.

The money has been raised through a private placing with financial institutions of Collateralised Housing Investment Paper (Chips). The IDT would act as a "credit enhancer" by providing funds to the Independent Development Trust Finance Corporation (IDTFC) which would use these funds to acquire, through UAL, a portfolio of fixed interest rate securities.

UAL securities assistant GM Leon Kirkinis said the fixed interest rate securities, together with other securities, would be used to collateralise the cashflows due to the institutional investors.

IDT financial director Jannie Kitshoff said the recently announced R7 500 one-off capital subsidy to families for the purposes of acquiring land would go a long way towards the provision of serviced sites to accommodate about 700 000 people.

"The new initiative would dovetail neatly with the new subsidy in that it addresses the next step in the housing process, namely, accessing of financing for home building purposes by the poor," he said.

Kitshoff noted that nearly 60% of the black urban population could afford housing priced at less than R12 500.

IDT chairman Jan Steyn said Chips could be the forerunner of many innovative financial interventions which the IDT could facilitate — through the creative input of the country's leading financial institutions — to assist in its battle against poverty. It was important to note that Chips was an investment which measured up well on a risk/reward analysis.

He expects the Perm, the SA Housing Trust and the Urban Foundation to lead the field in providing loans to this market.

Minister: blacks short of 757 000 houses

Political Staff

CAPE TOWN — The estimated shortage of housing for blacks outside the homelands was 756 986 at the end of last year — but only 40 464 houses were built for blacks in 1990.

Housing Minister Hernus Kriel, replying to a question in Parliament by Peter Soal (DP Johannesburg North), said the state built 1 656 houses last year. The private sector put up 30 911 and a further 7 897 were built through self-help loans granted to individuals by local authorities.

In the Transvaal, where the estimated shortage of housing for blacks at the end of 1990 was 323 848, no houses were built by the state, 5 212 individuals were given loans to erect houses, and the private sector put up 23 690.

Housing crisis can be solved, says Slabbert

Staff Reporters Star 4/4/91

South Africa has enough land and affordable technology to overcome the housing crisis, Institute for a Democratic Alternative for South Africa director Dr Van Zyl Slabbert said at the Rand Show yesterday.

Opening a low-cost housing exhibition, Dr Slabbert said South Africa had never had a housing problem, but a crisis had developed because of poor planning and influx control.

He said there was a need for experts and communities to work together.

"If we can solve the constitutional problems of this country, we can solve the housing problems.

Housing has become such a vast problem that if we think we can solve the constitutional problem before housing, we will be putting the cart before the horse," he said.

Dr Slabbert called on the Government to support the private-sector initiative to provide low-cost lighting, sewerage and housing.

The theme of the exhibition Dr Slabbert opened is affordability.

The exhibition features a house which can be built for less than R3 000.

The building firm's managing director Allen Stokes said he wanted formal businesses to see that it was possible to build small, affordable houses.

'Teach first-time owners'

A national home ownership education campaign was needed for low-income-group people, **Dr F P Jacobsz (NP Helderberg)** said yesterday during the first-reading debate on the Budget.

"Socio-economic upliftment should go hand-in-hand with an information campaign, otherwise people will not be afforded the ability to develop to their full potential," he said.

Referring to the virtual standstill in the township housing industry, Dr Jacobsz said that with an education campaign to back them, first-time home owners stood a better chance.

They had little understanding of how the property market worked, were exploited for political gain and had subsequently refused to make their monthly payments after "severe intimidation".

Any political interference with potential home owners was stopping them from, among other things, creating wealth.

"The situation must return to normal so that they can get on with their lives."

Dr Jacobsz said the Budget was laying the foundation for economic growth and job creation and was also correcting imbalances. — Sapa.

Blacks get bigger share

The number of new homes for blacks increased last year, while there was a considerable drop in home building for other population groups, Central Statistical Services figures show.

Of the 34 516 homes built by the private sector, nearly 38 percent were for black buyers, 34,2 percent for whites, 20,2 percent for coloured people and 7,8 percent for Asians.

Mass-production of housing urged

Star 9/4/91



Peter Clogg, executive chairman, Group Five . . . "frittering away our resources."

South Africa has an immense need for low-cost housing but the people concerned with providing homes are completely missing the point, says Peter Clogg, executive chairman of Group Five.

"Instead of tackling the problem in the obvious way by setting up mass housing projects to provide between 1 000 and 3 000 homes at a time, we fritter away our resources on a plethora of smaller schemes which are inevitably more expensive," he says.

Mr Clogg has little doubt that unless housing is provided on a mass-produced basis — which

Property & Construction

FRANK JEANS



does not mean that variety cannot be achieved — they will cost far more than they should.

Some years ago a study was carried out on a project involving the construction of 3 000 low-cost homes and it was found that the cost of materials came to 78 percent of the total, with labour, plant and overheads accounting for the remaining 22 percent.

A similar study recently on a smaller project of about 65 houses had the cost of materials accounting for a mere 40 percent, forcing up the unit price.

To illustrate his point, Mr Clogg compares mass housing with the production of cars.

"It started with Henry Ford who made it his aim to produce a car everyone could afford.

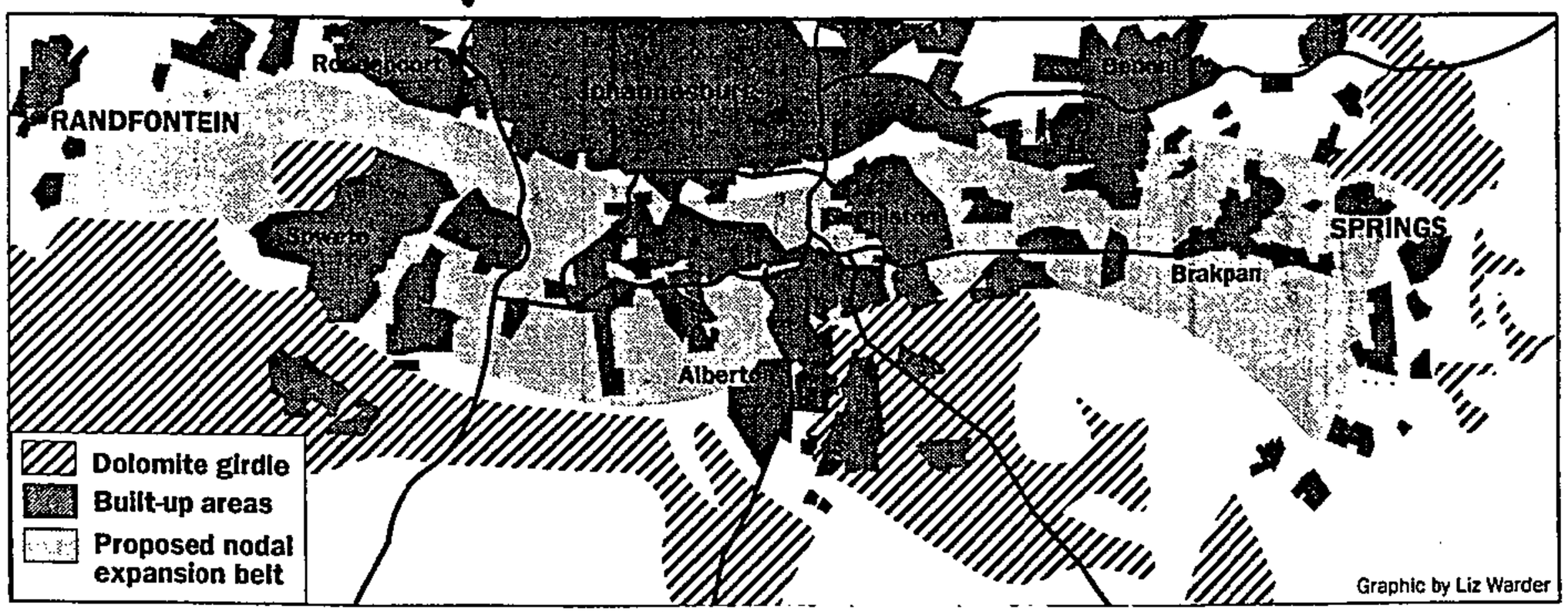
"He did it by minimising production costs through the establishment of an assembly line, streamlining the manufacturing process on the basis of constant repetitition."

Accountants move to Gateway

Accounting group, Price Waterhouse has signed a lease with Johannesburg Consolidated Investments to become the major tenant at the Gateway office development in Sandton.

The company will bring all its main Johannesburg operations under one roof, leasing 9 000 sq m over 10 years.

The deal was negotiated by Mark McCreedy and Mike Deacon of RMS Syfrets.



Ideal for housing . . . a 70 km strip of land along the Witwatersrand, from Randfontein to Springs.

The quest for quality in life

Star 10/4/91

Peter Gardiner, director of Anglo American Property Services' estates development and marketing division, believes the growing number of black residents in Sandton should be given a say in the local decision-making process "at the earliest possible opportunity". WINNIE GRAHAM reports.

POSSIBLY 25 percent of the housing in three upmarket Sandton suburbs — Kelvin, Wendywood and Buccleuch — is occupied by black families.

Not only this, but as affluent black residents move up the economic ladder, so they are moving to second homes in white areas.

Peter Gardiner, director of the estates development and marketing division of Anglo American Property Services (Amaprop) and a former mayor of Sandton, told a seminar on "Greater Johannesburg in Transition" last week that in the middle to upper-income suburban areas, close to private, nonracial schools, it was apparent the Group Areas Act had not been enforced for several years.

Black occupancy in three Sandton suburbs, he said, "certainly called for them to be given participation in the local decision-making process".

Mr Gardiner added: "They too want a stable society, a prosperous, well-managed economy and quality of life for their families. Their children have in most cases only known nonracial schooling and sport."

He said Amaprop had fronted an unsuccessful initiative for a nonracial suburb in Sandton in 1984 to partly accommodate the rising number of black executives in the economy at that stage.

The marketing of the project to all races had had to be delayed until 1989, when permits became more freely available. By then, however, Amaprop found that the black families on an extensive waiting list were already living elsewhere in the town through the close corporation route.

"Residential location for blacks with financial resources had reached the stage where it depended solely on affordability," he said.

Demand in an expanded market would soon outstrip the supply of new houses, he said. He quoted property consultant Neville Berkowitz as reporting that in 1980 about 35 000 houses had been built for the white market, 27 000 in 1987 and about 16 000 last year.

"Our national population has been growing at a rate of about 2,5 percent a year, so affluent blacks recognise a good investment provided they can resolve the problem of disposing of their previous homes in the townships," he said.

Discussing housing for poorer workers, Mr Gardiner said the State had to recognise the need to make land available at an affordable cost to enable them "to return to the inner cities where the creation of individual wealth becomes feasible".

A 70 km strip of land, forming an east-west axis along the Witwatersrand from Randfontein to Springs, was ideally located for major low-cost housing development and was very accessible to trains, he said.

This well-located land resource was in private-sector ownership and was still unused because it was said to be either undermined at shallow depths, was required for surface mining operations or had underlying reefs with future economic potential.

"There is ample evidence that the shallow stope-closur has ceased and that buildin can safely take place on th now consolidated ground, clos to transport and job opportuni ties," he added.

"The existence of vast area of vacant land close to a majo centre is an anomaly, and whil there is still the opportunity t allocate it for the national pri ority of affordable housing, i should be taken."

He mentioned that hug tracts of surplus land owned b Transnet, and possibly the de fence force, were now becomin available close to most majo city centres.

Mr Gardiner said these or ganisations failed to recognis that in most instances the valu of their land had been devalue by the threat of squatter occu pation which would eliminat the opportunity of orderly de velopment.

"As many as 25 million pec ple can be accommodated in th area — provided a north-sout rail link is established to im prove essential mobility to an from Soweto," he said.

Dr Tony Brink, professor c town and regional planning a Rand Afrikaans University, ha shown that Johannesburg an its contiguous towns and citie were almost entirely encircle by dolomite. Experience ha shown it was undesirable to de velop on dolomite because 'c safety and cost.

The surface of the dolomit belt could, however, be retaine as an attractive recreationa area, Mr Gardiner said.

Public open space acquisitio by municipalities had been ac corded the lowest expenditur priority for the past 10 years i terms of State Treasury ap provals and was becoming scarce resource. An additiona 3 000 ha of open space was need ed in Greater Johannesburg a a finite source on which an ex panding population would de pend for rural relief. □

Surge in funds for low-cost housing

B|Day 15/4/91.

1005 339

A CONFIDENTIAL report on SA's housing needs says the amount of money available for low-income housing in the coming year has risen dramatically.

The report, compiled by Medium-Term Forecasting Associates (MFA), says the amount of cash available has risen by 48% from R1,83bn to R2,71bn.

The largest increase is seen as coming from private sources — the Development Bank, SA Housing Trust, Independent Development Trust, Urban Foundation, utility companies and private employers — which last year contributed R472m compared with the R1,005bn expected this year; an increase of 123%.

The document contrasts sharply with recent predictions by Stellenbosch University's Bureau for Economic Research (BER) and the Building Industries Federation of SA (Bifsa) which both foresee a gloomy outlook for the industry.

The report says "certain parties" greeted the recent Budget announcement of a cutback in housing with dismay.

"Finance Minister Barend du Plessis said housing expenditure would decrease from R1,208bn in 1990/91 to R1,087bn in 1991/92.

"He also mentioned that certain 'off-budget' institutions would increase their expenditure on low-income housing during the coming financial year.

"However, he did not attempt to quantify their

Business Day Reporter

contribution," the report says.

MFA, which specialises in forecasting building activity and building costs, says budgeted increases will far outstrip building cost rises expected during the year.

"Ironically, these sharp percentage increases can partially be explained by the fact that funds spent last year were surprisingly low.

"For example, of the much publicised R3bn social upliftment programme announced earlier, only R131m was actually spent on land purchases."

It adds that the industry could be stimulated during the coming year because of more funds being made available by public and private sources.

"However, it is imperative that interest rates be reduced further before a significant revival can be expected. Secondly, despite the fact that funds are available, the housing delivery process is inadequate to deliver at the rate envisaged by many."

The report warns strongly that township violence, as well as rental and bond boycotts, will have to cease to allow financial institutions and homebuilding contractors to develop and build.

Two negative factors, MFA says, will partially dampen the effective demand for housing.

Firstly, with the phasing-in concession coming to an end, there is now full taxability of housing benefits that are subject to fringe benefits taxation.

Secondly, the introduction of VAT on September 30 1991 could raise the price of all housing by between 5% to 6%.

Money available for low-income housing

Financial years ending 31 March	1990/91 R million	1991/92 R million	% change
1. Mortgage Interest Subsidies (First Time Homebuyers' Subsidy Scheme)	110	141	28%
2. National Housing Fund	734	850	16%
3. Amounts channelled by various State Departments	513	723	41%
4. Private sources (Development Bank, SA Housing Trust, Independent Development Trust, Urban Foundation, utility companies, private employers)	472	1005	123%
Grand total	1832	2719	48%

Note: This table includes interest rate subsidies, funds for dwellings, land purchases and infrastructural services (ie. roads, waterworks, sewerage), as well as the R375 million recently announced by the Independent Housing Trust

Graphic: FIONA KRISCH Source: MFA

Pilot scheme designed for black builders

B1 Day 15/4/91 W 339

THEO RAWANA

THE Urban Foundation has designed a pilot scheme to educate black builders in project management skills in a bid to address the housing backlog.

The Contractor Development Agency (CDA) is looking for top black contractors to join the scheme, which will address the lack of business management skills, shortage of finance and lack of continuity of work, says CDA manager Rob King.

"If top black contractors can overcome these obstacles, they can become the future giants of construction in SA.

"The fact is (black) contractors rarely land major building contracts because they lack the management infrastructure, business skills and the financial facilities required for large volume construction projects," he adds.

The CDA aims to transfer business and project management skills to black contractors while helping them to obtain credit and overdraft facilities needed to operate profitably.

The scheme is currently restricted to the PWV.

The agency, whose technical/management is provided by consulting engineers Ove Arup Inc, had invited contractors who have extablished a good track record and now want to develop their businesses further.

To become part of the programme, the contractor must:

- ☐ Be permanently active in the construction business;
- ☐ Have completed between R250 000 and R300 000 worth of construction work in one 12-month period;
- ☐ Have R25 000 of his own collateral — shares, cash or the unbonded portion of bank-acceptable property to this value.

The first step the CDA will take is to inspect the contractor's work.

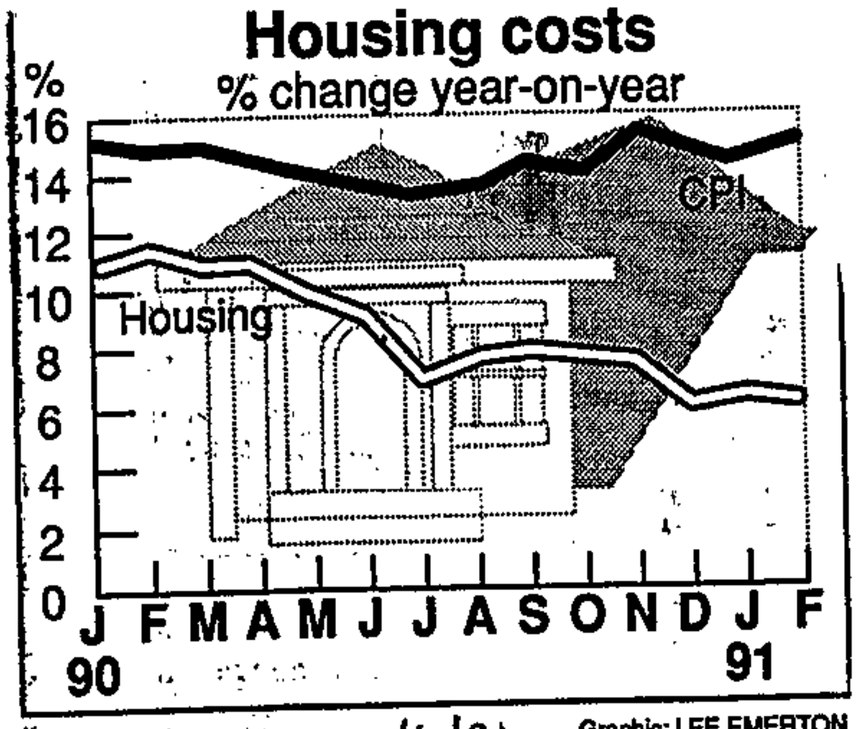
If this is satisfactory, the contractor will undergo on-the-job training in aspects of management before being given a substantial financial facility to enable him to tackle bigger projects, King says.

The CDA will help the contractor negotiate a loan or overdraft facilities and obtain supplier credit.

Contractors who are accepted for the CDA programme must pay a R5 000 entry fee and 3,5% of the value of work done while in the programme.

"On average, contractors should not need more than two years of CDA input. After this, they should be well placed to grow in leaps and bounds," says King.

Contractors who feel they qualify for the programme can contact King at (011) 403-5500.



Graphic: LEE EMERTON

BIDay 17/4/91.

Housing costs put the brakes on inflation

339 1836 1838 2444

THE costs of accommodation have put a brake on general price inflation over the past year — inflation would be 17% if housing costs were excluded from the calculations.

In this second of four articles examining inflation, **SHARON WOOD** looks at the impact of housing costs on the CPI.

A major factor restraining housing prices has been stable interest rates, with housing costs rising by only 6,2% year-on-year in February 1991. This month's declines in home lending rates after the March cut in Bank rate will have a further positive impact, leading to an actual annual decline in mortgage interest rate repayments in April.

The annual rise in housing costs was mainly a result of flat and house rent increases, because the year-on-year rise in interest rates had been zero since October 1990, as prime remained at 21% from October 1989 to March 1991.

Property analysts estimated that flat rents had risen by about 15% over the past year. But official figures on the actual rise in flat rents will only be available in May, when the Central Statistical Service publishes the results of its annual flat survey.

In contrast to slowing accommodation prices, the costs of keeping a home clean and well maintained have risen above the general inflation rate. Household operation costs have been well above an annual 15% during the past two years.

Inflation in the prices of cleaning materials averaged about 20% during 1990, and the cost of employing domestic workers rose about 14%.

The positive effects of low housing costs on inflation are technical and do not reflect any real progress in the battle against inflation. When these costs are excluded from the basket, the spiralling prices tell a different story to the overall rate.

Some economists have questioned the use of interest rate policy to fight inflation, as higher interest rates have a direct and significant effect on the CPI basket. Why aggravate the situation by raising housing costs, especially as housing is one of the biggest items in the CPI basket after food?

Interest rate policy is often misunderstood because it does not have any direct, quantifiable effect on the CPI basket. It works indirectly by affecting "demand-pull" inflation. Low interest rates promote spending because borrowing becomes more attractive than saving. Heightened demand indirectly fuels inflation as it is easier to raise prices when consumers want to spend.

A vicious circle emerges with consumers wanting to spend more because inflation is already high. For this reason, the central prong of a policy to combat inflation is to maintain high real interest rates.

But in spite of almost two years of high real interest rates, consumer spending has remained high, prices have risen apace and housing has been the only major category to fall significantly over the past year.

Progress in curbing housing costs simply reflected unchanged interest rates. Spending in many other areas of the economy continued.

Private consumption spending rose by 1,5% in real terms last year amid conditions of no real economic growth. In the 1985 recession, it fell 3,5%. Increases in durable goods and recreational items, usually sensitive to a downswing, remained strong. The Reserve Bank has expressed concern over rising propensity to consume.

Some economists, including First National Bank's Cees Bruggemans, have suggested real interest rates could be kept at higher levels, even as high as 6%-7%. That would put SA in the same league as Germany, which last year had inflation of 3%. But it is unlikely the Reserve Bank, faced with unemployment and political uncertainty, will be able to go to German extremes.

PROPERTY FOCUS

New funding plan a boost for buyers

Sowetan 18/4/91.

339

A CREATIVE new funding instrument aimed at raising R500-million from the private sector for the provision of low cost housing finance has been developed by the UAL Merchant Bank and the Independent Development Trust (IDT).

In a financial breakthrough, the IDT and the UAL have succeeded in securing the first tranche of R120 million from eight financial institutions.

It is envisaged that further funding will be raised in the near future.

IDT financial director Mr Jannie Kitshoff said the recently announced R7 500 one-off capital to families for the purposes of acquiring land will go a long way towards the provision of serviced sites to accommodate 700 000 people.

"This initiative will

By JOSHUA RABOROKO

dove-tail neatly with our subsidy, in that it addresses the next step in the housing process - namely the accessing of financing for home building purposes by the poor," he said.

He noted that nearly 60 percent of the urban black population currently could only afford homes priced at less than R12 500.

The money had been raised through a private placing with financial institutions of Collateralised Housing Investment Paper (CHIPS).

The IDT will act a "credit enhancer" by providing funds to its finance corporation IDTEC, which will use these funds to acquire, through UAL, a portfolio of fixed interest rate securities.

UAL assistant general manager (securities) Mr Leon Kirkinis, whose team developed the CHIPS for the IDT, said the fixed interest rate securities, together with other securities, will be used to collaterarise the cash flows due to the institutional investors.

Chairman of the IDT Mr Jan Steyn said: "One of the primary objectives we set for the trust when we started operations in August last year was to the creative "leveraging" of institutional money in a market-related manner to augment our own funds."

Analysis

Kirkinis said that from institutional point of view it was particularly important to note that the CHIPS was an investment which measured up well on a risk/reward analysis.

He expected that the Perm, the SA Housing Trust and the Urban Foundation to lead the field in the provision of loans to that market, as they already had the structures in place to service borrowers at under R12 500.

Features

UAL designed the CHIPS to incorporate the following features;

* They provide an investment avenue into housing for the institutions which are under pressure to engage in "social" investment;

* The investment stands on its financial merits - there is no "soft" money involved.

The CHIPS could result in the upliftment of the most disadvantaged communities and thus provided a stimulant for the economy.

3-million families still homeless

310

THERE are about three million homeless families who are either in squatter camps or living in cramped backyard rooms where they are paying exorbitant rentals in the PWV townships. Sowetan 18/4/91

The managing director of the black-owned Metropolitan People's Consultancy (Mepco) Housing and Developers, Mr J C Mthsali, said that although the research was done about five years ago it was clear that the crisis was not a small issue.

Mepco was started immediately after the assessment of the research with the aim to provide houses and employment to the people of that area at the same time.

Mtshali said unless something was done, particularly by blacks, the results would be disastrous. He will consult with the liberation movements, such as ANC, PAC and others to discuss this problem in detail as well as suggest methods which could be used to alleviate the acute housing shortage.

New policies needed to bring rural poor into the mainstream

MIKE MULLER

THE White Paper on Land Reform has reinforced the widely held belief that rural development can make a major contribution to integrating black South Africans into the economy. In the absence of appropriate policies, it is in fact more likely the rural areas will continue as a repository for the marginalised poor, draining national resources.

More than 50% of black South Africans live in these areas; three quarters of them in the homelands. The term "rural" is misleading since the majority actually inhabit a uniquely South African purgatory, supported by funds from the cities but isolated far from them.

Because so many people are involved, it is necessary to address their particular needs and to promote policies which will enable them to enter — and contribute to — the mainstream of SA society.

It is also crucial that the financial burden they are going to impose is recognised and provided for.

To do this, however, some myths need to be dispelled. One is the notion of the so-called "subsistence economy". The White Paper makes frequent references to this. It talks specifically about "a delicately balanced subsistence economy which, if replaced injudiciously, could lead to the collapse of the economies to which it affords a livelihood".

It mentions that "up to 80% of the income of subsistence areas is derived from the sale of labour through the migrant and commuter systems". But it implies that at least 20% — and probably more — comes from agriculture.

This, of course, is nonsense. Even in the homelands where this subsistence economy is supposed to be found, "only 10% of household income is derived from agriculture" according to the Urban Foundation's Rural Development report.

Another dangerous myth driving the policy debate is that agriculture will provide a place in the economy for the majority of those rural dwellers whom apartheid has marginalised. The implicit assumption is they will not be dependent on public or private welfare.

This wishful thinking is not borne out by facts. In some homelands, a family of six may eke a living off five hectares of rain-fed fields (assuming that R3 000 annually can sustain a family of six). If the homelands' 2-million hectares of arable land were to be fully utilised, they could support perhaps 400 000 families or 2,5-million people — less than a quarter of their population.

How much scope is there outside the homelands? Take an unlikely extreme. If black farming families were willing to accept one tenth the income of their white counterparts, and 60 000 white farming units were handed over, another 600 000 black farmers, 3,5-million people, could be put on the land.

Together with those from the homeland areas, that is only half the rural population, just over a third of the 14-million predicted by the Urban Foundation in 2 000. It thus appears inevitable that the majority of rural people will be excluded from farming. The Bureau for Market Research recently recognised this by "urbanising" them in their statistics, arguing that they live in dense settlements, supported by urban earnings.

This is unhelpful. These communities are supported in the limbo between city and countryside by a fragile system of remittances from city workers, homeland civil service salaries and pensions. For a minority, income from gardening (a more accurate description than farming) helps to cushion the rural household from interruptions in the flow of funds from outside.

This support network is unravelling, however. The migrant labour system is breaking down. As the White Paper notes, "there are factors at play that could lead to the rapid collapse of circulatory migration".

Massive urban unemployment clearly reduces recruitment from peripheral areas — a situation unlikely to improve soon. The outlook for jobs in homeland governments is equally unpromising. Any rationalisation of government spending should, on efficiency criteria, cut these peripheral bureaucracies first. The only secure component of the support system is pensions. But not even an overnight equalisation to white levels could compensate for the predictable losses of income from the other sources.

Over the next decade, hundreds of thousands of young adults are thus likely to be trapped in rural areas, with no prospect of work and no source of external funds to sustain their families.

No government will allow destitution to occur on the scale which is threatened. One way or another, funds will be transferred to these communities. Already, many homeland salaries are little more than disguised welfare transfers.

A pessimistic but realistic vision of tomorrow's rural SA is of a growing, welfare-dependent population which outnumbers small farmers. If rural development work focuses solely on farmers, it will fail when the bypassed majority obstruct it.

Rural sociologist Chris de Wet of Rhodes University argues that the homeland areas will need roads and transport, education and training; health services will have to be expanded; basic needs such as water supplies addressed; forests developed to provide people with fuel.

A major objective will be to help people escape from the rural dead-end by building up what is fashionably known as their human capital — they have no other — so they can compete and contribute in the cities. The conclusions of UCT regional planner David Dewar about the Transkei, that "the propects of the economy being in any way viable are nil" and that "any longer term development path must involve a large net transfer to other parts of the country" applies equally to the other homelands. The exodus is clearly inevitable.

To support the process, we urgently need a better understanding of how rural people survive, the scale of their needs in a changing environment and the limits to sustainable rural development.

How many people can agriculture support; how many will be "surplus" to the rural economy and, eventually, have to be accommodated, physically and economically, elsewhere?

Some social services of national scope — education and old age care in particular — could be provided in the rural areas. Would this provide a helpful economic base? Or would the costs of the supporting physical infrastructure outweigh potential benefits?

Without clear perspectives grounded in rural realities, rural development policies will continue to fail and society will pay the price of keeping a dependent population in the countryside in perpetuity. Already Ina Perlman tells us that Operation Hunger is feeding 400 000 people in the Transkei — 10% of the population. She warns of massive increases in real hunger. That can only be a foretaste of things to come.

☐ Muller is a senior policy analyst at the Development Bank of Southern Africa. The views expressed are, however, his own.

New brick machine a boon for squatters

87c/20/4/91

SOUTH Africa probably has 7 million inadequately housed people with 4,2 million squatters on the Rand and around Durban alone.

To house them properly the country needs to build 1,8 million homes — right now.

But the two main actors — the Urban Foundation and the SA Housing Trust — last year built only 13 397 homes between them.

At that rate it will take 138 years to clear the backlog.

These two institutions, along with the SA Development Bank, see their current priority as finding land on which the poor can build.

No policy

As one of their planners said: "We are tackling the legal, institutional, financial and land ownership issues — all pre-requisites in meeting affordable housing needs."

Meanwhile, the Government, which has no discernable housing policy, hasn't built a house in years — except for its own officials.

The situation appears disastrous. But David Herbstein, a former financier and now a low-cost housing entrepreneur, disagrees: "It's not a disaster — it's a challenge," he says.

He believes South Africa can do it — given the will. He says it certainly has the technology. But he does acknowledge that the picture is bleak.

"While I appreciate that building homes will gain momentum only when land is available, we could be moving much faster with the actual building of homes," he said.

"Tens of thousands of people already have land but they cannot afford to build because material prices have gone through the roof. Finding ways to make cheap, but durable, bricks is therefore absolutely essential.

"But the tragedy is that they are available but people don't know it."

I went with Mr Herbstein to one of the poorest areas on the Rand — Ivory Park squatter camp near Tembisa.

There I found cement and ash building blocks selling at R1,60 each. But they are so pourous you can pour a cup of water straight through them.

Mr Herbstein is so determined to be part of the answer to the housing challenge that in October he invested all his capital into developing a machine which makes high-quality bricks —

JAMES CLARKE

enough in one day to build one four-roomed house.

The cost of the bricks needed for one house is R450. That's five times cheaper than normal! With six unskilled workers it is possible to turn out enough for two houses a day.

The secret of the machine is that it can be towed — and it makes bricks on the spot by using subsoil dug from the house's own foundations.

This cuts out the prohibitive cost of having to transport bricks.

The bricks are six times bigger than a conventional housebrick. It takes 700 to build a 34 sq m house.

David Herbstein believes that of all the alternative building materials he has seen, nothing remotely comes near the quality of an earth brick.

He was unable to hide his irritation when talking of the disparity between what squatters are expected to pay for bricks and what they "really need to pay". A tiny four-roomed core house — one that can easily be added too — would cost only R2 500, he says.

The "low-cost" houses now on the market start at R15 000.

Mr Herbstein believes squatter communities could be helped to buy these machines. He has suggested this to 65 of South Africa's major companies. Only three replied saying they were "already doing enough".

Ironically the same three companies each expressed concern about the fact that Mr Herbstein had a commercial interest in the machine.

Near Ivory Park Mr Herbstein has his brick-making machine churning out bricks and selling them — sometimes just six at a time.

Huge cracks

People buy as they get the cash.

I saw "show houses" of quite appalling quality costing up to R25 000. One was made of concrete wall slabs and I could see the sky through many gaps in all four walls. Cost: R15 000.

Another house, a metal structure, seemed hot enough to bake bread in. On winter nights it would be as cold as an ice box.

"My idea of earth bricks is neither new nor untested," said Mr Herbstein. France has built whole towns from earth bricks, and architects across the world now see them as appropriate, aesthetic and durable.

Govt compromise on land reform, restoration likely

By Peter Fabricius
Political Correspondent

The Government and opposition parliamentary parties are heading for a compromise which will allow the Group Areas and Land Acts to be repealed this year — but will shelve the contentious remaining four Bills in the Government's land reform package.

Parliamentary sources said the Abolition of Racially Based Land Measures, which repeals the Group Areas Act, the Land Acts and other discriminatory land measures will be amended to include the best parts of the other Bills.

This compromise — expected to be clinched this week — will allow the Government to keep its domestic and international promises to repeal all the apartheid land acts this year.

The other Bills will be held back for consideration next year.

The Government needs to repeal the apartheid land acts to meet the conditions for the lifting of international sanctions.

And the compromise could include the setting up of a Land Commission of judges to decide which displaced black communities should be restored to their land.

The sources said that 11 of the 13 prominent communities most recently forced off so-called "black spots" in "white" South Africa, are virtually assured of getting their land back. This is because the land is owned by Government.

But the Fingoes and the Maclean Town community will probably not be returned to their land because it has been sold to white farmers.

The Government's apparent decision to restore land lost to the apartheid policy appears to be a reversal of the policy set out its White Paper on Land Reform.

It has become increasingly controversial, especially in discussions of Parliament's Joint Committee on Land Reform Legislation which is considering the five Bills that would execute the policy.

The Abolition of Racially Based Land Measures Bill has been supported by all parties except the Conservatives.

But the other four Bills — including one which would give authorities draconian powers to maintain residential standards — have run into a wall of opposition.

There has been strong pressure on the Government to push ahead with only the Repeal Bill and shelve the others.

Now the Democratic Party is to proposing a compromise which will embrace the best features of the other four Bills, including retention of aspects of the Slums Act to reassure conservative whites of suburban standards when the Group Areas Act goes.

The compromise will give the Government a political "crutch" to lean on, parliamentary sources say.

Lower housing guarantees on State's cards

Parli
19

(334)

Political Staff Star 24/4/91

The State is reconsidering its guarantee scheme for public servants' housing loans after losing R19 million in the last six years.

It may reduce amounts it is prepared to guarantee because of soaring housing debts incurred by public servants.

"There is no point in enabling an official to buy a house that he cannot afford as a result of the normal cyclical adjustments in interest rate levels," says the Public Works and Land Affairs report for 1990, tabled in Parliament yesterday.

Adjusting the limits of the loan would contribute to fewer officials losing their homes and reduce the State's losses.

"Since the introduction of the scheme in 1956, up to the early 1980s, relatively few cases occurred in which the State suffered losses due to guarantees being dishonoured," the report says.

But the number of cases has increased drastically since 1985/86.

The losses are mainly attributable to:

● Officials leaving government service, the guarantee lapsing and the State having to redeem it. Though the official's pension is attached, this is seldom enough to redeem the amount owing by the official. In most cases this was not totally successful.

● Officials becoming insolvent and their houses being sold in execution. Sales in execution were often insufficient to cover the guarantee.

The housing subsidy for public servants partly reduced the negative impact of the current high interest rates.

"But the sharp increase in the number of participants in the scheme currently experiencing problems with the payment of monthly premiums confirms the fact that the subsidy offered is not always adequate protection against increasing interest rates," the report notes.

New guarantees issued on behalf of public servants for 1988, 1989 and 1990 totalled 24 351, 21 655 and 23 646 respectively. Of those, 10 588, 9 441 and 10 891 were for black people and 9 128, 7 684 and 8 275 for whites.

Increase likely in all regions

First-time buyers will be hit by rising costs

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Sowetan 25/4/91

By ALI MPHAKI

SIGNS of the times indicate that the window of affordability appears to be closing for those who do not own property.

Further exacerbating the woes for first-time buyers is news that VAT will increase the costs of newly-built homes siginificantly when it comes into effect on October 1.

Costs rising

While this works to the advantage of existing homeowners in that the resale price of their homes will move upwards in sympathy with accelerated building costs, the message for any aspirant homeowners must therefore be to acquire their stake in property as soon as possible - preferably before the introduction of VAT.

Says Scott McRae, MD of the Camdon's Group: "A general rule of thumb is that building costs increase by some 24 percent a year. On a compounded basis, therefore, building costs double every four or five years.

"VAT will accelerate that process even further in my view."

McRae bases his comments on the latest UBS housing review which reports that in the fourth quarter of last year building costs rose by 18,6 percent.

The review reported substantial increases in home prices in the major regions during the fourth quarter of 1990, with those in the Western Cape up by 16 percent compared with the same period the previous year.

Johannesburg prices went up by 11 percent, and Durban and the rest of Natal up 14 percent.

The remaining regions recorded increases ranging from six to nine percent.

"Consequently, I believe we are faced with the very real possibility that the percentage of the population who can afford to buy a home will shrink radically in the next few years." McRae said.

The 1990 national average price of medium-sized houses increased by 14 percent during the fourth quarter to about R108 000, those of smaller homes by about 17 percent to R92 000 and those of larger homes by 5 percent to around R147 500.

Surety from peer pressure

B/Day 26/4/91. 339

LINDA ENSOR

JAN Steyn's Independent Development Trust, with R2bn of public money, will be relying heavily on peer group pressure for the success of its recently announced scheme to provide housing finance to the poor.

The scheme, developed in conjunction with UAL Merchant Bank, has already raised R120m from eight financial institutions through a private placing of Collateralised Housing Investment Paper (Chips). This is the first tranche of a total of R500m to be raised from the private sector.

The Trust will provide funds to the Independent Development Trust Finance Corporation (IDTFC) for the purchase of a portfolio of fixed interest rate securities which will be used to collateralise cashflows due to the institutional investors.

The average loan will be between R5 000 and R12 500. It is hoped loans for about 12 000 site and service homes with a basic superstructure will be granted this year.

Peer group pressure to repay debt is to be the bedrock on which the Trust will depend for repayment. There will be no mortgage bonds as the quantity of loans advanced will make this impractical. Assets will not be secured because of the vast amount of documentation this will require.

"Peer group pressure will be the only form of insurance," says Trust finance director Jan Kitshoff.

The National Stokvels Association of SA (Nasasa), which has 7 000 groups representing 84 000 members, hopes to be appointed by the Trust as a distributing agent for its loans.

As Nasasa president Andrew Lukhele explains: "In the black community the spirit of communalism is very important.

"It is an abomination for a member of a stokvel to default, and to do so carries the risk of ostracism which tarnishes not only the member but also his whole family. This pressure minimises the default rate considerably."

Lukhele says that default is rare in stokvels.

There are believed to be 800 000 stokvels with 9,6-million members generating about R2,4bn annually. They provide an ideal structure to bridge the gap between the finance available for low income housing and the people who need it.

Faced with a lack of delivering capacity, the Trust will depend solely on financial and other institutions to act as the distributing agents and it has invited them to submit proposals on how this should be done.

"The challenge is to create as many group credit organisations as possible to get money into the market quickly," says Kitshoff.

For the Trust the waters are relatively unchartered, presenting it with huge potential risks. Kitshoff says the Trust is in the process of drawing up a policy stipulating the rules and regulations for each of the distributing agencies and outlining its lending criteria.

"We are presently working out ways to pass on some of the risk to the financial institutions otherwise they will be under no constraint in handing out credit. It will be left to the financial institution to handle the evaluation of risk."

It is envisaged that the schemes will be based on group lending of the stokvel kind with perhaps intra-group guarantees acting as a back up to peer group pressure.

The Perm, one of the potential participants in the Trust project, is presently working out the details of a scheme to grant loans to individuals in a group context. Other bodies which are likely to be involved are the Urban Foundation, the Housing Trust and the Get Ahead Foundation.

The Trust believes that peer group pressure as surety is not as risky as it may seem, having already been tested by the Urban Foundation's Cape-based Group Credit Company, through which the Trust intends to channel some of its money.

Although it is still early days — Group Credit only started operating in November 1989 — MD Christine Glover says there has not been one case of default. By end of April the company will have lent R3,5m to 94 groups of 1 700 individuals.

The groups of people are mainly squatters not normally eligible for traditional housing finance. The deposit, 10% of the loan in the form of savings, is pledged to the financial institution advancing the loan.

In terms of the Group Credit Company schemes, risk assessment lies very much with each group. The group undergoes an intensive period of training enabling members to develop the skills to evaluate the risk of incoming members and know how to allocate loans to individuals.



☐ KITSHOFF

Glover says the board of Group Credit Company has given preliminary approval for the company to go national. She explains the success rate of the lending scheme as being due to the pledge made on the group member's savings and secondly to peer group pressure.

"Public embarrassment does wonderful things," she adds.

LETTERS

Building a future for all requires a wide range of skills

NINHAM Shand has been involved in the planning and development of infrastructure and basic shelter for low-income groups throughout southern Africa. BTOAM 26/4/91.

Involvement has been at all levels, from project identification through to operation and maintenance, and has at times drawn on skills outside the traditional boundaries of civil engineering.

The group's mission statement, known as "development management", is: "Believing in a positive future for all peoples in southern Africa, we aim to promote the socio-economic development of disadvantaged communities through the provision of comprehensive professional services to ensure an integrated approach to development". BCA 339

Ninham Shand is involved in community participation and the resolution of conflicting attitudes and interests.

The group consults with low-income urban communities on issues such as selection of infrastructure standards and upgrading of existing infrastructure.

Assistance is given in decision making on the prioritisation of projects and budgeting allocations, and in the establishment of and assistance to small building and services contractors.

Ninham Shand also aids communities in the budgeting and managing of local engineering services and multidisciplinary design and construction projects.

This expertise is made available to a newly developing area or to an already developed area that lacks adequate capacity to carry out management, operational and maintenance responsibilities.

Urban expansion will call for extra effort

B/Day 26/4/91

NINHAM SHAND MD Peter Thomson says civil engineering's greatest challenge is in and about SA's urban areas.

It is clear from the tendency in SA and the history of other developing countries that an increasing tempo of urbanisation is likely.

According to Urban Foundation figures, SA's population will increase to about 60-million by the year 2010.

It estimates that in 2010 the number of blacks living in urban areas will be about the same as SA's population in 1985 (33,3-million).

Thomson says the challenge of urbanisation goes beyond the supply of engineering services.

It includes the need to bring into balance affordability of engineering services (water, sewerage and roads) and the standards urban dwellers wish to receive.

"It needs to deal with policies on land ownership, land use and the governance of our urban areas."

He says some 57% of the black population under the age of 14 is under-educated and faces the prospect of being unable to find employment in the formal sector.

"In civil engineering and almost as a by-product to the provision of those services which support the population, we create wealth and work opportunities."

¥2339

Appropriate

He says civil engineering will be challenged to use design and construction methods and engineering standards appropriate to SA's economic, social and physical enviroment and to creating labour intensive construction.

"It is only through the application of technology that we have any chance of making up for the undersupply of human skills."

While Third World requirements must be dealt with, Thomson says the engineering profession will have to use and understand the advanced techniques of First World countries and adapt these to specific needs.

Reform has made little difference to the homeless

Star 22/4/91 (339)

BOOK OF THE WEEK

Urbanisation in post-apartheid South Africa
by Richard Tomlinson (Unwin Hyman R69,95)
Reviewed by James Clarke

WRITING a book about post-apartheid cities right now is a bit like writing on post-war Iraq. It is a mite too soon.

But Richard Tomlinson took the plunge. He produced "Urbanisation in post-apartheid South Africa", while reform was fluid. He certainly could not have guessed, at the time of writing, that the Group Areas Act was about to collapse.

Yet his thesis stands.

Dr Tomlinson (I understand he is only distantly related to the "homelands architect" Tomlinson who died this month) lays bare the apartheid city and its bastardised zoning.

This very useful section is reason enough to read this book.

He goes on to show how "reform" is changing nothing.

Nationalist urban planning ideology, like an Aborigine's unwanted old boomerang, is going to be very difficult to throw away.

In the days of apartheid, black influx was checked by unsubtle controls — blacks had to beg for permits to stay in town and could own nothing.

Tomorrow they are going to have to beg for money instead. The black worker has been priced out of town.

True, he is no longer a migrant worker, yet he is still being "planned" out of town.

He is now a "commuter worker", forced to live on the urban edge because he can afford nothing more.

There is nothing new about commuter workers, of course, but "what the Government is doing," says Dr Tomlinson, "is deliberately accentuating the cost of land close to the cities".

While workers are pushed to the periphery of the city — in fact, to extensions of existing townships — the unemployed are forced to live in even less accessible places far from work opportunities. They can't afford even the site-and-service schemes offered by the Government.

In short, "the city divided" which so epitomises South Africa remains intact.

Dr Tomlinson does not advocate shock tactics in order to induce a more equitable nonracial order.

He sees as the major priority the need to make more land availabile for low-cost housing right where the job opportunities are.

How? With a new land tax to encourage land to come on to the market.

Look at all that sand-smothered, mine-owned land which has been kept out of circulation.

The mines could afford to keep it out because they pay no rates and taxes on it.

He also advocates a progressive site-value tax system which will encourage higher densities and spread the financial burden of providing infrastructure.

He warns that land supply must not be seen as an isolated issue (that's been our fault in the past) but in context with urban living patterns.

If housing development is where the jobs are then the less well-off are spared the expense of commuting.

Dr Tomlinson (a respected planner with the Development Bank of Southern Africa) has a great deal to say about the PWV, which he sees as being on the threshhold of a new phase of explosive urbanisation. He battles with the quantitive side and refers often to the incredible disarray of the existing data base.

For example, Soweto's population could be anything between 700 000 to 3 million, depending which survey you prefer.

He shares the view of Wilfred Mallows that South Africa is more aligned to a middle-income country than a Third World country and that solutions to our problems may be found more in overseas experiences than from anything Africa can offer.

His book also examines post-apartheid government and economic values; industrial decentralisation and rural development, including the thorny issue of land redistribution.

As far as the last point is concerned, he sees a situation which is much less traumatic than the average South African would believe. There's a lot of "white land" out there, often unused, sometimes abandoned and some of it already occupied by blacks anyway. □

Speed is key to housing backlog

SPEED is of the essence in meeting SA's housing backlog — and De Leuw Cather has played an active role in bringing a new informal housing scheme near Dobsonville on line in record time.

Doornkop comprises 5 800 stands, each about 200m² in size, on 250ha of land.

Each stand has been supplied with a dry type aqua-privy and running water is available from one pipe for every 20 stands.

DLC associate Dennis Behrmann says: "The Transvaal Provincial Administration produced the town plan at the end of November and wanted to launch the scheme immediately, but no services were in place.

"In December, we were called in as consultants for the provision of water and sewerage requirements and temporary roads.

"By January 14 we were ready for the first people to move onto the stands — and since then properties have become available at a rate of 100 stands a day.

"All 5 800 stands are now complete, serviced by 39km of water mains and 43km of gravel roads.

"All the stands have been sold and the owners are erecting their dwellings at a rate of about 1 000 a month."

Although meeting the most basic requirements at this stage, Behrmann says the township has been designed with an eye to upgrading.

"Provision has been made for schools, creches, places of worship, retail and social facilities.

"Eventually, the services will be upgraded to provide individual water connections to each stand, and a water-borne sewerage scheme will replace the aqua-privies," he says.

Govt to reduce oil stockpiles to help pay for socio-economic projects

BIDay 30/4/91

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BILLY PADDOCK

CAPE TOWN — Government is to reduce its strategic stockpiles of oil to raise R1bn for socio-economic upliftment in disadvantaged communities, President F W de Klerk announced yesterday.

And this fund could be boosted to R2bn as SA's international economic position improved, he said. This would bring government funds earmarked for developmental projects to R4bn. The Independent Development Trust has already received R2bn.

De Klerk said many communities were crippled, without basic facilities taken for granted by others. Sustained economic growth provided the solution to this and other economic and social problems.

Meanwhile, everything had to be done to address the essential developmental issues in the short term and to kick-start long-term economic growth and job creation.

He said the move was also a further bid to counter violence.

Funds would be used for special developmental programmes and projects and to bring stability to areas where violence had negatively affected business confidence and foreign investment.

A working group under the chairmanship of Economic Co-ordination Minister Dawie de Villiers would consider and evaluate the programme and oversee project implementation.

All projects needed to be labour intensive, identified in consultation with the community and involve the private sector.

Projects would include:

☐ Establishment of primary health care clinics;

☐ Sport and recreational facilities, especially in areas lagging far behind;

☐ Schools; and

☐ Purchase of land for informal urban settlements.

All projects would be co-ordinated with the Manpower Training Programme to ensure the greatest possible number of jobs were created.

The projects would receive a one-off grant and any further development of the projects would be financed by different departments from their budgets.

De Klerk said that because road-users also contributed to the funds for strategic stockpiles, some funds would be used to maintain and repair essential road infrastructures, especially secondary roads.

He said the guidelines for the projects were that:

☐ They had to contribute to eradication of economic and stability problems within a reasonably short time;

☐ Project proposals would be conside only once evidence was provided that isting financial allocations, manpower sources and physical facilities were lised to the optimum;

☐ Maximum community involvement indentifying projects, determining pric ties, execution of projects and responsi utilisation of the project on completion.

De Klerk said sanctions had forced SA pursue unproductive investments of ca ital by investing savings in strategic stoc piles. Sanctions had also led to weakeni economic growth and low job creation.

From tribe to township. and from there?

TOWNSHIPS are dormitory towns — reservoirs of cheap labour, dumping grounds for blacks (satisfying the demands of the racist Group Areas Act), pondokkie land for the dispossessed and displaced. They are divorced from natural beauty and the green heritage. They are plagued by criminal violence and gangsterism; by disease and vandalism. They lack basic amenities. They are occupied by poverty-stricken people in a bleak and unhealthy environment.

Township ecology equals the politics of dispossession. They must be destroyed. A new environment must be created which is conducive to the development of our peoples' humanity. Before any decision can be [illegible]e the people who inh[illegible] them must be consulted. Decisions on the future of these townships must also take into account present realities which paint a grim picture of millions who need shelter, those who live in magnum kennels in the urban areas. Do we have the resources to both destroy these human rubbish dumps and simultaneously build homes for the homeless in a friendly environment? Under the present regime this huge operation will not be undertaken. They are the problem and not the solution.

Electricity

While the battle continues for the establishment of a democratic order that will dramatically change this dreadful legacy, we must bear in mind that resources to effect change cannot be plucked out of the sky. Not only will workers be expected to maximise their productive capacity but industrialists will no longer be left to their own avarice. There can be no profit-making without social responsibility. In the meantime democratic forces and their environmental allies must identify issues around which campaigns should be launched.

Soweto and the PWV area, home to eight million people, are under a perpetual haze of carbon dioxide resulting in alarming growth of serious chest, ear, nose and eye diseases.

People are obliged to use coal and paraffin for energy, thus adding to the serious pollution. Although we have a national grid supplying electricity nationwide, few township dwellers have electricity. There are more than 200 townships but only 21 are provided with electricity. The principal cause of air pollution is Eskom and heavy industry emitting pollutants into the atmosphere through the use of low-grade coal. They have done little or nothing to reduce this pollution because of the expense involved in cleansing their operations. Worldwide, this country is the worst offender in emitting substances that damage the ozone layer.

Schooling

No environmentally concerned planning can be undertaken without compulsory integration of the black townships into the rich racist town councils. The regime wants this to take place on a voluntary basis. To us this means removing apartheid scaffolding and keeping the racist monument intact.

Schooling in townships is a disaster area. We are told we have an enlightened regime with a leader in the shape of Mr De Klerk who is enraptured by liberal "visions" for a "New South Africa." Why then are we presented with a budget that allocates four times as much to a white child as to a black child. Why should white schools only open their doors by consent of white parents? Why are millions of black kids out of school because of lack of facilities when more than 200 white schools have closed down for lack of white pupils? Why should this generation be interested in the environmentally-related issues while those in control treat them like unwanted luggage?

Secretary

Seek ye an old age home in the townships and you will not find. Compare the pensions of whites to those of blacks and you will despair or become insanely angry. That we do not seek to beautify the ghetto townships is evident from what I have already said, but do we voluntarily have to live surrounded by filth? The PAC does not think so. At Atteridgeville township on the outskirts of Pretoria, we launched a campaign to clean up the streets, which was led by advocate Dikgang Moseneke, deputy president of the PAC.

I am particularly proud that at our second conference after an enforced break of 31 years, the PAC decided on the creation of the post of secretary for the environment. We hope others will follow us in generating public concern.

We say that a new constitution must give the public *locus standi* — the legal right to go to court to protect their environment and quality of life.

We propose an environmental ombudsman, independent of the state and the private sector, to mediate in environmental issues.

□ *Barney Desai is Secretary for Information of the PAC. This is an extract of a recent address on the PAC's environmental policy.*

SOWETAN
Building the Nation
FOCUS ON PROPERTY

When the trek into white areas begins

339

Sowetan 2/5/91

AFTER affordability, social structures and lifestyle differences are expected to play significant roles in the movement of people of colour into white residential areas when restrictions are lifted.

Aggrey Klaaste, editor of *Sowetan*, interviewed by journalists specialising in property affairs this week, said social differences between the two races would slow the number of people of colour choosing to relocate.

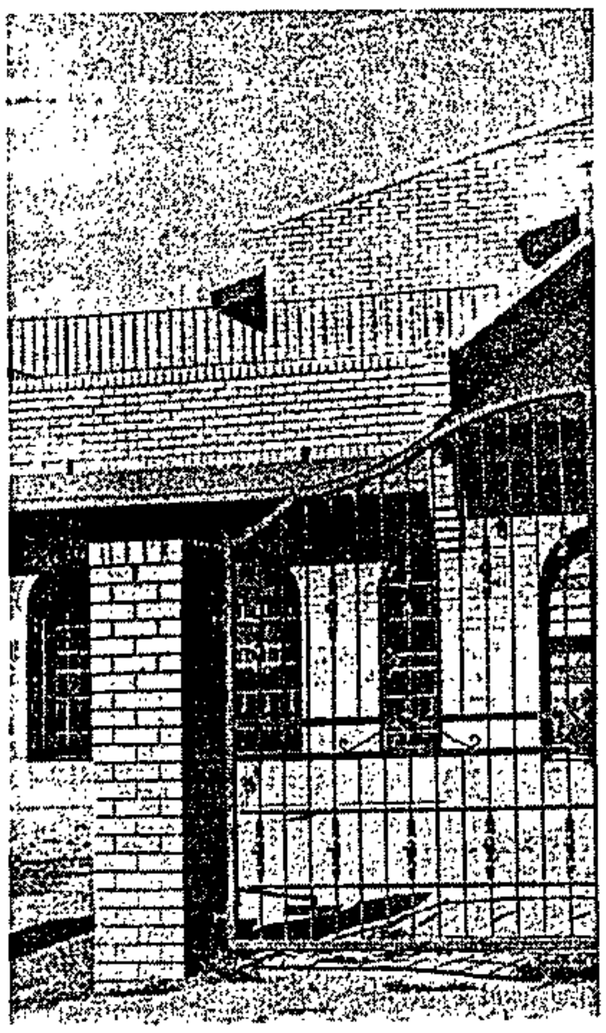
He admitted that present township violence would definitely encourage movement, but strong sentiment through family, business, education, communal and religious attachments meant decisions to move would not be made lightly or in haste.

Klaaste said this was already evident by the large number of black professionals now living in upmarket white areas still spending most of their time in Soweto.

Affordability, and this applies to may black executives, will restrict the choice of relocation to very few black people.

Some executive homes in Soweto are valued at about R90 000 ad this will only allow purchasing scope in the lower end of the market in white areas.

Klaaste believes racial integration will take place harmoniously, but will be slow. Certain black colonisation will occur in white areas, as has already taken place in Hillbrow, but this is likely to be in the form of groupings of classes or professions of black people.



The prices of upmarket houses could still keep most blacks out of white areas when other restrictions are lifted.

Concern

Of immediate concern is that integration by black into white suburbs must take place naturally and not be driven by white sentiment or black resentment to speed the process of fully mixed area purely for the sake of full integration.

He believes the forcing of people by others to live in areas not of their choice is little more "than turning apartheid on its head," and will not be acceptable to people of colour.

Of paramount importance is basic educational campaigns by the private sector to assist and guide black people in purchasing property.

He urges financial institutions, builders and estate agents to promote such programmes and whenever possible to absorb people of colour into their staff.

Klaaste says few people of colour understand the mechanisms of interest rates and capital redemption or comprehend that a property is a profit-making growth asset that can be used to improve living standards or cushion retirement.

Exploited

It is also important that uneducated black buyers not be exploited, but be made to fully understand the serious financial commitment when buying property over extended repayment periods.

A spokesman for Institute of Estate Agents said this week the Institute welcomed new black estate agents and would encourage buyer educational programmes at every opportunity.

IDT to start assessment of land subsidy applications

B1Day 7/5/91 339

LESLEY LAMBERT

CAPE TOWN — The Independent Development Trust (IDT) will start approving the first batch of applications for land subsidies from the R750m it allocated on July 19, housing director Ben van der Ross has announced.

The applications would be assessed and evaluated after a May 31 deadline and approved "in principle" at the IDT's monthly meeting in July, Van der Ross said. Additional applications for assistance would be considered in a second evaluation exercise.

To avoid unecessary expense, the IDT has announced that it does not expect applicants to develop their proposals in full technical detail before receiving an "in principle" approval. Final approval will follow further negotiation with successful applicants.

The IDT project aims to provide assistance to about 100 000 poor South Africans. It hopes this scheme will form the basis of home ownership for about 750 000 people.

The trust received 300 applications to the tune of R7bn before it launched the project and is expected to be inundated with thousands more.

To deal with the inflow, the IDT will consider applications not on a first come, first served basis but according to the following timetable:

- Applications which meet the May 31 deadline will be assessed on receipt until June 14;
- During the last two weeks of June and the first week of July, the merits and demerits of each application will be evaluated by a panel of experts;
- Recommendations for the approval "in principle" of projects will be made to the meeting of the IDT board of trustees on July 19; and
- Further negotiation with successful applicants to settle outstanding queries will proceed on an ad hoc basis and final approval will be granted by IDT executives on delegated authority from the board.

Star homes show first of its kind

Star 9/5/91.

Staff Reporter

The chronic shortage of low-income housing in South Africa is the focus of The Star's Affordable Homes Show, which opens today at Mfundo Park near Vosloorus.

The show is the first of its kind, and with the imminent scrapping of the Group Areas Act, the range of affordable houses on show is expected to attract potential home-owners from all population groups.

Difficult

The show features 59 houses which range in price from R15 000 to R35 000, as well as informal structures costing less than R10 000.

The Group Areas Act has made things extremely difficult for The Star in previous years, according to The Star's assistant general manager, Peter Sullivan.

At the last two home shows, a policy had been formulated saying anybody, regardless of race, could buy the homes even though that was in contravention of the Group Areas Act.

"Now the Group Areas Act is going and we felt we could put up an affordable-homes show for people who are just starting out and with minimum budgets.

Expensive

"The response from everybody is wonderful and we believe it will make a major contribution towards showing that South Africa's housing problems could begin to be solved."

In previous years, homes shows were usually "ideal-home shows" and the houses were very expensive because they went to "the best builders and best architects in the best areas", Mr Sullivan says.

Proceeds from the entrance fees — R2 for adults and R1 for children — will go towards building a community hall for Mfundo Park.

Trouble spots are socio-economic projects' targets

BIDay 13/5/91

LESLEY LAMBERT

CAPE TOWN — The Independent Development Trust (IDT) has targeted urban trouble-spots in Natal and the Transvaal in the first round of projects it has undertaken to fund.

A significant proportion of the R1bn already approved by the IDT's board of trustees is aimed at addressing socio-economic needs in violence-torn areas around Durban and Johannesburg.

Areas in the Western and Eastern Cape have also been identified for assistance, but the majority of projects aim to serve broader national educational, housing and health needs.

The main emphasis of the first range of projects is on housing: R750m has been budgeted for land subsidies and R70m has been allocated to the Urban Foundation for the provision of low-cost housing.

More than R60m has been set aside for funding. The IDT Finance Corporation will use R46,6m to mobilise R100m worth of housing finance from the private sector, while the Group Credit Company will receive R16m for the provision of short-term loans to funding institutions.

The upgrading of squatter camps in trouble-spots in Natal and the Transvaal are a high priority. More than R11m has been allocated to the first phase of the upgrading of Bester's Camp in Durban, while R100 000 will go to the Legal Resources Centre in Johannesburg for a feasibility study on the upgrading of Phola Park in Tokoza on the East Rand.

A grant of R233 000 has been made for the establishment of housing and community facilities for the squatter community in the greater Cape Town area and an additional amount of R300 000 has been set aside for development of community projects in Crossroads and Khayelitsha.

Funds have also been earmarked for conversion of hostels into housing units.

The IDT has made provision for a R10m loan to the Pinetown Regional Water Services Corporation for the construction of bulk water supply schemes in areas identified for low-cost housing projects. It has also agreed to lend the Umgeni Water Board R5,2m for the upgrading and provision of water supply schemes in tribal areas in the Valley of a Thousand Hills.

The trust's approval of a wide range of educational projects and its provision of bridging finance for existing programmes reflects its emphasis on education.

Rebuilding

New projects range from the reconstruction of schools and classrooms destroyed during outbreaks of violence to the provision of university loans for disadvantaged students and programmes to improve teaching skills.

Almost R40m has been allocated for the rebuilding of schools in the Port Elizabeth area and an additional R500 000 specifically for a secondary school in the Walmer township.

Rural areas in KwaZulu will receive almost R3,5m for new classrooms over a three-year period.

A number of the projects emphasise literacy, pre-school education, the upgrading of maths and science skills in high schools and career and vocational guidance.

Adult education programmes and facilities for mentally handicapped children are also given priority.

Health care is expected to feature strongly in the next round of allocations from the Trust's R2bn.

could not supply the required services or expertise could call on neighbouring (white) authorities to help out.

Hostel upgrading 'urgent'

CAPE TOWN — The total upgrading of hostels was an urgent government priority, Health Minister Dr Rina Venter said yesterday. 339

However, a spokesman for Planning Minister Hernus Kriel said no decision had yet been taken as to when the process would begin or how much money would be allocated. Details of the upgrading plan would be released "soon".

The upgrading of hostels was one of the key ANC demands to government on curbing the violence in the townships.

Venter, who recently completed a report on the quality of life and health standards in hostels, told a Press conference yesterday that conditions in the hostels were "totally unacceptable".

The department study found that there was a definite demand for both single-sex accommodation and family quarters.

Both would have to be provided, she said.

Community leaders would have to be involved in deciding on procedures to be followed.

Venter said plans for the upgrading process would be handled by Kriel's department.

Govt urged to scrap reform Bills

TANIA LEVY

THE Urban Foundation yesterday urged government to scrap the four supplementary Bills on land reform.

At a Press briefing in Johannesburg, Urban Foundation executive director Ann Bernstein urged key political players to form interim working groups to look at urban and rural development.

"Don't blow the opportunity created by the repeal of race discrimination. Withdraw the supplementary Bills and seize the opportunity for non-racial reconciliation," she said.

Government's courageous decision to abolish the Land Act and Group Areas Act had created an opportunity, for the first time this century, for all South Africans to debate and form a broad vision of urban and rural development.

Bernstein said the foundation objected to the content of the four supplementary Bills and to the way they had been imposed from the top down.

Their content started from the assumption of conflict between black and white.

Future land reform had to be based on the common interests shared by all South Africans. Such common interests included the preservation and sound long-term use of land, large-scale urban development to strengthen SA's cities and the maintenance of health and safety standards for all.

Bernstein said while the maintenance of standards was important, it was a side issue. Forced removals were also not the main issue.

Encouraging investment for large-scale urban development was critical, said Bernstein.

She said the foundation proposed that a judicial process deal with forced removals, urban and rural.

It was critical to re-establish the rule of law and principles of justice in SA's countryside.

The four Bills supplementing government's White Paper on land reform are: the Less Formal Townships Establishment Bill which allows for the creation of informal sites for squatters; the Residential Environmental Bill to stop the physical decline of cities and maintenance of standards in residential areas; the Rural Development Bill which provides for development of rural areas and agricultural settlements; and the Upgrading of Land Tenure Rights Bill to rationalise land registration and upgrade low order tenure to full ownership.



Urban Foundation executive director Ann Bernstein speaking at yesterday's Press conference at which government was urged to scrap the four supplementary land reform Bills as a move towards reconciliation.

Picture: CATHERINE ROSS

Plan to give squatters house-building skills

B1Day 16/5/91

WILSON ZWANE

SA's sawmilling industry is set to launch a training programme to help squatter communities acquire the necessary skills to build themselves timber houses.

The programme will be launched next Tuesday and, says SA Lumber Millers' Association (Salma) CE Andries Swart, Salma will spend R1m of its own funds on the programme.

Swart said in a statement yesterday research had shown timber was the most widely used material in shack constructions.

Salma, "as the custodian of timber construction technology in SA", had decided to tackle the housing problem by training squatter communities in timber-frame construction.

"Salma has developed a series of excellent short courses of two to three weeks' duration. People thus trained will be able to erect good-looking, durable and effective timber houses which comply with the national building regulations," he said.

Salma marketing chief Peet Simonis stressed that his association would not be building houses for squatter communities. "We only teach people how to build the timber houses and it is up to them to take the initiative and build themselves houses," he said.

Simonis said the association was in the process of establishing seven training centres in urban areas. The first such centre was already running at Crossroads in the Cape, while another was being established in Tembisa.

"Fifty people will be accommodated at each of the centres for the duration of each course and Salma will charge those who are able to pay R30 for a course. Those who cannot afford the fee will be taken on free of charge," he said, adding that Salma was promoting wood.

The Urban Foundation and the Manpower Department — through its training schemes — were also involved in the programme, he said.

He cautioned, however, that the training programme alone would not solve the squatter housing problems.

"What is also needed is building materials at affordable prices. Timber dealers often found it insufficiently profitable to supply this market due to the risk factor.

"However, the sawmilling industry has started a process to set up a direct distribution channel in co-operation with communities in informal settlements," he said.

Call to turn down land reform Bills

THE Urban Foundation yesterday welcomed the repeal of the Land and Group Areas Acts but urged political leaders to reject the four supplementary Bills on Land reform, writes **DON SEOKANE.** (339)

Addressing a media briefing in Johannesburg, Urban Foundation executive director Ms Ann Bernstein said the repeal of the Acts put the country on the verge of a major opportunity of forming a broad consensus on a non-racial vision of urban and rural development.

Bernstein appealed to political leaders to withdraw the four supplementary Bills and seize the opportunity for non-racial reconciliation. The four Bills are: Rural Development, Residential Environment, Less Formal Township Establishment and Upgrading of Land Tenure Rights. Sowetan 161591

ANC wants to restructure cities

CT 18/5/91

1539

By PETER DENNEHY

THE ANC wants to restructure "apartheid cities" by encouraging high density housing — flats and town-houses — in white areas close to central business districts, Professor Kader Asmal said yesterday.

Professor Asmal, a member of the ANC's constitutional committee, was addressing the National Association of Homebuilders' conference in the Cape Sun yesterday.

He took issue with the government's present housing policy, which he said was largely centred around providing serviced sites on the outskirts of cities.

"This I call a non-housing policy," he said. "Again people are forced to live far away from their work and must spend a large slice of their income on travel costs. We cannot afford to pay transport subsidies. The new housing policies must seek to place workers near work."

Another speaker, Mr Gerrie Steenkamp, president of the Afrikaans Chamber of Commerce, said he had been told by an academic that 28% of coloured people's incomes is spent on getting to and from work.

Township violence hits work on houses

LESLEY LAMBERT

CAPE TOWN — The provision of low-cost housing has been seriously curtailed by township violence and economic recession over the past 18 months and could come to a halt unless the issue of violence is resolved.

That is the warning that emerged from an influential housing conference organised by the National Association of Home Builders in Cape Town last week.

In an interview after the conference, SA Housing Advisory Council chairman Joop de Loor confirmed that township violence remained a major obstacle which was "practically bringing the entire housing process to a halt".

De Loor, who heads a team investigating a new national housing policy, said: "Everything is in place. The funds are available and can be diverted into housing. But, unfortunately, the lending institutions do not have the confidence to release the funds because of the threat of non-payment.

"As a result, the amount of money spent on housing has declined over the past 18 months and, with inflation, the number of units built has declined even further."

In cases where funding was available, conference delegates said other factors, such as sustained economic recession, high interest rates, competition from state-subsidised institutions and the threat of violence, were keeping private developers away from the areas of greatest need.

Finance Minister Barend du Plessis and Independent Development Trust chairman Jan Steyn implored political leaders to discourage rent and bond boycotts and other expressions of political frustration which disrupted the housing process.

Authorities attending the comference said the need to depoliticise housing had become a top priority. National Housing Minister Hernus Kriel suggested that depoliticisation could be achieved by decentralising the housing functions to corporations represented by both the private and public sectors.

ANC speakers and coloured and Indian Ministers from the Houses of Representatives and Delegates supported the urgent need to renew the housing process, but warned government not to use the argument for depoliticisation to offload responsibilites on to the private sector.

De Loor said his organisation had received proposals for strategies to decentralise housing without relieving the state of its responsibilities.

The advisory council hoped to submit its findings to the Cabinet in September. Kriel would then organise a national convention — with the advisory council's report as a working paper, De Loor said.

The shame of land laws

Report traces long history of discrimination



These victims of forced removals returned to Goedgevonden farm to reclaim their land lost through the Government's discriminatory policies. Now, after a brutal attack by rightwingers, the Government has closed them off from the outside world.

A COMPLEX range of laws have contributed to sharp racial divisions in the ownership and occupation of rural land in South Africa, according to the Urban Foundation.

In its latest report, entitled *Rural Development: Towards a new framework*, the Urban Foundation argues that racism in land acquisition has been perpetuated by the Black Land Act of 1913, the Development Trust and Land Act of 1936, the Group Areas Act of 1950; the Black Administration Act of 1927; the Prevention of Illegal Squatting Act of 1951; and the Coloured Missions Stations and Reserves Act of 1949.

By DON SEOKANE

Of all the Acts, the Urban Foundation says, most notorious are the Black Land Act, the Development Trust and Land Act and the Group Areas Act.

Urban Foundation executive director Ms Ann Bernstein says the Land Act laid down a barrier to Africans' land ownership.

The Act set aside only seven percent of the country's land for Africans.

The Development Trust and Land Act defined a further category of "released" areas - those which could be transferred to the South African Native Trust, now called the South African Development Trust.

Extended

This Act extended the area for Africans to 13,6 percent of the country's total land.

Both laws severely restrained black squatting on white-owned land, even with the owner's permission, the report says.

The report quotes Mr Sol Plaatje's 1916 book *Native Life in South Africa, Before the European War and Since the Boer Rebellion* on the affect of these two land Acts:

"Awakening on Friday morning, 20 June 1913, the South African native found himself, not actually a slave, but a pariah in the land of his birth."

The historic effect of the two racist Acts was to prevent African presence - in any capacity other than wage employees - of land outside the "released" areas.

Forced

The "released" areas presently comprised the so-called independent and national states.

Forced removals also contributed to setting rural land aside for white farmers.

The legacy of forced removals, Bernstein says, cannot be wished away.

"Its effects have been disastrous in robbing communities of their land," she says.

Bernstein says the Government's White Paper on Land Reform tries to dismiss forced removals by arguing that we cannot try to undo the past so we should "let bygones be bygones".

In calling for the proper consideration of forced removals, Bernstein has a valid argument.

Victims of forced removals cannot easily forget and forgive the Government.

Cover

Some were bundled in trucks to places far away from their ancestors with or without compensation for their properties. When they were compensated, it was not enough to cover their expenses.

The Mogopa people, for instance, battled with the State to the extent of going to the Appeal Court to reclaim their land.

The entire Mogopa community had been uprooted from its agriculturally viable and mineral-rich settlement in the Ventersdorp area and dumped at Pachsdraai - a barren settlement on the border of Bophuthatswana 150km away.

In another land battle, members of the Barolong baModiboa tribe were hauled before a Potchefstroom magistrate on charges of trespassing.

They faced 23 charges of trespassing on a land they claim is theirs.

The most recent land battle pits the Goedgevoenden people against the Department of Agriculture.

The crux of the saga is that the department has laid charges of trespassing against the villagers.

The Goedgevoenden people were forcibly removed from their land 13 years ago, bundled into trucks and dumped at Frischgewaagd in the western Transvaal.

They decided to reclaim their land and by April 9, about 15 families had erected shacks in the area. Since then, about 80 families have settled there.

Although the villagers are determined, all is not well.

After an attack by several thousand rightwingers last weekend, they have been shut off from the outside world by police and Department of Agriculture officials who man the gates surrounding them.

But why the Department of Agriculture? How does it come into the picture?

The land has been declared a grazing area and is owned by the department.

Tribe leader Mr Olefile Segopolo bitterly questions the rationale: "How can a government take away peoples' land and turn it into a grazing area for white peoples' cattle?"

The Government's White Paper on Land Reform is inadequate in many respects in addressing the plight of victims of forced removals.

After two months of intensive analysis of the Government land reform proposals, the Urban Foundation argues that four Bills should be withdrawn: the Rural Development, Residential Environment, Less Formal Township Establishment and Upgrading of Land Tenure Rights Bills.

The UF opposes the Bills because they do not address the issue of forced removals and because nobody outside the Government was consulted.

However, the Foundation welcomes the repeal of the Land and Group Areas Acts.

The foundation says the repeal of those Acts has given the country an opportunity to widely debate the land issue.

For the first time in a century, a broad consensus can emerge on a non-racial vision of urban and rural development.

The foundation also urges interim working groups on rural and urban policies.

The recommendations have been conveyed to the parliamentary commission on land reforms.

Cautious welcome for land reform changes

B|Day 21|5|91.

LESLEY LAMBERT

CAPE TOWN — Amendments to the land reform package have been welcomed but there is strong concern about government's insistence on forging ahead without consultation on three unamended Bills.

National Housing Minister Hernus Kriel announced yesterday the withdrawal of the Abolition of Racially Based Land Measures Bill, which repeals the Group Areas and Land Acts, and the controversial Residential Environment Bill and combined the two in a strongly modified Bill.

Amendments, which included the establishment of a Land Commission to advise government on claims for land restitution and the banning of discriminatory by-laws, were based on submissions to a Parliamentary Joint Committee, Kriel said.

The ANC yesterday welcomed the decision to establish the commission but expressed concern that its powers were merely advisory, reports Sapa.

"There is no doubt that Minister Kriel's statement constitutes a substantial improvement on the government's previous position. But it is not enough," the statement said.

The organisation demanded the setting up of an independent land commission representative of the people of SA, whose decisions would have legitimacy and be binding. This would redress the wrongs perpetuated against "the majority of our people".

Kriel yesterday emphasised government intended pushing ahead with the remaining three Bills underpinning the proposed land reform process: the Rural Development Bill, the Less Formal Township Establishment Bill and the Upgrading of Land Tenure Rights Bill.

Other responses to Kriel's statement were that it reflected a certain degree of flexibility from government. But groups such as the Urban Foundation and the Black Sash's Transvaal Rural Action Committee (Trac) expressed concern that the amendments affected only parts of the land reform package and were not based on broad consultation.

Urban Foundation executive director Ann Bernstein said the new package did not address the need for widely consulted rural and urban development strategies.

Speaking at a Press conference in Cape Town, Bernstein said the Urban Foundation would continue to urge political leaders to oppose the supplementary Bills and to call for interim working groups to address the entire reform process.

Two components which were crucial to the reform process were a land court backed up by the rule of law and a clear statement that there would be no racially discriminatory by-laws in the new legislation.

Trac said in a statement that the establishment of a Land Commission represented a major advance in government thinking.

But, it fell short of the call for an independent commission which would arbitrate in cases of conflicting land claims.

Kriel's statement that land would be allocated to "deserving persons, with concern for the claims by people who have previously been disadvantaged" aroused the concern that the use of terms such as "deserving" indicated an arbitrary process of restoration of land.

Perm tradition will continue - Hibbit

Sowetan 21/5/91.

NEWLY appointed deputy managing director of the SA Perm Mr Peter Hibbit is prepared to play a major role in bringing about socio-economic changes in the black community.

By JOSHUA RABOROKO

He would ensure that the Perm would continue to help poor and disadvantaged blacks obtain affordable homes and financial assistance.

Hibbit (41) got the job after the flamboyant managing director, Mr Bob Tucker's, shock resignation.

He is tipped to take over as MD from July 1.

Tucker's resignation follows the restructuring of the Nedcor group, which includes the Perm and Nedbank.

The Perm now falls under the new Nedcor Banking Division with Nedbank, Nedfin and computer company Pyraned.

Exiles

Hibbit said the country needed two million homes for blacks. The Perm would continue to make sure that "affordable homes were built even for exiles returning to South Africa".

However violence and anarchy had a hidden cost - homes.

Millions of rands have been set aside to help the poor and disadvantaged, but although intentions were good, very little was happening on the ground.

The Perm could not address the squatter problem as that was a matter for the Government and the local authorities, according to Hibbit.

However it would strive to make sure that homes were built for the poor.

Referring to the "risk factor", a term often applied to poor and disadvantaged blacks, he said: "We will do all we can to help eradicate that factor.

"We do not discriminate in terms of race, sex, religion and creed."

Examples were housing programmes undertaken by the Perm in Daveyton and Vosloorus on the East Rand where low-cost homes and a shopping complex were to be built.

Scenario

He said the Perm had presented a political and economic scenario to a number of influential leaders in the past four months. These have included the executives of ANC, PAC, Azapo, Cosatu and Nactu and leading business interests.

The Perm looked at the social, political and economic challenges facing South Africa.

Hibbit believed that although some issues had been addressed, most of the socio-economic problems still had to be tackled.

Political freedom had to an extent been gained, but socio-economic circumstances had become worse, he said.

Education and training had continued to play pivotal roles.

The improvement of skills and acquisition of new ones was encouraged. Blacks have been promoted to managerial levels and that policy was to be continued.

The Perm has 150 branches, 90 sub-branches and 350 agents countrywide.

Rationalisation had been on the cards since Nedbank teamed up with the Perm in 1989.

The group had not reaped the full benefit of rationalisation and decided to speed up the process.

Hibbit said no retrenchments would take place in the forseeable future, despite the recession the country was experiencing.

He said although the Perm had not helped the informal business sector nationally, it had projects that supported small black businesses in the Cape.

Hibbit, with the Perm for four years, said the social responsibility programme would not change.

He is a chartered accountant and a leading tax consultant. He is married to Helen and the couple have two children.



PETER HIBBIT

Medium-size home prices rocketing

Sowetan 24/5/91

IN spite political unrest and uncertainty and the downturn in the economy over the past few years, the price of medium-sized houses in South Africa have rocketed on average by more than 53 percent in the past four years.

However, the increase in the price of a medium-sized house in Pretoria rose by only 40 percent in this period - the third lowest of the 11 cities or areas in a survey of house price movements contained in the latest United quarterly housing review.

Pretoria fared only slightly better in the past year with the price of a medium-sized houses rising by just more than 8 percent - the fourth lowest increase - compared to the national average of 12,7 percent.

Natal boom

But medium-sized house prices increased by 3,3 percent in Pretoria between the last quarter of last year and the first quarter of this year - the fourth highest increase in the country.

House prices are booming in Natal and the Eastern Cape. In the past year, medium-sized house prices in Durban/Pinetown have shot up by more then 29 percent - the highest in the country. The increase over the same period for the rest of Natal was 21,5 percent and for the Eastern Cape 15,8 percent.

Statistics

In between the last quarter of last year and the first quarter of this year, house prices in Durban/Pinetown jumped by 8,7 percent - again the highest in the country and again followed by the rest of Natal at 5,7 percent.

Over the four-year period between the first quarter of 1987 and the first quarter of this year, medium-priced houses in Durban/Pinetown rose by 65 percent - the second highest in the country.

Topping the list was Johannesburg where prices have skyrocketed by more than 67 percent in the same four-year period.

The Eastern Cape (56,7 percent), Vaal Triangle (52 percent), Western Cape (52 percent) and West Rand (43 percent) fared next best.

In spite of the Vaal Triangle registering a 52 percent increased in medium-sized house prices in the four-year period, in the past year its house prices have dropped by more than 2 percent in the past year - 1,7 percent of this in between the last quarter of last year and the first quarter of this year.

The United says during the first quarter of this year the average price of a medium-sized house rose by 13 percent to about R113 300 while the average price of larger houses rose by 9 percent to around R155 000. Smaller homes sold for R94 750 - an increase of 16 percent, it said.

It added that new house prices rose by 6,1 percent during the first quarter of this year and followed increases of 13,4 percent, 14,2 percent and 21,6 percent in the second, third and fourth quarters last year.

The outlook

The United said average price of existing houses in the first quarter of this year was 11,6 percent higher than in the first quarter of last year.

Looking to the future, the United says the housing market is likely to remain under pressure because the economic downswing was expected to persist throughout the greater part of this year and because the authorities are intent on keeping interest rates positive in real terms by a substantial margin.

Prediction

"During 1990 house plans passed fell by 10,7 percent and the general expectation is that the number of completions will decline in 1991. Increasing building costs will also impinge on building activity.

"Given the comparative scarcity of available accommodation, house prices are expected to increase by about 12 percent during 1991," the United said. - *Sowetan Correspondent*

Stokvel loans to house the poor

By TERRY BETTY

INDEPENDENT Development Trust (IDT) and UAL have devised a way to make it profitable for private enterprise to finance housing loans for the poor.

About 60% of the black urban population has no access to formal credit.

Blacks may approach financial intermediaries — still to be appointed — for housing loans. The money will be lent at a fixed interest rate repayable over five years.

The loan will be secured by the "stokvel system" — individuals contribute to a group deposit. If one member defaults, all lose this deposit. The scheme relies on peer pressure.

IDT Finance Corporation chief executive Franz Pretorius says: "The groups will have to be educated in finance, the concept of homeownership and monthly repayments."

It will be up to the individuals to decide how to use the money. They could group together to buy building materials or a property.

Secured

To finance the project the AECI Pension Fund, Syfrets Managed Assets, Southern Life Association, Old Mutual, Sanlam, Mine Officials Pension Fund, Metropolitan Life and Fedlife have invested R120-million in the Collateralised Housing Investment Paper (CHIPS). They have committed R500-million.

The money is secured by the IDT's investment of R46-million in fixed-interest securities. CHIPS has market-related returns, adequate security and tradeability.

Mr Pretorius stresses this is the first time institutional investors have voluntarily put up such large amounts for the direct benefit of the poor.

The plan will dovetail with a one-off subsidy from the IDT of R750-million. This gives legal tenure on 100 000 properties of R7 500 each to households with a monthly income below R1 000.

Business Times Feature

The time to buy a house is now . . .

IF YOU are thinking of investing in property do it before September 30.

That is the advice from Mike Bisset, executive director of Pam Golding Properties, who says VAT will inflate property prices in the short term.

"First, the effect of VAT on the price of a property will depend on who the seller is. If you buy from an individual who is selling his own home, no VAT is payable. However, if you buy a house or a sectional title unit in a new development from the developer, he will be obliged to add VAT to the price.

"This is because he is a registered vendor selling property in the course of his business."

However, says Mr Bisset, there is no justification for the price of a newly built house to increase by a full 12%.

"Building materials are the only element in the price of a house to attract GST. But VAT will be paid not only on building materials, but on labour costs and the developer's profits.

"If building materials comprise 40% of the cost of a new house, then the effect of VAT will be to add 12% to the balance of the costs, i.e. a 7,2% increase.

"It is generally agreed that VAT will add between 6% and 8% to the price of new houses and sectional title units."

Although VAT is not payable on second-hand homes, Mr Bisset says there will up upward pressure on their prices.

With VAT pushing up the prices of new homes, sellers of second-hand ones will be tempted to cash in on the higher prices. It is a case of such a seller saying: "If a new home costs 7% more, I'll add a similar amount to my asking price."

VAT will also affect the payments of transfer duty.

Mr Bisset says: "Sales of new homes subject to VAT will be exempt from transfer duty. Sales of second-hand homes which don't incur VAT will still be subject to normal transfer duty. No VAT is payable on the transfer duty."

VAT will also be payable on the agent's commission and the attorney's conveyancing charges. This is irrespective of whether a new or second-hand house is bought.

existing buildings are also to be included in the upgrading programme on high priority. The services required at Greyville at this stage must be viewed objectively against the services that may be required more urgently at schools elsewhere in the country.

(a) and (b) fall away.

(2) Falls away.

Housing Development Board: houses at discount rate

*6. Mr D K PADIACHEY asked the Minister of Housing:

(1) Whether he will consider letting houses owned by the Housing Development Board to the present tenants at a discount rate; if not, why not; if so, what are the relevant details;

(2) whether he will consider selling the South Fork flats in Lenasia Extension 9 to the tenants under sectional title; if not, why not; if so, what are the details in this regard?

D169E

The MINISTER OF HOUSING:

(1) Yes. Circular Minute No 17 of 1983 as amended by Circular No 3 of 1987 apply to the sale of houses within the Sales Campaign and it has also discounted the selling prices of houses subsequently built.

(2) Yes. The Housing Development Board approved that a consultant be appointed by the Department to undertake an investigation in order to determine the feasibility of selling these flats.

For written reply:

Own Affairs:

Management chief superintendents

30. Mr K PANDAY asked the Minister of Education and Culture:

(1) How many management chief superintendents are there in his Department;

(2) whether a certain official, whose name has been furnished to the Minister's Department for the purpose of his reply, has been transferred back to his post in Durban from the sessional post he held in Cape Town; if so, (a) why, (b) what is the designation of the post (i) to which he was transferred and (ii) which he held in Cape Town and (c) what is the name of the official in question? D126E

The MINISTER OF EDUCATION AND CULTURE:

(1) 4 excluding two Acting Chief Superintendents of Education (Management).

(2) Yes.

(a) The official was required at Head Office to assist the two Acting Chief Superintendents of Education (Management) until they could undertake their duties without further assistance. Whilst at Head Office, he continued to liaise between the Ministry and the Department. If he is required to be in Cape Town to assist the Department the Acting Chief Executive Director will so instruct.

(b) (i) Chief Superintendent of Education (Management).

(ii) Role Playing Post of Parliamentary Officer.

(c) Mr A H A Raiman.

HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Prohibited organisations: prisoners released

358. Mr L F STOFBERG asked the Minister of Correctional Services:†

(a) How many members of the ANC, the SACP and other previously prohibited organisations who were detained in prisons in South Africa were released in the 1990 calendar year, (b)(i) how many such prisoners are still being detained and (ii) in respect of what date is this information furnished and (c) what are the names of the other previously prohibited organisations?

B937E

The MINISTER OF CORRECTIONAL SERVICES:

(a) The political alliance of prisoners does not form part of the information required from a prisoner on his admission and consequently the information as requested by the hon member is not available. However, I would like to confirm that 1 013 sentenced security, security related and unrest related prisoners were released between 2 February 1990 and 27 May 1991. These releases included persons on various sides of the political spectrum. Persons and/or organisations who had not committed themselves to peaceful solutions and development, did not enjoy the benefit of an earlier release in terms thereof.

(b) I refer the hon member to my written reply in the House of Assembly to question number 302 on 10 May 1991 (see col 1401).

(c) The hon member is referred to the contents of Government Gazette 12287 dated 3 February 1990 (Government notices R21 and R229).

Black residential areas: total amounts owing

360. Mr L F STOFBERG asked the Minister of Planning, Provincial Affairs and National Housing:†

What total amounts were owing by residents of Black residential areas in (a) the Transvaal, (b) the Orange Free State, (c) Natal and (d) the Cape Province in respect of (i) electricity, (ii) rentals and (iii) service charges as at 31 December 1990? B957E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(a) Transvaal.

(i), (ii), (iii) R996 572 389.

Unfortunately, it is not possible to furnish the outstanding amount in the breakdown required.

(b) Orange Free State

(i) R11 044 603.

(ii) Not separately available. Included in service charges.

(iii) R57 878 721.

(c) Natal

(i) R267 512.

(ii) R969 848.

(iii) R2 400 021.

(d) Cape Province

(i) R11 351 909.

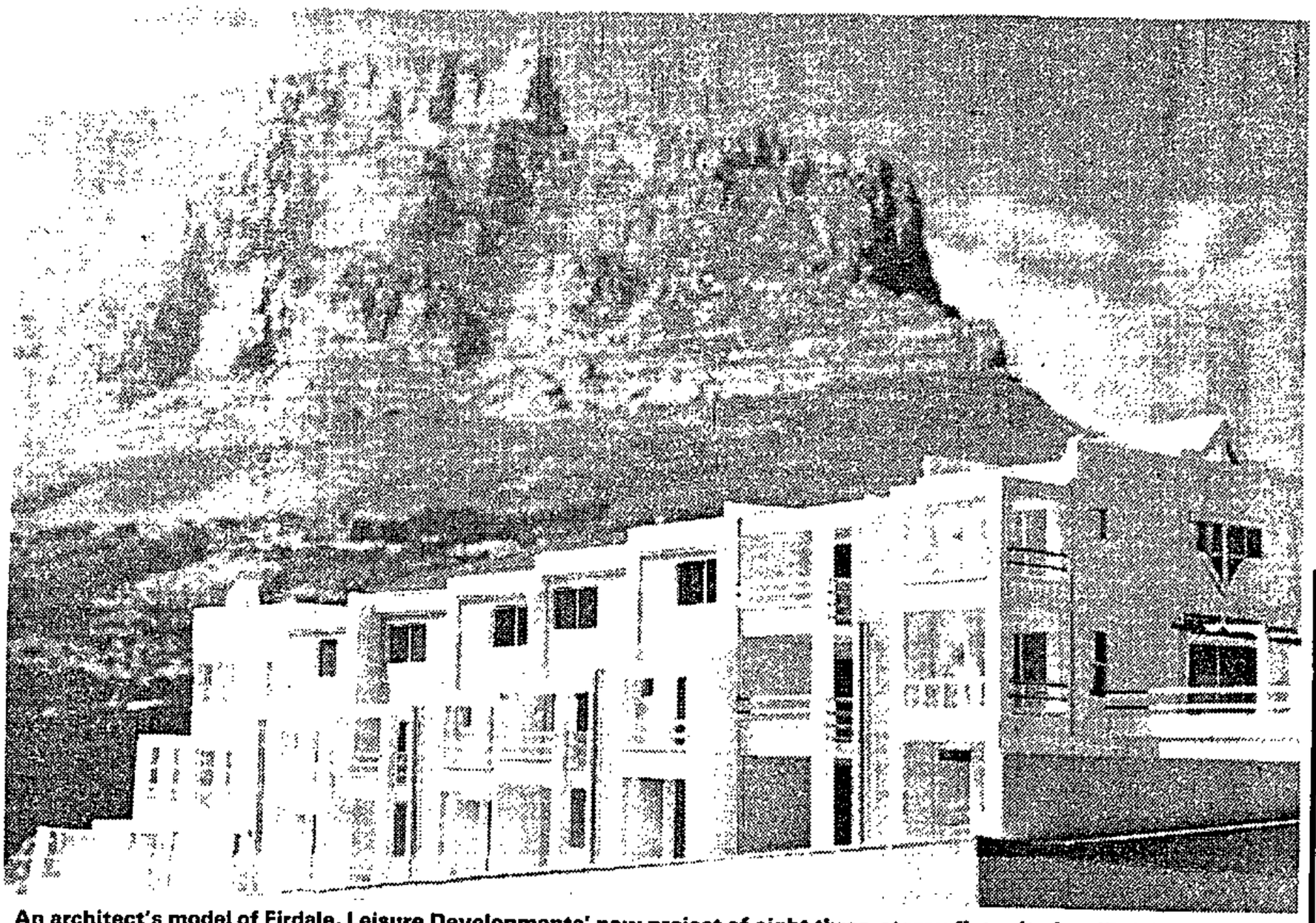
(ii) R29 201 381.

(iii) R68 556 423.

SADF base Vhembe: visit

367. Mr R R HULLEY asked the Minister of Defence:

(1) Whether, during the period 28 to 30 July 1988, the South African Defence Force (SADF) transported to and accommodated at the SADF base Vhembe near Messina a number of young guests, including a certain person (particulars of whom have been furnished to the SADF



An architect's model of Firdale, Leisure Developments' new project of eight three-storey flats sited on Firdale Avenue off Kloof Nek Road, Cape Town. Units will cost from R365 000 for two bedrooms, and from R530 000 for three bedrooms. Construction of the first homes starts next month.

Building codes 'are not a constraint on housing'

B/Day 29/5/91

Reports by
PETER GALLI

WHILE the housing backlog in SA has been at a constant and unacceptably high level for many years, new incentives are being offered to address the problem and constraints on the supply of land and of finance are being removed, says Development Bank technical specialist Don Macleod.

"However, there is a widely held belief that the national building regulations represent a further constraint, and it is suggested in some quarters these should also be removed," he adds.

This belief is based on the perception that the standards demanded by the regulations are too high, that they hinder development and push up the cost of buildings, Macleod says.

"But if the nature of the regulations is understood and the regulations are applied correctly, they can assist in the creation of safe and healthy housing that is appropriate to a community, no matter what its level of development," he says.

The national regulations deal only with health and safety, and demand a certain level of performance with regard to these two aspects, but are not prescriptive, he believes.

The regulations' requirements must be met to ensure the health and safety of the occupants of buildings. The standard of building is not kept artificially high by the existence of the regulations, he says.

"Indeed, if the freedom of choice inherent in the regulations is used, it is possible to comply with the regulations' requirements and have a dwelling with lower standards than funding agencies will accept and with considerably lower standards than many people aspire to."

The regulations are then compatible with affordable housing, Macleod believes. However, the authority responsible for building approval must be willing to, and capable of, interpreting the regulations, which must not be confused with deemed-to-satisfy rules.

These rules are not mandatory and describe methods of construction that, if followed, will result in durable buildings that satisfy the requirements.

Given the economic realities of southern Africa it is also necessary that the poor can provide themselves with basic shelter of any size and shape and with any material they can lay their hands on, and this building activity cannot easily be brought within the ambit of the regulations, Macleod points out.

Local authorities should be encouraged to ensure that their building control officers understand the choice inherent in the regulations Macleod says.

Navy pleads case for national coast guard

B10 am 30/5/91

LINDEN BIRNS

THE SA Navy has released a series of proposals for establishing a national coast guard whose duties would include anti-drug and anti-smuggling operations.

Navy chief Vice-Adm Lambert Woodburne told a recent maritime conference in Cape Town that the Navy was able to take on coast guard duties as it already had the necessary maintenance and command infrastructure, manpower and vessels.

However, these were initial proposals and no budget or date had been set for the establishment of such a guard.

Woodburne said the need for a national coast guard had increased over the past two decades. A coast guard would be responsible for protecting SA's maritime interests and for maritime law enforcement, he said.

A commission which investigated the feasibility of a coast guard had recommended that the Navy and Air Force provide facilities for such an operation, Woodburne said.

Woodburne said maritime law enforcement would include intercepting drug traffickers, preventing illegal immigration, enforcing fishery control, protecting maritime resources and assisting foreign states with regard to maritime laws.

Other coast guard tasks included search and rescue, marine inspections and licensing, providing and maintaining navigation aids, environmental protection and controlling the safety of small recreational craft.

Maritime defence meant a national coast guard could be deployed to perform conventional naval duties in times of war, Woodburne said.

He said the Navy's infrastructure was mainly centred on the Simonstown and Durban naval bases, but it was able to operate from any other port.

Excluding harbour protection boats, the Navy has 16 operational ships and submarines. Four of these are based in Durban and the rest in Simonstown, he added.

The Simonstown Naval Dockyard was also one of the best equipped ship repair facilities in Africa.

It was able to maintain and repair steel and wooden-hulled vessels and advanced technology weapons systems, Woodburne said.

Land commission is not enough, says foundation

339

Business Day Reporter

B1Day 30/5/91

THE Urban Foundation has criticised government's advisory commission on rural land allocation as being an inadequate and partial response to the national land issue.

In its latest reaction to government land policy, the foundation also welcomed the withdrawal of the Residential Environment Bill, which it said would have undermined the abolition of the Group Areas Act.

The foundation said the formation this month of the advisory commission was a step forward, but that it would not resolve the issues of dispossession and restitution.

"These issues must be dealt with in a way that clears the decks for future development policy and firmly re-establishes the principles of common justice in SA.

"National reconciliation and future urban and rural development requires the building of as wide an agreement as possible on land issues in a non-racial SA," the foundation said.

It recommended that a land claims court be established to deal with claims against "historical and discriminatory dispossession".

SA needs to break out of 'housing stalemate'

Maggie Rowley

THE country desperately needs to break out of the present housing stalemate, says Mr John Hopkins, deputy director of housing in the House of Representatives.

"Building costs are rising rapidly and the longer we sit and do nothing, the more expensive housing will become," he warned this week.

Severe cuts in housing funds had, he said, prompted the Directorate of Housing to explore practical solutions for low-cost housing projects, such as the establishment of Housing Development Initiative Committees (HDIC's) in high priority areas.

Through these committees, the private sector, local authorities and communities could join forces in planning housing developments with the Directorate acting as facilitator and co-ordinator.

"The financing of low-cost housing has largely been taken over by the Independent Development Trust and the private sector. However, due to the inordinate amount of adminstration and risk involved in granting individual loans, these funds are being allocated to schemes instead of individuals," says Mr Hopkins.

He said an HDIC would provide an infrastructure to facilitate the identification and administration of high priority projects.

"Each HDIC will be linked to a municipal or Regional Services Council area and will comprise representatives from the local authority, the community and a financial institution.

"The committees will meet regularly to identify housing needs, formulate local housing policy and devise practical solutions for orderly development and community upliftment."

He said financial institutions would be able to implement the Small Loans Guarantee Scheme on a wider scale by granting loans to projects identified by the HDICs.

SOWETAN Building the Nation FOCUS ON PROPERTY

SOWETAN Building the Nation FOCUS ON PROPERTY

Home - a right, not a privilege

Sowetan 6/6/91 339

UP UNTIL today, we've been investigating two exciting - but still relatively expensive - forms of home ownership.

Firstly, we took an in-depth look at conventional housing, which ranges in price from just over R35 000 for the lowest-cost housing package (house plus ground plus-costs) to hundreds of thousands of rands.

We discovered that to buy the cheapest conventional house (using available current subsidies), you would need a household income well in excess of R1 000 a month. In addition you would need to have saved a minimum of R7 000 for your deposit.

Home ownership is not a privilege. It is a just reward for hard work and perseverance. But how do you set about buying ground then financing, building and maintaining a home? Join us every Thursday to learn the answers and if you still have any questions, write to Jacky, PO Box 260835, Excom 2023.

Secondly, we discussed starter housing. An FHA Homes starter house is a small, solid, basic house, specially designed to be expanded and upgraded in the future.

Brand-new starter houses range in price from around R28 000 to R35 000, fully-serviced stand included.

A home buyer would need a household income of R1 200 a month and a cash deposit of R1 400 to buy the least expensive starter house package available on today's market.

Not every family, however, can afford conventional or starter housing. Nor would everybody want to spend their money this way.

But everybody needs a roof over his or her head.

Up until now the only alternatives to buying a conventional or starter house have been to rent accommodation or to build your own house or shack wherever you could find a piece of ground.

But if you live in a shack on someone else's ground, there are many problems you may have to face.

For a start, you may be at risk of being evicted. In addition, if you do not have easy access to clean water and sanitation your family's health could be at risk. There is also a high security risk if you live, for example, in a squatter camp.

Some people have been luckier than others and have managed to build informal houses in areas such as Orange Farm or Zonkizizwe.

For many thousands of families, however, there remains a desperate need for the opportunity to build their own home on their own ground in a safe, healthy environment.

An important start in this respect has been the recent announcement by the Independent Development Trust of a major programme aimed at helping families earning less than R1 000 a month to build on their own land.

The IDT realises that people want to own and control their own ground without fear of loss or eviction.

They need decent health services - water and sewerage. They need to live within reach of their workplaces and they need to be able to travel or visit friends reasonably quickly and easily.

And in addition the IDT realises that educational, social, commercial, health and recreational facilities are a vital part of community life.

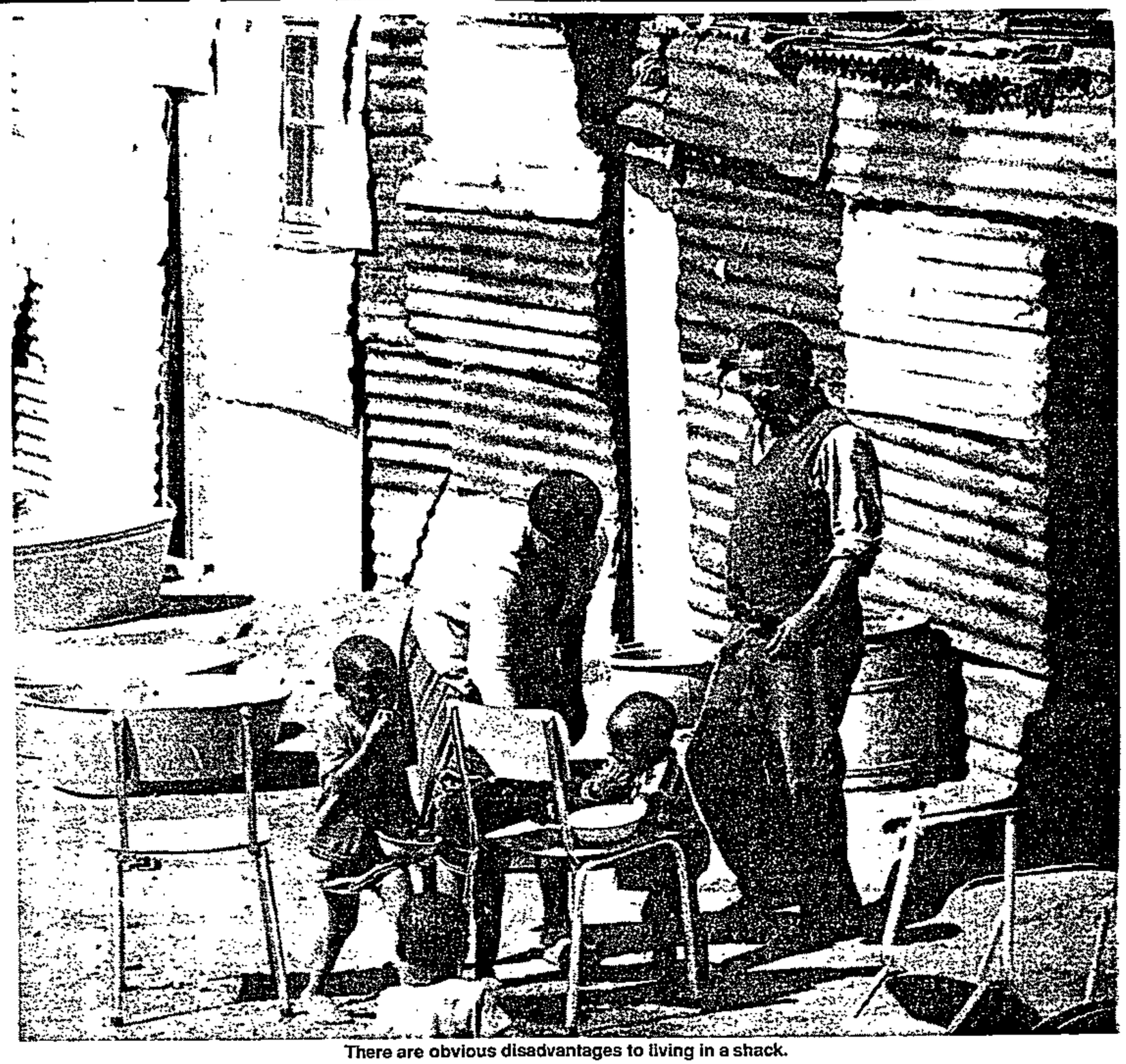
Having the opportunity and means to help ourselves is an integral part of nation building, so next week we are going to meet a man who is determined to make a success of his life, even though he has very little at present.

Thabo's shack was recently burnt down. His family's income is less than R1 000 a month and at present he is struggling to house, feed and clothe them.

Will Thabo soon be able to obtain his own piece of ground and build a house in a safe, convenient area?

The answer is "yes" - and next week we'll find out how this can be done.

- *Prepared by FHA Homes*



There are obvious disadvantages to living in a shack.

Private sector under pressure to build homes

Weekly Mail Reporter

THERE is some relief in sight for builders as the private sector increases its involvement in low-cost housing to alleviate the housing shortage, according to the Bureau for Market Research.

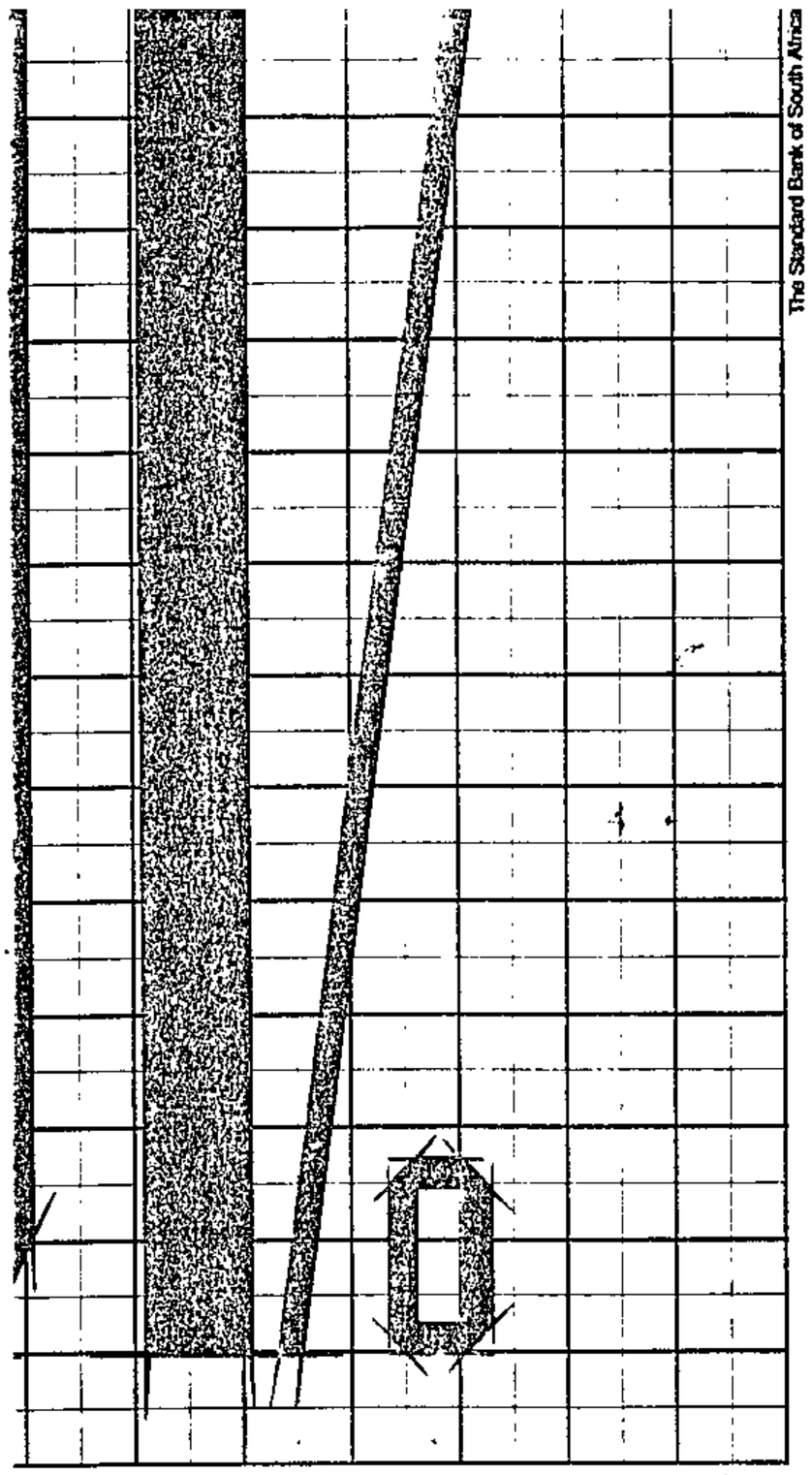
In a recent housing study, the BMR identified trends in black housing which it believes will help the construction sector plan its housing strategy in the townships.

The housing crisis is intensifying daily with the influx of people to the metropolitan areas. Mushrooming squatter camps and the common secondary structures in the yards of township houses point to this crisis. The private sector is coming under increasing pressure to get involved in providing housing in black areas.

Research in the townships found that 41percent of the residents polled believed they would change their accommodation and 24 percent of them believed their employers would help them finance housing projects.

A study in Tembisa revealed that most residents rent accommodation. Only 26,4 percent of the houses are owned in the older sections. That 85 percent of the housing units in the new development areas were owned shows people are keen to own property.

The wide-ranging study also examined other features of black accommodation such as structural aspects of the buildings, existing additions and improvements to the housing units and the costs of such improvements. The BMR also looked at occupancy levels, the availability of utilities and business activities being conducted on residential stands.



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OT LEFT BEHIND.

SBSA 205429 /275/FC

Protest threatened over bus subsidies

B/Day 12/6/91.

MARC HASENFUSS

GOVERNMENT has been given an ultimatum to increase bus passenger subsidies or accept the consequences of widespread work stoppages next month.

Soweto Daily Passenger Committee (SDPC) chairman Stephen Sangweni said yesterday that subsidy cuts were forcing Putco to increase bus fares by an average 18% from July.

He said the average black worker could not absorb the excessive hike in fares and the SDPC had unsuccessfully petitioned Putco to contain the fare increase to below 8%.

Sangweni said the SDPC, which has strong support throughout the PWV, would be consulting trade unions to formulate a mass action programme aimed at crippling industry nationwide.

He stressed that industry was not to blame, but rather government's "delaying tactics" in solving the passenger transport crisis.

He said the government's responsibility for passenger subsidies was not negotiable and shifting the subsidy burden to regional services councils or suggesting that employers subsidise workers was totally unacceptable.

Industry sources said there was no short-term answer to passenger transport problems except for the injection of capital into the bus industry.

One transport analyst said no one in government or the Department of Transport had the slightest idea of what to do about the commuter transport problem.

Official backlog of black homes put at 1,03-million

B/Day 12/6/91.

LESLEY LAMBERT

CAPE TOWN — The official housing backlog for black South Africans stands at 1,03-million homes, according to the latest statistics provided in Parliament yesterday by Planning, Provincial Affairs and National Housing Minister Hernus Kriel.

In a written reply to a question by Johannesburg North DP MP Peter Soal, Kriel provided a breakdown to show that there was a shortage of 538 000 houses in the Free State, 492 986 in the Transvaal, 469 622 in Natal and 258 755 in the Cape.

The housing crisis is being exacerbated by the recession and political disruptions which have brought the provision of low-cost housing to a virtual halt.

In the Free State, where the housing backlog is greatest, government had approved 5 693 applications for 99-year leases and purchase of property under freehold title by April this year, according to the statistics.

Almost 40 000 similar applications were approved in the Transvaal, 6 631 in the Cape and 1 044 in Natal.

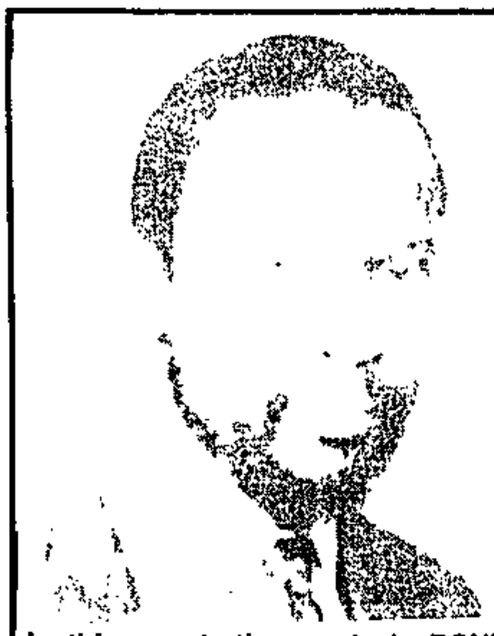
The state no longer built rented accommodation for blacks.

Existing letting units were let with the option to purchase, Kriel said in response to a question last month.

SOWETAN
Building the Nation

PROPERTY FOCUS

Keeping politics out of housing



In this penetrating analysis BONKE CLAYTON DUMISA examines the "political clap-trap" surrounding the issue of housing and comes up with a plan he believes will work. Dumisa is a lecturer in business economics at the University of Durban-Westville.

THE Freedom Charter - as adopted at the Congress of the People at Kliptown, Johannesburg, on June 25 and 26 1955 - deals with many sensitive economic issues.

These issues unsimplistically explained by certain "charterists" and "anti-charterists" in dangerously literal terms.

Clause 8 of the Freedom Charter says: "There shall be houses, security and comfort. All people shall have the right to live where they choose, to be decently housed, and to bring up their families in comfort and security".

The clause "all people shall ... be decently housed" is at the centre of the housing conflict.

The charterists interpret it to mean that a future South African Government will spend billions of rands to build houses for everyone. This is a utopian state where everyone will own a house; there'll be no homeless people; and the Government will grossly subsidise, or even fully pay for, all the services rendered to the "people".

On the other hand, the anti-charterists believe that the Government must play absolutely no role in the housing sector. These anti-charterists believe that the Government must allow normal forces of demand and supply to determine who has a house or who doesn't. Implied in this assertion is that landlords must have maximum power to exploit their tenants, or that nothing should be done in order the redress the untenable homelessness created by the apartheid laws.

These two approaches to housing are extremist and not helpful to those who want to build a stable future South Africa.

In South Africa today there are millions of people who need decent housing.

For the State to provide decent housing for these people it means that the State must assume the role of architect, quantity surveyor, building contractor, housing developer, financial institution and estate agent.

Assuming that the people who need decent housing can conservatively be put at not less than five million, and that a decent house now costs not less than R50 000, this implies that a future South African Government will need not less than R250 billion in order to meet the housing shortage in South Africa.

A future South African Government cannot afford to spend so much money on this housing bottomless-pit. It may like to do so, but economic realities would not allow it. Citizens would be over-taxed or, alternatively, the Government would need to borrow extensively.

The other problem with government provision of housing is the question: Who qualifies for government housing?

* Does a person who has dozens of leather suits, drives a BMW, has four wives and sixteen children qualify to get a Government house because he cannot afford to finance his bond repayments?

Boycotts

* Does an unemployed alcoholic get a Government house if he had been losing jobs because of his irresponsible behaviour?

* Does a person who earns very little money automatically qualify for Government housing even though he chose not to use the opportunities he had to improve his education, skills, marketability and earning power?

Failure to address these questions has resulted in most Government housing projects being abused by corrupt bureaucrats. Nepotism, bribery, sexual favours, and party affiliation play a major role in the way in which these Government houses are allocated.

Past experience with Government provision of housing also raises some important questions:

* How will a future Government deal with the normal escalation of costs without risking frustrating rent boycotts? Most people who live in rented Government houses want to pay not more than R40 to cover everything, including electricity, water, waste removal and the municipal infrastructure.

Realistically, can any person truly expect to pay so little for so much?

* How will a future Government deal with house evictions if the tenants default in their rent payments? Will the Government be expected to play Father Christmas and provide free housing if people cannot afford to pay rent?

All these questions asked here deserve careful consideration by everyone who preaches "free housing for everybody". Charterists must not tarnish the usefulness of the Freedom Charter by engaging in unnecessary political clap-trap.

Most Government apologists and pro-apartheid forces on the other hand dismiss future Government involvement in housing as an economic no-no.

What these anti-charterists fail to reveal is:

* Apartheid legislation favoured most whites to buy and own their houses. Many Government houses were sold to whites "for a penny".

* Government provision of housing to many politicians allow these politicians and bureaucrats to have enough funds to invest in housing. It is not unusual for a politician who pays only R50 for a Government house he lives in to buy an expensive mansion and rent it out at more than R1 000 a month. This allows apartheid beneficiaries to reap big benefits from apartheid legislation.

These are the people who then piously attack the Freedom Charter when it deals with the question of housing.

* The Group Areas Act, Land Acts of 1913 and 1936 and other apartheid legislation made it difficult for blacks to buy and own their houses. This had a multiplication effect on homelessness and the housing shortage. Normal forces of supply and demand can no longer be able to sort this thing out without any Government intervention. Most blacks pay a lot of money for slum-like Central Business District apartments because the owners know that blacks have very little choice. These current exploiters use their ill-gotten gains to acquire more apartment blocks.

Victims

* Most whites are purchasing dilapidated houses at bargain prices. These houses will be resold at super profits now that the Group Areas Act is gone. Will such artificial prices be attributed to normal forces of supply and demand?

All these questions asked here deserve careful consideration by everyone who preaches "free enterprise policies". Anti-charterists are doing the free enterprise concept a disservice by using it to cover-up their political greed.

One cannot talk about free enterprise if those who currently HAVE were apartheid beneficiaries and those who currently are HAVE NOTS had been apartheid victims.

What we need in a future South Africa is selective Government intervention in the housing sector.

There are a number of ways in which the Government can achieve this:

1 Strategic and simultaneous tax exemption of bond repayments for the first-time home buyers and overtaxing those who are overcharging for their apartheid-assisted acquisitions.

2 Tax exemption for those companies that provide low-cost housing at affordable prices. The government must be vigilant in monitoring this in order to avoid abuses of this system by shrewd business people who just want to make an easy, quick buck.

3 Rehabilitation and retraining of the unemployed in order to use them in producing essential building material like blocks, basic carpentry, and basic plumbing, building construction, painting and landscaping.

The use of these people will have an effect of pushing down the cost of house construction.

4 A future South African Government must cut down considerably on the elaborate and expensive bureaucratic red tape that makes it difficult for people to do their own construction without engaging the services of the expensive builders.

5 People of lower income groups must be exempted from the fringe benefits tax on housing.

6 Significant tax incentives must be given to companies that provide their lower-paid employees with housing assistance.

7 I fully support the ANC recommendation that financial institutions that accept contractual savings like pensions and provident funds must be bound by law to invest at least 10 percent of such funds in low-cost housing.

8 Use more "non white" building companies: They tend to be cheaper than the big-name building conglomerates.

9 Remove politicians from direct involvement with housing. The political corruption that marred the allocation of building sites in black townships and the bribery that was involved in the allocation of Bonnella homes (run by the House of Delegates) indicate clearly that politicians cannot the trusted when it comes to meeting the housing needs of the disadvantaged.

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(REF : VOSLOORVIEW) S 607

(1) Whether he approves or will approve of South African Defence Force officers attending occasions where the hymn *Nkosi Sikelel' i-Afrika!* is played; if not, why not;

(2) whether he will make a statement on the matter? B1086E

The DEPUTY MINISTER OF DEFENCE:

(1) The hon member is referred to my discussion thereof in the Defence Vote on 26 April 1991, Hansard: Columns 6914 and 6915.

(2) No.

†Adv S C JACOBS: Mr Chairman, arising from the hon the Minister's reply, will he stand to attention at an occasion where the song *Nkosi Sikelel' i-Afrika* is played?

†The DEPUTY MINISTER: I shall if the hon member straightens his peppercorn hair. [Interjections.]

†Mr SPEAKER: Order! I am not prepared to allow that. The hon the Deputy Minister must withdraw it.

†The DEPUTY MINISTER: I withdraw it, Sir. [Interjections.]

†An HON MEMBER: It is a disgrace.

†Mr J H VAN DER MERWE: Mr Speaker, arising from the hon the Deputy Minister's reply, what is his reply to the question of the hon member for Losberg? The hon the Deputy Minister did not reply to it.

†Mr SPEAKER: Order! The hon the Deputy Minister has already replied to it.

IDT: funds for White housing

*7. Mr J CHIOLÉ asked the Minister of Finance:†

(1) Whether, with reference to the reply to Question No 1 on 7 May 1991, any funds have been allocated from the Independent Development Trust for White housing or essential repair work in respect of existing White sub-economic housing; if so, what amount has been so allocated;

(2) whether he will make a statement on the matter? B1091E

†The DEPUTY MINISTER OF FINANCE (Mr T G Alant):

The following information was given by the Independent Development Trust (IDT) in response to this question:

(1) The Trust's funds are allocated on a non-racial basis. For example, the capital subsidy is allocated to all citizens whose income is less than R1 000 per month. No funds are earmarked for specific groups based on race, colour or other ethnic criteria.

(2) No.

†Mr J CHIOLÉ: Mr Chairman, arising from the hon the Minister's reply, is he aware that R13 million is needed extremely urgently for repair work to sub-economic housing in Pretoria?

I refer the hon the Minister to the reply on 15 April 1991 in the House of Representatives, where R1 300 million has already been voted in respect of various institutions and initiatives with the focal point being housing, education and health . . .

†Mr SPEAKER: Order! Order! When the Chair calls the hon member to order, he shall react and not deliver a speech when he puts a supplementary question.

†The DEPUTY MINISTER: The hon member for Pretoria West can apply to the Independent Development Trust for funds for those cases.

†Mr J CHIOLÉ: Mr Chairman, further arising from the hon the Deputy Minister's reply, I would like to know whether no application was thus submitted to that body following on a meeting held in Pretoria in this connection.

†The DEPUTY MINISTER: Mr Speaker, the Independent Development Trust is not a government department. The hon member must appeal to them in these matters and not to the Government.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Medical technologists: private practices

*8. Mr M J ELLIS asked the Minister of National Health:

(1) Whether, with reference to her reply to Question No 2 on 16 April 1991, the pathology groups furnished any reasons

for their opposition to the decision by the South African Medical and Dental Council to allow medical technologists to establish their own private practices; if so, what were these reasons;

(2) whether her Department has done any research to ascertain whether this decision has precedents in any overseas countries; if so, in which countries have such precedents occurred?

B1094E

The MINISTER OF NATIONAL HEALTH:

(1) No, the Department of National Health and Population Development has also no access to information concerning representations made by the pathology groups to the South African Medical and Dental Council;

(2) no, since the profession of medical technology falls within the province of the South African Medical and Dental Council, the Department of National Health and Population Development has not assessed the situation abroad.

Tugela Ferry police station: charges

*9. Mr P C CRONJÉ asked the Minister of Law and Order:

(1) Whether, with reference to his reply to Question No 8 on 14 May 1991 in regard to the charges contained in CR 31/12/89 at the Tugela Ferry police station, the complainants in the case were instructed to attend identification parades in Pietermaritzburg on 20 March 1990, 2 April 1990 and 11 April 1990, respectively; if so, (a) why and (b) what was the outcome in each case;

(2) whether the members of the South African Police who laid the charges referred to in paragraph (4) of his reply to the above question had been involved in any incidents requiring an internal investigation or any other steps to be taken against them; if so, what incidents in each case?

B1096E

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) Although the suspects were known, it was regarded as necessary, for purpose of completeness of the investigation, to hold an identification parade.

(b) The parades were not held because on numerous occasions the suspects had to perform essential duties elsewhere at short notice to stabilise the unrest situation in Natal. As a result of the urgency in having to finalise the investigation, the case docket was referred to the Attorney-General to determine whether he could reach a decision on whether or not to prosecute on the available evidence in the docket.

On the basis of the available evidence, he has since decided to institute prosecution against two members, one ex-member of the Force and a member of the KwaZulu Police Force.

(2) Since then, one of the members has resigned from the Force and no internal investigation, or other steps are being taken in respect of him. In view of the prosecution which is being instituted against, inter alia, the other member, it will not be in the interest of the administration of justice to disclose information of this nature. The member concerned has, however, been transferred from the area.

Grants to foster parents: equalisation

*10. Mr R F HASWELL asked the Minister of National Health:

(1) Whether, in view of the impending removal of racial restrictions on the fostering of children, it is the intention to equalise the grants paid to foster parents; if not, why not; if so, (a) when and (b) what procedure will be followed in this regard;

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

B1099E

The MINISTER OF NATIONAL HEALTH:

(1) Yes,

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Transvaal

There are no old-age homes in the Transvaal under the control of the Transvaal Provincial Administration.

(a) to (d) Fall away.

Natal

Yes.

(a) Ethembeni Old Age Home— Plessislaer, Zibambeleni Old Age Home— Clernaville.

(b) Ethembeni—9 beds.
Zimbabeleni—160 beds.

(c) Ethembeni—5.
Zibambeleni—25.

(d) 16 May 1991.

Cape Province

There are no old-age homes in the Cape Province under the control of the Cape Provincial Administration.

(a) to (d) Fall away.

Orange Free State

No.

(a) to (d) Fall away.

Black housing: backlog

383. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:

(a) What is the extent of the housing backlog for Blacks in respect of each of the nine development areas in the Republic of South Africa and (b) in respect of what date is this information furnished? B1012E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

	(a) *Development area and backlog*	(b) *Date on which the information is furnished*
Cape Province		
A	— 133 433	30 April 1991
B	— 25 221	31 March 1991
D	— 100 101	30 April 1991
Natal		
E	— 210 867	30 April 1991
Orange Free State		
C	— 68 378	30 April 1991
Transvaal		
F	— 63 960	31 March 1991
G	— 2 816	31 March 1991
H	— 244 583	31 March 1991
J	— 181 627	31 March 1991

Leasehold/freehold schemes: applications

392. Mr P G SOAL asked the Minister of Planning, Provincial Affairs and National Housing:

(1) (a) How many persons in each specified region of his Department applied in 1990 for (i) leases in terms of the 99-year leasehold scheme and (ii) leave to purchase property under freehold title and (b) how many such applications had been granted as at the latest specified date for which figures are available;

(2) whether the figures in respect of each such area represent an increase or decrease in comparison with the relevant figures for 1989? B1032E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

		Region A	*Region B*	*Region D*
(1) (a)	(i)	1 121	1 313	3 548
	(ii)	659	None	None
(b)		1 780	1 313	3 548
(2)		Increase	Increase	Decrease

Transvaal

		Region F	*Region G*	*Region H*	*Region J*
(1) (a)	(i)	2 240	314	38 607	2 952
	(ii)	460	None	1 742	None
(b)		806	None	35 665	None
(2)		Increase	Increase	Decrease	Increase

Orange Free State
Region C

(1) (a) (i) 5 689
(ii) 4
(b) 5 693

(2) Increase

Natal
Region E

(1) (a) (i) 1 044
(ii) None
(b) 1 044

(2) Decrease

Teacher/pupil ratio

393. Mr K M ANDREW asked the Minister of Education and Training:

(a) What was the teacher/pupil ratio in (i) primary and (ii) secondary schools under the control of his Department as at the latest specified date in 1991 for which figures are available and (b) what were the equivalent ratios in 1988, 1989 and 1990, respectively? B1036E

The MINISTER OF EDUCATION AND TRAINING:

(a) (i) 1:39,73
(ii) 1:36,36

NOTE:

These calculations are based on preliminary statistics as at 5 February 1991 and do not include combined and intermediate schools.

		1988	*1989*	*1990*
(b)	(i)	1:39,65	1:40,68	1:40,17
	(ii)	1:32,65	1:34,19	1:34,13

NOTE

These calculations are based on information collected on the first Tuesday in March of the respective years.

Classroom/pupil ratio

394. Mr K M ANDREW asked the Minister of Education and Training:

(a) What was the classroom/pupil ratio in (i) primary and (ii) secondary schools under the control of his Department as at the latest specified date in 1991 for which figures are available and (b) what were the equivalent ratios in 1988, 1989 and 1990, respectively? B1037E

The MINISTER OF EDUCATION AND TRAINING:

(a) (i) 1:42,18
(ii) 1:46,78

NOTE:

These calculations are based on preliminary statistics as at 5 February 1991.

		1988	*1989*	*1990*
(b)	(i)	1:42,93	1:42,26	1:42,48
	(ii)	1:39,01	1:39,77	1:41,96

NOTE

These calculations are based on information collected on the first Tuesday in March of the respective years.

Tvl Townships Board members

395. Mr D J DALLING asked the Minister of Planning, Provincial Affairs and National Housing:

(a) Who were the members of the Transvaal Townships Board as at 1 May 1991 and (b) what, in each case, are the (i) names, (ii) ages, (iii) dates of appointment, (iv) academic qualifications, (v) past employment experience and (vi) cities of residence of these members? B1054E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(a) Mr S J Schoeman
Mr J N P du Plessis
Mr M A Jaffer
Mr D P Kirstein
Adv P G W Grobler
Mr C Kuun
Mr C C C van Eeden
Mr E Naudé
Mr G Hugo
Mr W Arends
Mr D J L Kamfer
Mr J S van der Walt
Mr D P Wilcocks
Mr D G Raath
Mr G Visser

SOWETAN Building the Nation

PROPERTY FOCUS



In this penetrating analysis BONKE CLAYTON DUMISA examines the "political clap-trap" surrounding the issue of housing and comes up with a plan he believes will work. Dumisa is a lecturer in business economics at the University of Durban-Westville.

Keeping politics out of housing

THE Freedom Charter - as adopted at the Congress of the People at Kliptown, Johannesburg, on June 25 and 26 1955 - deals with many sensitive economic issues.

These issues unsimplistically explained by certain "charterists" and "anti-charterists" in dangerously literal terms.

Clause 8 of the Freedom Charter says: "There shall be houses, security and comfort. All people shall have the right to live where they choose, to be decently housed, and to bring up their families in comfort and security".

The clause "all people shall ... be decently housed" is at the centre of the housing conflict.

The charterists interpret it to mean that a future South African Government will spend billions of rands to build houses for everyone. This is a utopian state where everyone will own a house; there'll be no homeless people; and the Government will grossly subsidise, or even fully pay for, all the services rendered to the "people".

On the other hand, the anti-charterists believe that the Government must play absolutely no role in the housing sector. These anti-charterists believe that the Government must allow normal forces of demand and supply to determine who has a house or who doesn't. Implied in this assertion is that landlords must have maximum power to exploit their tenants, or that nothing should be done in order the redress the untenable homelessness created by the apartheid laws.

These two approaches to housing are extremist and not helpful to those who want to build a stable future South Africa.

In South Africa today there are millions of people who need decent housing.

For the State to provide decent housing for these people it means that the State must assume the role of architect, quantity surveyor, building contractor, housing developer, financial institution and estate agent.

Assuming that the people who need decent housing can conservatively be put at not less than five million, and that a decent house now costs not less than R50 000, this implies that a future South African Government will need not less than R250 billion in order to meet the housing shortage in South Africa.

A future South African Government cannot afford to spend so much money on this housing bottomless-pit. It may like to do so, but economic realities would not allow it. Citizens would be over-taxed or, alternatively, the Government would need to borrow extensively.

The other problem with government provision of housing is the question: Who qualifies for government housing?

* Does a person who has dozens of leather suits, drives a BMW, has four wives and sixteen children qualify to get a Government house because he cannot afford to finance his bond repayments?

Boycotts

* Does an unemployed alcoholic get a Government house if he had been losing jobs because of his irresponsible behaviour?

* Does a person who earns very little money automatically qualify for Government housing even though he chose not to use the opportunities he had to improve his education, skills, marketability and earning power?

Failure to address these questions has resulted in most Government housing projects being abused by corrupt bureaucrats. Nepotism, bribery, sexual favours, and party affiliation play a major role in the way in which these Government houses are allocated.

Past experience with Government provision of housing also raises some important questions:

* How will a future Government deal with the normal escalation of costs without risking frustrating rent boycotts? Most people who live in rented Government houses want to pay not more than R40 to cover everything, including electricity, water, waste removal and the municipal infrastructure.

Realistically, can any person truly expect to pay so little for so much?

* How will a future Government deal with house evictions if the tenants default in their rent payments? Will the Government be expected to play Father Christmas and provide free housing if people cannot afford to pay rent?

All these questions asked here deserve careful consideration by everyone who preaches "free housing for everybody". Charterists must not tarnish the usefulness of the Freedom Charter by engaging in unnecessary political clap-trap.

Most Government apologists and pro-apartheid forces on the other hand dismiss future Government involvement in housing as an economic no-no.

What these anti-charterists fail to reveal is:

* Apartheid legislation favoured most whites to buy and own their houses. Many Government houses were sold to whites "for a penny".

* Government provision of housing to many politicians allow these politicians and bureaucrats to have enough funds to invest in housing. It is not unusual for a politician who pays only R50 for a Government house he lives in to buy an expensive mansion and rent it out at more than R1 000 a month. This allows apartheid beneficiaries to reap big benefits from apartheid legislation.

These are the people who then piously attack the Freedom Charter when it deals with the question of housing.

* The Group Areas Act, Land Acts of 1913 and 1936 and other apartheid legislation made it difficult for blacks to buy and own their houses. This had a multiplication effect on homelessness and the housing shortage. Normal forces of supply and demand can no longer be able to sort this thing out without any Government intervention. Most blacks pay a lot of money for slum-like Central Business District apartments because the owners know that blacks have very little choice. These current exploiters use their ill-gotten gains to acquire more apartment blocks.

Victims

* Most whites are purchasing dilapidated houses at bargain prices. These houses will be resold at super profits now that the Group Areas Act is gone. Will such artificial prices be attributed to normal forces of supply and demand?

All these questions asked here deserve careful consideration by everyone who preaches "free enterprise policies". Anti-charterists are doing the free enterprise concept a disservice by using it to cover-up their political greed.

One cannot talk about free enterprise if those who currently HAVE were apartheid beneficiaries and those who currently are HAVE NOTS had been apartheid victims.

What we need in a future South Africa is selective Government intervention in the housing sector.

There are a number of ways in which the Government can achieve this:

1 Strategic and simultaneous tax exemption of bond repayments for the first-time home buyers and overtaxing those who are overcharging for their apartheid-assisted acquisitions.

2 Tax exemption for those companies that provide low-cost housing at affordable prices. The government must be vigilant in monitoring this in order to avoid abuses of this system by shrewd business people who just want to make an easy, quick buck.

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4 A future South African Government must cut down considerably on the elaborate and expensive bureaucratic red tape that makes it difficult for people to do their own construction without engaging the services of the expensive builders.

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Urbanisation measure approved

Star 18/6/91

The Less Formal Township Establishment Bill was passed by Parliament yesterday, opposed only by the CP.

Jan Hoon (CP Kuruman) said in a declaration of vote that the Bill had become necessary to the Government because it had lost control of the blacks streaming to cities and towns. (339)

The Government was powerless against the establishment of squatter camps which resulted from this. (30)

Errol Moorcroft (DP Albany) said the DP supported the Bill as it addressed South Africa's greatest social need — it created living space for those moving to the cities.

Urbanisation would be an unstoppable process for years to come and considerable land would have to be found for this and existing backlogs.

The Bill was passed with support from all the parties in the House of Delegates and the House of Representatives.

In the House of Assembly, 104 voted for the Bill and 38 opposed it. There were no abstentions. — Sapa.

Foundation to restructure

339

LINDEN BIRNS

IN A bid to protect itself from a multi-million-rand drain on its finances, the Urban Foundation has asked the Independent Development Trust (IDT) for R17,5m to help fund the restructuring of its five housing utilities companies.

The restructuring will see the foundation reduce sales of housing units, with most of its turnover being generated through site and service developments.

According to a report drawn up by the foundation's residential development MD Matthew Nell in May, the need to restructure the utilities companies — which are involved in low-cost housing projects — was brought to a head by a R28m loss the companies were expected to have incurred for the year to end-June.

In his report Nell said the IDT's pledge would be matched by a further R17,5m to be raised from unnamed companies.

This funding, together with R10,5m from the foundation's reserves, would finance the restructuring of the utility companies into one Section 21 company called Newco.

Funds raised to start up Newco would have to cover the utility companies' losses. Previously, profits from the foundation's treasury activities offset these, but this year the treasury also incurred losses.

The report said the foundation could absorb some of the exposure through its R25m annual grant income.

In the 19 months to end-April the utility companies incurred a R16,7m loss.

The companies have recently been criticised by private sector developers for al-

☐ To Page 2

Foundation

☐ From Page 1

legedly encroaching on their markets instead of providing real low-cost housing.

Under the new structure Newco would not be a foundation subsidiary. The utility companies' activities would be transferred to a single National Trading Company, a Newco subsidiary. Another Newco subsidiary is the Land Investment Trust (LIT), established in February, which would finance acquisition, servicing and holding of land for Newco development and sale.

The report said Newco's board of directors would consist of representatives of investors, community leaders and "expertise bodies".

Newco would be responsible for the large-scale development of site and service projects and, initially, the management of "starter housing" schemes with package prices of less than R35 000.

In terms of Newco's financial plan, starter housing would be phased out by next January. Site and service projects aimed for 20 200 units a year by June 1993.

Housing unit sales were expected to drop from 4 220 by end-June, to 2 880 by the same time next year, with no sales in 1993.

This year's net loss of R20,6m was expected to convert to a net profit of R4,1m next year, and R1,6m by June 1993.

The LIT would finance the acquisition, servicing and holding of land with security provided by R70m of low-cost subordinated debentures put up by the IDT.

Negotiations with pension funds and life offices had indicated there should be no problem securing the estimated R200m loan financing for the LIT, the report said.

It said 30 site and service projects consisting of about 30 000 stands were in preparation for submission to the IDT which would respond by mid-July.

Nell and other Urban Foundation executives could not be reached for comment.

Groups aim to fight for homes

Sowetan 20/6/91

339

By JOSHUA RABOROKO

TWO major black business organisations have pledged to help their members get proper homes and trading facilities in central business districts and townships.

The National African Federated Chamber of Commerce and the Foundation for African Business and Consumer Services regard the shortage of homes and trading sites for blacks as critical in South Africa.

Fabcos public affairs manager Mr Mike Ntlatleng said a new property company was spearheading Sabta's campaign to get South Africa's municipalities to set aside land for taxi ranks.

He said Fabcos would ask councils to look at the taxi problem because failing to do so would be wishing away a rapidly growing industry that provides jobs for many people.

His organisation would also look at housing for members.

Apartheid

The scrapping of apartheid laws such as the Group Areas Act, the Separate Amenities Act and the Land Acts would not in itself ensure upliftment of the standards of living of blacks to that of whites.

Speaking at the official launch of the National African Federation for the Building Industry managing director of the SA Perm Mr Bob Tucker said the chronic housing ills experienced by blacks over the years would largely be solved by themselves.

The South African system had been characterised by paternalism. Everything for the blacks had be done by whites and that was a fatal mistake.

"We then decided that things should be done in consultation with blacks, another mistake and as if to nail the coffin, things must be done by whites with blacks.

"The only solution lies in the hands of blacks themselves. Things must be done by blacks with the assistance of other racial groups," he said.

"In the past years millions were pumped into the South African Housing Trust and last year into the Independent Trust to solve the housing problem, but have you felt any change?

Paternalism

"No, because that is not where the solution lies, the practical solution is in the hands of blacks."

Spending by South African blacks on housing was the lowest among Westernised countries.

The effect of paternalism had been to disable blacks and make them perpetually dependent. South Africa was rich with resources.

"What we need is re-direction of these resources and effort and strong initiative and innovation," Tucker said.

The general manager of Nafbi, Mr Solly Moutlana, said: "Blacks cannot wait for a Government which is bankrupt with ideas to come to our rescue anymore.

Land policy

"We need to fight for an equitable land policy and take over our own problems - we understand them better.

"We need new and total commitment from everyone in our communities. Over the years we have watched our communities splintering into groups at a time that white organisations are welding together to form stronger ones."

He said blacks lacked understanding of what was happening around them. But they had identified their role and "we want to show everyone that out new builders' association is serious about the future," he added.

Involving grassroots leaders is crucial in the quest for peace

JAN STEYN

South Africa has a critical backlog in shelter and housing. In the black metropolitan areas there are now more shacks or other informal dwellings than formal houses or formal sites with proper services. Yet, so far this year, fewer houses have been built in black areas than last year.

The depressed economic climate and high interest rates are only part of the problem. The violence, general unrest and the rent and services boycotts are contributing significantly to keeping developers out and causing building societies to adopt ultra-cautious attitudes to housing loans.

High levels of crime is another factor. Building contractors working in black areas suffer a high incidence of robberies, theft, intimidation and violence. At the very time that government housing and urbanisation policies are being reorientated, the social climate is stifling development. Ironically, this is also at a time when we have made a great deal of progress in developing financing mechanisms and assembling development capital to begin a major new thrust in urban development.

There have been two major developments. First, there is the government subsidy on site purchases, the loan guarantee fund and the Independent Development Trust's (IDT's) recently formulated mechanism known as the Collateralised Housing Investment Paper or "Chips".

Secondly, the state has mobilised substantial capital under the independent management of the IDT. This is beginning to be matched by the Private Sector Initiative.

From a development point of view, therefore, it is of crucial importance that the fundamental problems associated with violence and instability be addressed. This is easier said than done.

It is encouraging that, following the President's conference on violence last month, a facilitating initiative by religious and business leaders has emerged.

Negotiations and reconciliation at leadership level in a conference are important, but by themselves will not secure stability Much of the violence is the result of spontaneous reactions It does not appear to be under the control of political leaders.

There are other critical areas of concern that need to be addressed. Rent and service boycotts in the PWV have reached crisis proportions. Negotiations with various civic associations have taken place but became deadlocked all too easily. Even when agreements are reached, a full resumption of payments usually fails to occur. One wonders whether the local organisations responsible for organising the boycotts have influence over residents when it comes to delivering on agreements.

The violence between opposing factions is equally complex. The most recent pattern of violence has involved hostel dwellers in massive attacks on residents in shack areas or parts of townships in which youth or young adult elements are active.

The youth elements are frequently not directly associated with any political party. Neither do the hosteldwellers' actions appear to be formally part of any planned action. Adding to the confusion is the so-called "third force".

Hence we have a situation in which much of the instability is occurring in a political "grey area". This indicates that, in addition to top-level negotiations on violence and boycott-related activity, and in addition to codes of conduct for political groupings, peace initiatives have to be effective at the level of communities and interest groups on the ground. Networks of hostel-dwellers, informal youth groups, more informal street and area committees and grassroots leadership in squatter communities have to be drawn into the peace process. The big question is: how?

The key is some kind of incentive or reward for involvement in the process. If civic associations are to convince residents and their own activists of the benefits of fuller co-operation with the authorities and with other agencies, then there has to be some or other very clear indication of incremental benefits.

The same might be said regarding hostel dwellers and leadership in squatter communities.

Radicalised or antisocial youth groupings are partly the result of a perception of diminishing opportunity at a time of rising expectations. Their local level leadership might also be encouraged towards more co-operative interaction if there was a perception of the prospects of incremental benefits.

Therefore targeted development pacts involving the very local level leadership of competing factions might have a role to play in working for peace. It would have to involve joint participation in planning of any initiatives by antagonistic leaders of local groups at an early stage.

This is not a prescriptive panacea, but merely the broadest outline of an approach which, particularly at the early stages, will be very delicate and complex.

The IDT has already pursued this approach in launching development projects, in shack areas and in the field of education, with local leaders. The IDT has negotiated an agreement with the ANC and the IFP.

Part of the agreement reads: "The ANC and the IFP have agreed to co-operation in initiating and implementing non-partisan reconstruction programmes in areas devastated by violence. In pursuit of this agreement the IDT will in co-operation with the ANC and the IFP identify initiatives in its chosen areas of operation throughout SA that can give content to and support for efforts to achieve reconciliation and a peaceful resolution of conflict."

This agreement has been signed by both Nelson Mandela and Mangosuthu Buthlezi.

Given the complexity, it would be foolish to promise quick results. Once a cycle of self-reinforcing civil violence starts, it is one of the most difficult problems to solve.

At their very foundation, the problems of instability in SA lie in the competition for scarce resources: land, housing, access to work and opportunities for quality education. In its way the IDT is and will increasingly be making what we believe to be a significant contribution to alleviating tensions over resources like these. We cannot promise quick results simply because the backlogs are so large. These backlogs, however, illustrate why making a start with development now is so important.

Through serviced sites and housing, one is stimulating sectors of the economy which tend to be most labour intensive, thereby contributing both to shelter and to employment. Some economists maintain that the potential multiplier effect of housing is as much as a factor of five.

Secondly, our economy is still in a recession. The IDT's activities are therefore counter-cyclical, and as such will hopefully contribute to cushioning some of the recession's worst effects. Conceivably, our activities, on the scale which we plan, are also going to contribute to an earlier economic recovery.

Thirdly, no matter how gradual the effects of the IDT's programmes, they go some way towards symbolising for the poor the fact that the "system" or "establishment" is not heartless or unsympathetic. By signalling the sincere intention to promote development for the very poor, we might be addressing in a very fundamental way some of the stark grievances and hostility in the less-advantaged communities in SA.

Corporate decision-makers have a very special responsibility at this time. The way we allocate resources, the corporate goals we set, the structured interaction across political divides all require pre-eminent attention. The bottom line is, of course, of critical importance. But support for visionary initiatives that contribute to longer term stability and the preservation of values dare not be neglected at the expense of the single-minded pursuit of profitability.

☐ This is an edited version of an address delivered by IDT chairman Steyn to an Institute of Directors function in Johannesburg yesterday.

Study debunks urbanisation myths

wlmercy 21/6-27/6/91

A new study of migration patterns between the Transkei and Cape Town has debunked the myth of a flood of people rushing to the city — with important repercussions for urban planners.

By GAYE DAVIS

THERE'S a great migration of people from rural Transkei to urban Cape Town, right? Wrong, says a new study by the Urban Problems Research Unit at the University of Cape Town.

By punching holes through that assumption, UPRU's recently published survey of movement patterns among Cape Town's African population also raises important policy issues for the city's planners.

Ever since influx control was abandoned, the prevailing view has been one of a high rate of African urbanisation, backed by soaring estimates of the numbers of new migrants. Accurate figures for the African population are difficult to reach: because influx control denied African people official urban status for so long, there is no accurate baseline.

The UPRU study, by David Dewar, Tevia Rosmarin and Vanessa Watson, pulls together for the first time existing research and information gleaned from interviews with township residents in an attempt to sift facts from a web of supposition.

They found no signs of a general re-location from Transkei, but instead a great movement of people back and forth. As many as 600 000 people are on the move between the two areas at any one time and they cite this as a factor hindering accurate assessments of the population.

"It happens for economically rational reasons," said Watson. "People are spreading their risks. There are ways of survival in rural areas which are absent in urban areas and vice versa."

The study also revealed a great deal of movement within Cape Town itself: people arriving from the Transkei first stay with family or friends before securing a temporary base; perhaps a shack in Khayelitsha. When they have established a foothold, they move to more permanent housing.

But unbreakable links with the Transkei remain. Male migrant workers leave behind their wives and children, who might come to Cape Town in time of illness or need. Conversely, children are often sent back to the Transkei by their parents for education away from boycott-ridden urban schools. Many people own land in the Transkei; many plan on retiring there at the end of their working lives, in the care of family members; regular trips are necessary to maintain these ties.

A central conclusion emerging from all of this is that planners and other decision-makers are basing policies on assumptions regarding the size, stability and priorities of the African population — assumptions which do not hold.

The report's findings make nonsense of population estimates which assume that everyone present at the time of a census count was a permanent urban resident — and similarly of population projections based on assumed rates of natural increase.

The findings also have implications for housing policy, which focuses on site-and-service and upgrade schemes at one end of the spectrum, and home-ownership at the other.

People who are not committed to remaining in the city forever, whose investment priorities may lie elsewhere, are not likely to commit themselves to buying a home.

For the same reasons, site-and-service options and upgrade schemes also present problems. The Urban Foundation, which runs a wholesale building materials depot to assist self-helpers, has found that large quantities of materials get ferried through to the Transkei.

The report stresses the need for a more flexible approach to housing policy and also the need to reduce the amount of movement within the city itself. It is this, says the report, which militates against the sense of permanence necessary to stimulate urgently needed housing initiatives.

People should have the option of renting, rather than buying homes, while site-and-service and upgrade schemes should also be re-thought.

Development the priority

339 Star 24/6/91

By Mark Suzman

A huge National Development Workshop involving groups from all parts of the development spectrum has resolved to focus on new measures to help in the process of development in South Africa.

The three-day workshop, which ended yesterday, was convened by a "core group" of people involved in development issues that was formed earlier this year by the Consultative Business Movement (CBM). It incorporates representatives from organisations such as the Independent Development Trust and the Urban Foundation.

Among the more than 200 delegates who gathered at the Indaba hotel at Fourways were Trade and Industry Minister Org Marais, ANC foreign affairs director Thabo Mbeki, diplomats, businessmen, major political parties, trade unions and local community groups.

According to core group chairman Murray Hofmeyr, the conference was called because the CBM felt that a proper, co-ordinted development effort involving all parties could be the foundation for a peaceful and democratic future.

"Development is the cornerstone on which the peace process can be built," he said.

The workshop resolved to follow up with discussions on specific issues such as local government, the land question and housing.

In addition, the core group will investigate the formation of new training centres to stimulate development and set out a document that will synthesise different groups' perspectives on the issue.

Bob Tucker, former managing director of the Perm, applauded the attitude of conference participants.

"There was a high level of realism about the speed at which issues could be addressed and an acknowledgement of the need for co-operation in getting to grips with the problem," he said.

These sentiments were echoed by Kagiso Trust official Eric Molobi, one of the core group members. "It shows that we don't have to wait for political solutions before development initiatives can take place," he said.

TOWN PLANNIN

Civic groups 'played role'

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WILSON ZWANE

CIVIC organisations had fundamentally shaped the nature of SA's recent urban transition, Planact urban consultant and former Wits University researcher Mark Swilling told yesterday's conference.

"The outcome of the Soweto rent boycott points to the centrality of social movements (including civics) in the overall process of urban social change. This is important because existing conceptions of how urban policy changes over time either ignore or underplay positive roles played by social movements in shaping the process of urban social change."

In contrast to Urban Foundation reports, which described social movements as delaying urban deracialisation and prolonging instability, social movements had fundamentally shaped urban transition.

In essence, the Soweto case revealed the impact a powerful and well-organised social movement had on policies and strategies. BDay 28/6/91

"Although there were structural reasons for the crisis of the apartheid city, the rent boycott finally drove home the unviability of urban apartheid," Swilling said.

Low-cost timber a viable choice

Cipres 30/6/91

THE South African Lumber Millers Association (Salma) has launched a programme to train people in Reef squatter communities to build their own timber frame homes.

The three-week training course will be free for people chosen by community organisations to attend the courses and return to their communities to build timber houses.

Salma executive director Andries Swart says timber frame homes could revolutionise low cost housing.

"Our research shows the material costs for a double storey timber frame home can be as low as R102 a square metre. This is vastly cheaper than high class conventional housing," Swart said.

Using materials from the Salma depot, the cost of materials for a one-roomed nine square metre timber house – the size of most shacks in squatter settlements – is R1 000. This includes a concrete floor slab and all the timber for the frame and the walls, one door, one window and roof tiles. It does not include labour costs or improvements like ceilings and plumbing.

Announcing the training scheme recently, Swart said those who wanted to help themselves to build homes should be afforded every opportunity to do so.

"There is a shortfall of 900 000 homes in South Africa. Sixty percent of the black community could not afford to pay R12 000 or more for a home – where it becomes viable for the formal home building industry and financial institutions to become involved. The result is squatting on a massive scale," Swart said.

Salma is establishing several urban training centres, some in conjunction with the Urban Foundation, where community representatives are given three weeks' basic instruction in building wooden homes. A pilot scheme has already been run at Crossroads in the Cape and training has started on the Reef.

The provision of training was not enough to solve the promblem and Salma was also looking into the provision of building materials at affordable prices, Swart said.

"At present, shanty builders pay exhorbitant prices for scrap materials. For various reasons, timber dealers do not have outlets in squatter areas where poor people can buy timber at affordable prices."

Swart said the plan was to establish community-run materials depots at places where site and service schemes were in operation. This would enable the very poor to erect basic housing of a decent standard.

Children, cane growers benefit

IDT millions for range of new projects

B'Day 11/7/91

CAPE TOWN — The Independent Development Trust (IDT) has allocated millions of rands for a range of new development projects which will reach 1,2-million pre-school children, 15 000 small sugar producers and thousands of underprivileged South Africans.

The trust has also initiated new development strategies and agencies, combining forces with the Urban Foundation, other organisations and private investors, to coordinate massive childcare and housing projects which have benefited from the R1,5bn it has allocated since last August.

In a campaign to reach at least 1,2-million of the estimated 3,5-million impoverished young children in SA, IDT trustees have voted R70m to upgrade and expand pre-school facilities around the country.

To sustain this campaign, the IDT has laid the foundations for a national strategy, agreed on by a wide range of organisations, to ensure the effective use of its funds and the mobilisation of additional funds for pre-school care. The strategy will be implemented by an elected national body, and government and the private sector will be approached to take over the funding responsibility.

The IDT also has allocated R17,5m to capitalise a non-profit development agency which will use the combined resources

LESLEY LAMBERT

of the IDT, the Urban Foundation and private sector investors to provide bulk quantities of serviced sites.

In practice, the operations of the Urban Foundation's housing utility companies will be consolidated in a single entity which will provide serviced sites and technical, financial and back-up services to communities and other low-cost housing developers.

In another significant development, the IDT has approved in principle an initial R42m loan to finance 15 000 small sugar cane producers over the next few years.

The funds will be channelled through the SA Sugar Association (SASA) and used to finance the first three years of a five-year development programme involving more than 45 000ha of sugar cane in Natal/KwaZulu, KaNgwane and the Transkei. Subject to annual reviews of the project, the IDT will advance a further R25m in the remaining two years.

The IDT's investment in the small sugar farming sector is part of a project in which SASA's Small Sugar Cane Growers' Financial Aid Fund has advanced R53m in loans to small growers since 1973. This has increased the number of sugar farmers who would otherwise not have had access to

☐ To Page 2

IDT

☐ From Page 1

agricultural land from 4 000 to 33 000.

Other organisations such as the Development Bank of Southern Africa, the KwaZulu Finance Corporation (KFC), the sugar mills and the private sector will become major participants in the project.

The Development Bank has already started investigating infrastructure such as roads, mechanisation services, haulage, land preparation and the supply of equipment for small irrigation schemes. It will also raise finance for the project, channelling it through the KFC, while SASA and the sugar mills will provide training in cane farming methods and administration.

Other allocations include:

☐ R2,5m to the Valley Trust for the construction and equipping of a health care centre in Natal and the completion of five health subcentres in the area;

☐ A R270 500 grant to the Elim Care Group movement in the northern Transvaal to fund efforts by voluntary community health workers to immunise children against disease, improve sanitation and chlorinate water; and

☐ R189 000 for the purchase of a site in Mitchells Plain on which a senior care complex will be built.

Shaping society in SA

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By DON SEOKANE

THE URBAN Foundation yesterday announced that it was restructuring itself to meet the challenges of the 1990s. Sowetan 3/7/91

Addressing the Press in Johannesburg, Urban Foundation chief executive Mr Sam van Coller said the organisation would place emphasis on shaping society through development, focusing primarily on critical development needs.

Van Coller said the UF would promote soundly-based policies which encouraged the development process, start new development initiatives and create viable, independent institutions and provide support services to development funders in the 1990s.

In its new role, the UF - whose annual budget is R15 million - will facilitate and provide support for R600 million developmental projects in housing and education through its resource centre.

He said: "The changes will enable the foundation to use its considerable development expertise to initiate and promote effective activity on a wider basis than has been possible up to now."

Urban Foundation changes development funding strategy

339 CT 3/7/91

Own Correspondent

JOHANNESBURG. — The Urban Foundation had refocused its attention from direct involvement in development funding towards facilitating community development, senior officials said yesterday.

Already its five housing utility companies have been forged into a single development agency, Newco, through financial injections from the Independent Development Trust (IDT), the UF itself and several private sector donors.

Foundation CE Sam van Coller said yesterday all development projects would be controlled by the communities involved while the UF provided initial expertise.

It would continue to focus on education, housing, economic advancement and the creation of community resource centres.

The difference now would be that it would divest itself of projects, giving them to communities who would then even have to find funding themselves.

Self-reliance was needed in the changing environment, he added.

Van Coller said the UF hoped to generate development activity worth about R600m in the next year.

This finance would be provided by communities themselves, the private sector and the IDT.

The UF's redefinition of its role follows the trend set by organisations like Kagiso Trust, which are now diverting their funds to development work rather than to provide assistance to organisations opposing the government.

Van Coller said his organisation would:

- Promote soundly-based policies which encouraged the development process;
- Start new development initiatives and create viable self-supporting intitutions; and
- Provide a range of support services to development funders and institutions.

He said the UF's work would complement that of the IDT which was more of a funding organisation.

"Our role would be to facilitate rather than fund, and we are a separate organisation from the IDT," said Coller.

The UF would operate on a R15m annual budget.

The R600m of socio-economic activity it hoped to generate would consist of R7m on resource centres, R108m on education, R30m on economic advancement and R500m on housing and shelter.

In the 1980's the UF worked for the removal of racial legislation and, addressed itself to critical areas like education and housing.

"However, the environment in which the foundation pursued its overall goal has now changed dramatically following the State President's commitment to achieving a non-racial democratic and just South Africa and the willingness of major black leaders to work for a negotiated resolution of SA's constitutional problems," he said.

Urban Foundation shifts priorities

(339)

BIDay 3/7/91

THAMI MAZWAI

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Co-ordination

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GRETA STEYN reports that, in a move to strengthen development co-ordination in SA, the Development Bank and the Independent Development Trust are to announce the reciprocal appointments of their chairmen to each other's governing bodies. Development Bank chairman and CE Simon Brand has joined the board of trustees of the IDT, while IDT chairman Jan Steyn will join the board of directors of the Bank with immediate effect.

New focus for Urban Foundation

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Star 3/7/91

By Kaizer Nyatsumba
Political Staff

The 14-year-old Urban Foundation has restructured itself to make "a more effective contribution" to the development process in the country and allow for greater community involvement in its projects, it was announced yesterday.

Chief executive Sam van Coller told a press briefing in Johannesburg that the foundation's overall goal in the 1980s was the improvement of urban communities' quality of life.

Since President de Klerk's historic February 2 speech last year, which launched South Africa on the road to a non-racial democracy, the environment wherein the foundation had pursued its goals in the 1980s had changed dramatically, Mr van Coller said.

"In contrast with the 1980s, the critical role of development in assisting the country on the road to democracy is now the new orthodoxy — as evidenced by the emergence of major development-funding agencies."

In the 1990s, however, the Urban Foundation would:

- Promote soundly based policies which encouraged the development process.
- Start new development initiatives and create viable independent institutions.
- Provide a range of support services to development-funders and institutions.

Mr van Coller said that in its new form, the Urban Foundation would be able to initiate development projects, provide support services and promote policy changes through its education, housing and urbanisation policy units.

He said that in its new role and structure, the core of the Urban Foundation — with an annual budget of R15 million — would facilitate, promote and provide support to about R600 million of development activity in housing, education and — through its resource centres — in economic advancement.

Rethink urged on housing strategy

BDay 8/7/91

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GRETA STEYN

THE World Bank has urged government and the private sector to conduct a major rethink of housing strategies.

Housing sources said the bank had provided them with detailed suggestions in a critical report circulated after the bank's recent visit to SA. Government sources emphasised, however, that the confidential report had "no official status and merely reflects the bank's first impressions".

The bank strongly urged the Independent Development Trust (IDT) to reconsider its proposed capital subsidy plan, saying not enough people would benefit from current proposals. The size of the subsidies and the standards were apparently too high. The bank called for "broader rather than deeper" subsidy schemes aimed at reaching as many people as possible.

It also told SA banks and building societies they were using the political climate as a "convenient excuse" for not taking part in the top end of the black housing market, let alone in the bottom section.

The report called on banks and societies to meet civic organisations and other non-parliamentary groups to hammer out ways in which the institutions could become more involved in mass housing.

The bank wanted financial institutions — rather than government — to be the primary providers of housing finance. Leaving it to the public sector carried the threat of pushing the fiscal deficit to dangerously high levels. Mechanisms had to be found to encourage private financial institutions to move "downmarket".

The bank also urged financial institutions to develop more flexible mortgage lending products, suggesting that mortgage payments be linked to a wage index.

It criticised the lack of competition in the building industry. The market structure of the construction industry, including manufacture of building materials, needed

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an overhaul. Lack of competition saw prices rather than output increase when demand rose, the bank said.

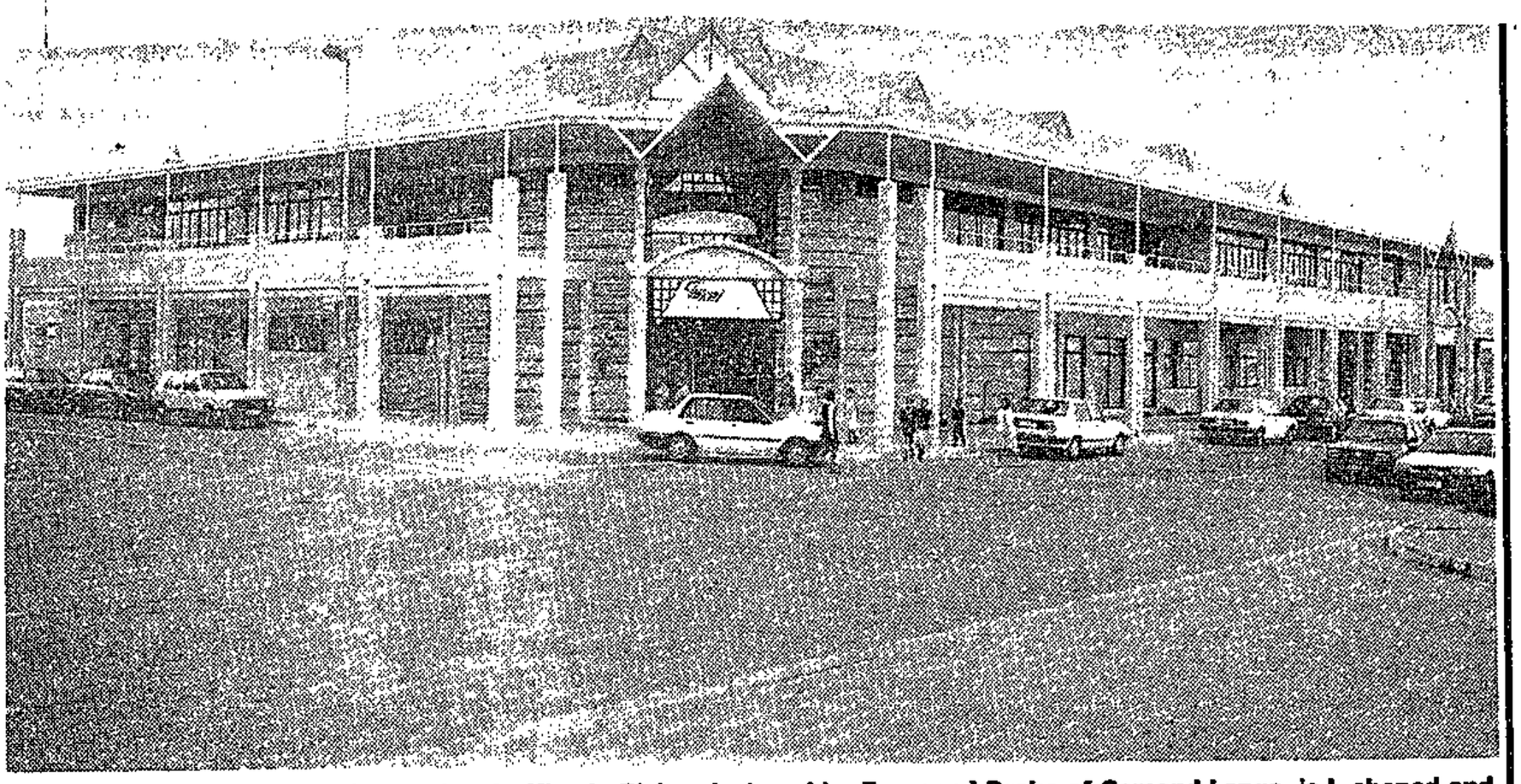
Of major importance in a housing strategy was the racial and spatial integration of cities — a change that would benefit the economy by improving efficiency.

The World Bank likened SA's housing policy under apartheid to those of the command economies of Eastern Europe. As a result of these policies, the housing sector underperformed. The economy as a whole was affected. Spending on housing in SA was well below that of other comparable countries when expressed as a percentage of GNP.

Although residential building had a major effect on the economy, directly and indirectly, the bank cautioned against expecting too much of housing as a "kick-start" to the economy — the approach propagated by the Old Mutual/Nedcor scenario at present.

The bank suggested that the macro-economic implications of alternative home building programmes be explored in detail, so that the economic risks could be pinned down. These risks included the effects on inflation, the balance of payments and the fiscal deficit.

The bank felt SA could benefit from studying the Chilean experience of housing as fiscal stimulus to the economy. The country introduced large-scale capital subsidies that went directly to the beneficiaries and competitive tendering for low-cost housing.



The Ciskei Building Society's new head office in Bisho, designed by Raymond Drake of Osmond Lange, is L-shaped and scaled to form a link between the CBD and an upmarket residential area. However, the building is large enough to allow for ample growth in the society's business and cater for the needs of a modern financial institution.

Guidance plan for low income owners

Reports by
PETER GALLI

A NEW property ownership guidance programme covering nine basic information issues identified as essential for lower income property owners has been developed by the SA Housing Trust (SAHT).

Some of the issues dealt with are the advantages and disadvantages of home ownership, available assistance, affordability, building contracts and money matters.

The programme is the result of the trust's extensive market experience accumulated over the past three years in providing guidance to potential homeowners.

The Trust developed and introduced its first home ownership information programme to clients in the lower income communities three years ago.

"We provided them with the information they needed to reduce their own risk by being fully aware of the purchasing process and their obligations in property ownership," says corporate communications head Mike Fowlds.

This also reduces risk for financial institutions, he adds. The "direct interface" with the property owner and community facilitated the new property ownership guidance programme, which will be available nationally. It is hoped that companies will help implement the programme.

The SAHT's initiative could lead the financial institutions to return to the lower income property market with long-term financing. This in turn would boost the building industry.

The need for accommodation in lower income communities is believed to be 1,8-million units, which means the rate of providing homes has to be increased considerably.

Fowlds said that with the recent introduction of the Independent Development Trust capital subsidy on land, more lower income earners would have access to property ownership. However, without the necessary guidance before they took possession, there would still be risks, leading to mistrust and discontent.

Statistics indicated there were about 5,2-million households in SA with a monthly income of less than R2 000. Most of these people would need some form of financial help, and all would require guidance about property ownership.

Fowlds said employers should play a part in informing their employees about property ownership.

"We will willingly train companies' human resource management to present the programmes to their staff," Fowlds says.

Development Bank to make R4bn available

JONATHON REES

THE Development Bank of Southern Africa will make R4bn available for development projects over the next three to four years.

Bank spokesman Frans van Rensburg said yesterday funds were for development in SA, the independent homelands, self-governing states, Lesotho and Mozambique. BLOOM 10/7/91

Loans would be granted to national, regional or local government structures or their development agents.

Van Rensburg said almost R1bn had been disbursed in the past financial year, an increase of 36% compared with 1989/90.

Bank loans could be repaid over periods as long as 40 years, as most projects were infrastructural.

The bank's Lebowa project manager Alwyn Coetsee said Lebowa had applied for R750m worth of loans for the development of water schemes, transport and energy infrastructure.

Coetsee said 22 water development projects, valued at R181m, were in the identification phase, with a further five approved for funding of R60m.

He said water schemes required massive subsidisation due to the high costs of building a dam wall, laying pipelines, and technical support.

The bank had recently supported small water development schemes where communities took responsibility for initial development and maintenance.

The SA government would provide R500m to the bank this year and next year through the Industrial Development Corp.

Funds were also generated on the capital market.

The bank had provided R600m for the Lesotho Highlands Water Scheme since 1986, Van Rensburg said.

Financing was available for rural and agricultural development, business and entrepreneurial development, human resource development, bulk infrastructure development and urban development.

Van Rensburg said development funds were also made available by the Independent Development Trust, Urban Foundation, SA Trust Corp and the Small Business Development Corp.

UNIVERSITY OF CAPE TOWN

Govt must invest in townships – Hurd

Star 10/7/91

DURBAN — A large amount of public investment was required from the SA Government to redress the living conditions of township residents, British Foreign Secretary Douglas Hurd said in Durban yesterday.

Mr Hurd made this remark after a helicopter tour over Durban's suburbs and sprawling townships yesterday morning, shortly after he landed at Louis Botha Airport.

Mr Hurd also reiterated that a large amount of foreign investment was necessary to create employment and assist in uplifting black communities.

The Foreign Secretary was flown over Durban's suburbs and sprawling townships, including the squatter settlement of KwaMakutha and the Umlazi township.

Mr Hurd's helicopter landed in one of the townships where he spoke to local residents.

"Obviously, a struggle for power goes on on the hillsides. It's a struggle for territory and power," Mr Hurd observed.

The violence, he noted, had affected the area where he landed.

Asked what the British government could do to assist these communities, Mr Hurd said: "We're doing a lot — more than anyone else — and we're making progress."

Mr Hurd met the executive director for the Institute for a Multi-Party Democracy, Dr Oscar Dhlomo, yesterday before holding talks with Inkatha leader Chief Mangosuthu Buthelezi.

He may also meet ANC assistant secretary-general Jacob Zuma and local church leaders, according to a British consular official in Durban.

Bill of rights

Chief Buthelezi said in Durban yesterday that a multiparty conference would help to end political violence in South Africa as it would compel leaders of all warring factions to deal with the issue together.

Speaking at a media conference after meeting Mr Hurd, Chief Buthelezi, however, expressed concern at the ANC's "ready-made agenda" to take to the conference, such as its insistence on an interim government and a constituent assembly.

He preferred to attend the discussions to talk about issues such as the rule of law, a bill of rights and ways of ending violence.

The ANC's agenda was a "recipe for conflict", the Inkatha leader added.

● Britain is to grant a further R460 000 to the Alexandra Health Centre in Alexandra, near Johannesburg, Mr Hurd announced.

Mr Hurd is to visit the centre this morning.

He said half this amount would be donated by the British government to match a similar grant of R230 000 from the British pharmaceutical company Glaxo.

He said in a statement through the British Embassy in Pretoria that the Alexandra Health Centre was "of the highest value".

Britain had been supporting it for the past four years.

"The Alexandra Health Centre has led the way in providing health services to the community. It is a model for health care provision in poor urban areas elsewhere in South Africa," Mr Hurd said. — Sapa.

Steyn's trust will not be too hasty in spending billions

B/Day 11/7/91

LESLEY LAMBERT in Cape Town

THE R2bn allocated to Jan Steyn's Independent Development Trust (IDT) last year for the removal of socio-economic backlogs and upliftment of people disadvantaged by apartheid is a fraction of the amount needed to address SA's developmental needs. How far can it stretch?

When Steyn launched the IDT he stressed that the funds would be used as levers to mobilise additional funding rather than handouts, to ensure that the process was sustainable and replicable on a large scale. The trust would give its recipients fishing rods and instructions on how to use them, rather than baskets of fish — to borrow an old metaphor.

But these kinds of visions are not planned in a day, and the delay in publishing a shopping list exposed the IDT to the scrutiny of taxpayers, who were hardened by years of imprudent government spending, and potential recipients who were understandably suspicious of the motives and efficacy of state-funded aid.

But Steyn stood his ground. He insisted, firstly, that he was his own man, not his donors' or the ANC's for that matter and, secondly, that every investment would be preceded by painstaking research and wide consultation, and that it yielded the best possible return.

A portion of the funds would be issued in the form of loans which could be recycled, the bulk would be given out in the form of grants which would give impoverished people and communities a stake in the economy through land ownership, leaseback infrastructure, skills and jobs. The rest would be used as leverage for more funds from both public and private sectors.

It was clear from the start that Steyn had set the trust a dual task: to establish the framework for an acceptable and economically sustainable developmental process and to unlock the massive funds of the "First World" economy and channel them — at an acceptable rate of return — into the reconstruction and development of the "Third World" economy.

It is almost a year since the IDT took transfer of the R2bn. Since then, R1,5bn has been allocated, while only R200m has been disbursed. Under professional management, the funds are earning about R1m a day in interest, which means they have attracted an additional R300m plus. It will take another two years to spend the full amount which means it will be some time before there is conclusive evidence that it is achieving its goals.

The trust aims to uplift the poorest of the poor. Its main priorities are housing, education and health which receive 45%, 30% and 20% of the funds, respectively.

Two projects form the hard core of the investment portfolio: the R750m capital subsidy scheme for 100 000 serviced sites which would provide shelter for about 750 000 people later this year; and the R300m programme to build 50 000 primary school classrooms over the next three or four years.

For the provision of low-cost homes and serviced sites, the IDT has allocated R70m to the Urban Foundation and funded a joint housing agency with the foundation's housing utility companies. It has also approved projects to provide bulk services in areas identified for residential development. In an effort to reconstruct violence-torn areas in Natal and the Transvaal, it has made provision for the upgrading of squatter camps and conversion of township hostels into housing units.

Education projects are based on a policy of reconstruction rather than renewal. They range from the upgrading and expansion of pre-school facilities, for 1,2-million of the estimated 3,5-million impoverished young children in SA to the improvement of teaching skills. Large amounts have been allocated for building new classrooms and rebuilding schools destroyed in unrest, and the trust has backed numerous projects emphasising literacy, the upgrading of maths and science skills in high schools and the funding of university education. It recently approved a R42m loan to finance 15 000 small sugar cane growers.



☐ STEYN

Health projects, many of which are yet to be announced, focus largely on primary health care and preventative medicine.

Underpinning these are national strategies, backed up by developmental and financial agencies which will co-ordinate, sustain and perpetuate the projects. A range of disparate organisations recently agreed on a national pre-school education strategy to ensure effective management of the IDT's R70m campaign. The housing agency will provide the bulk serviced sites funded by the subsidy scheme, while a system of back-up loans and financial guarantees will hopefully attract investment funds from financial institutions and the private sector in general.

The trust's lifespan is uncertain. When it was established last year, Steyn was appointed chairman for a three-year term. Some of the projects approved so far extend to five years which implies the need for an administrative and monitoring function beyond three years.

But if it is to be more than just a transitional agency used to get the process going, it will have to convince future donors that its efforts are actually making a difference.

No provision was made in the last Budget for additional state funding. There have been no obvious signals from other potential donors although IDT spokesman Jolyon Nuttall says there have been "encouraging noises from foreign banks and governments in the EC, US and Eastern bloc, while the SA government is obviously waiting to see how well we handle the first R2bn".

Nuttall says the IDT's most valuable contribution, at a macro level, is as a creative pressure group. It has made important breakthroughs in its negotiations with communities and political and professional groups involved in the projects it is backing.

The most notable are agreements in which the ANC and Inkatha have undertaken to co-operate in intitiating and implementing non-partisan reconstruction programmes in areas devastated by violence.

IDT trustees, all heavyweights in their areas of specialisation, have the difficult task of creating education and health models on the eve of negotiations for national policies. But, they point out, their models are the result of wide consultation.

They will be subjected to tough scrutiny. Already the mainstay housing subsidy scheme has been criticised by the World Bank which argues that the grants are too big and will not provide assistance on the scale needed to make a difference.

All of this underscores the need for co-operation between the various participants in the developmental process. There appears to be less agreement, though, on the need for, or composition of, an umbrella body to guide the process.

The IDT's view on the matter is fairly clear. Steyn has supported proposals for co-ordination and the IDT has established joint projects and strong links with agencies such as the Development Bank of Southern Africa and the Urban Foundation.

But it is unlikely that institutions such as these and the Kagiso Trust and Private Sector Initiative, for example, would be happy about merging their operations or reporting to a central authority now or in a new political dispensation.

Most argue that the loss of independence would undermine the credibility earned in individual constituencies. On the other hand, the prospects for formal ties with the ANC and other leading black political movements are strongly linked to the negotiation process and may be forged only once there is agreement on future constitutional and economic policies.

Govt may issue new stock to fund housing

SEAN VAN ZYL

THE issue of new government stock to fund black housing development could be on the cards next year.

It is expected that the government-appointed housing advisory committee, headed by Joop de Loor, will recommend this in its report to be presented to Cabinet by the end of the year.

The placing of government stock, possibly through a new housing corporation, would unlock millions of rand currently tied up in pension and life funds, De Loor said in an interview yesterday.

The 10-member advisory committee was appointed by Cabinet at the beginning of the year to formulate a unitary housing development policy.

De Loor said: "The committee was not only charged with recommending a unitary housing policy, but also an optimum means of implementation".

While it was necessary to encourage private sector participation in development it would be impossible to address the outstanding housing backlog without financial assistance from government, De Loor said.

He said future state assistance would be aimed "at the man with almost zero income" and would have to come out of taxpayers' pockets.

De Loor said the housing committee's final report, expected towards the end of the year, would influence government's financing and budget allocations for the 1992/93 fiscal year.

The committee's "technical investigation" would be completed by the end of next month, with a first draft report made available in September.

"The committee may then hold regional workshops countrywide to encourage comment from the business sector, community bodies and other organisations — but this has not been finalised.

"However, it is imperative that the final report presented to government includes input from grass-roots community level through to the major financial players."

De Loor beleives the launch of a new government-underwritten stock would be snapped up readily by life companies to avoid further investment regulation.

No-frill homes for R5 000

Star 16/7/91

More than 60 percent of black South Africans cannot afford a house costing more than R12 000, while for 15 percent the affordability ceiling is R2 500.

Against this background, added to the ever-increasing squatter problem, Condev Homes, the housing arm of construction giant Murray & Roberts, has launched a project to provide basic homes for low-income groups.

Steel product

Mike Cotterell, general manager of Condev Homes, says two companies in the M&R stable were given a brief eight months to design and build a no-frills home which would sell for about R5 000.

"Using the Waltberg system, Ribco has produced an excellent steel product, while CI Caravans' teams have used their own technology to make a house from vacuum-laminated sandwich panels."

Both building systems lend themselves to a volume production with a potential of more than 4 000 homes a year.

"These units must not be seen as permanent homes but when compared to the squatter hut, they are a perfectly acceptable structure for the short to medium term until better housing can be afforded."

Tips to avoid the big ripoff

SAHT takes the risk out of buying a home

THE South African Housing Trust (SAHT), a leading facilitator of low cost housing, has come up with another winner – a scheme to teach first-time homeowners how to avoid losing their homes or being ripped off by bogus salesmen.

Corporate communications head Mike Fowlds said the programme stemmed from extensive market experience picked up by the SAHT during the past three years through its national network of residential agents.

SAHT's first home ownership information programme was introduced to its own clients in lower income communities some three years ago.

"We provided them with the information they needed to reduce their own risk by being fully aware of the purchasing process and their obligations in property ownership.

"In addition, it also has a risk reduction effect for the financial institutions," Fowlds said, adding this also reduced the risk for SAHT to provide bond financing through its subsidiary, Khayalethu Home Loans.



Reports by DERRICK LUTHAYI

The new guidance programme will be offered nationally.

The housing backlog for lower income communities in South Africa is estimated to be 1,8 million units, which means the current rate of providing housing has to be increased.

The recent introduction of the Independent Development Trust (IDT) capital subsidy on land means more lower income earners now have access to home ownership.

However, without the necessary guidance prior to taking possession, risks remain which might lead to mistrust and discontent.

These are issues our country can ill afford, said Fowlds.

He reckons this initiative by SAHT is of national importance as it might provide greater assurance to financial institutions, allowing them to return to the lower income property market.

This will in turn boost the building industry.

Fowlds said employers could play a major role in giving guidance in property ownership.

Current statistics indicate there are approximately 5,2 million urbanised households in South Africa with a monthly income below R2 000.

The majority will require financial assistance and property ownership guidance.

The guidance programme covers basic issues essential to understand before purchasing a property.

These include:

- The advantanges and disadvantages of home ownership;
- Available assistance;
- Affordability and how to budget; and
- Responsibility of home owners' extra expenses and costs.

Once the decision to buy a house has been taken, it covers such considerations as the building contract, money matters, the actual building process and how to inspect the building work.

Monday, July 22 1991

Subsidy for 100 000 poor families

CT 22/7/91 (339)

SOME 100 000 low-income families are soon to become land-owners, according to the Independent Development Trust (IDT).

The IDT said yesterday that nearly 100 000 subsidised serviced sites across South Africa would be made available soon, to heads of households earning less than R1 000 a month.

"At a special meeting in Cape Town, the trustees of the Independent Development Trust gave approval in principle to 108 applications involving 99 800 sites," a statement said.

"This decision will enable poor people to acquire ownership of a serviced stand to which an Independent Development Trust subsidy of R7 500 will be attached. However, conditions on which these approvals are to be based will still have to be negotiated with the successful applicants."

Because of the potential for disputes in the event of these conditions not being met and an application failing, specific details of approved projects would be made public only when contracts were signed.

Apart from the income ceiling, those who would qualify to acquire the land must be over 21, have dependants living with them, be first-time property owners and receive no other housing subsidy, it said.

"A massive exercise — unique of its kind in South Africa — was mounted in recent weeks through the deployment of 83 hand-picked consultants across the country to evaluate the applications," the statement said. "Technical and financial assessments were made to check whether development proposals were implementable, and social assessments done on whether they were desirable.

"The scheme seeks to give very poor people access as fast as possible to the housing process in a way they can afford and in areas which are likely to become economically sustainable communities."

IDT chairman Mr Jan Steyn said, however, that the IDT grants were only a beginning in impacting on the problem of homelessness.

"We must remember that the backlogs are enormous. The large numbers of unplanned, spontaneous, informal settlements are the best evidence of this fact. Our present effort will probably address only 10% of the problem.

Door to the promised land about to open for the poor

New plan will benefit 100 000 families in SA

THE DOOR to land-ownership is about to open for some 100 000 low income families in the country, according to the Independent Development Trust.

In a statement yesterday the IDT said nearly 100 000 subsidised serviced sites across the length and breadth of South Africa will become available shortly to heads of households earning less than R1 000 a month.

"At a special meeting in Cape Town, the trustees of the Independent Development Trust gave approval in principle to 108 applications involving 99 800 sites," the statement said.

"This decision will enable poor people to acquire ownership of a serviced stand to which an Independent Development Trust subsidy of R7 500 will be attached. However, conditions on which these approvals are to be based will still have to be negotiated with the successful applicants."

Disputes

Because of the potential for disputes in the event of these conditions not being met and an application failing, specific details of approved projects would be made public only when contracts were signed.

"The allocations consume all but a tiny residue of the R750 million earmarked by the IDT for the capital subsidy scheme," the statement said.

Apart from the income ceiling, those who will qualify to acquire the land must be over 21, have dependents living with them, be first time property owners and receive no other housing subsidy, it said.

A total of 66 percent of the applications were linked to city environments and 34 percent to smaller towns.

Some 65 percent were new site and service projects, while the balance involved the upgrading of existing informal settlements.

Of the 108 developers, 37 per cent were public authorities (including parastatals), 34 percent were community trusts, 20 per cent were utility companies and nine percent were private developers.

In all, 404 applications involving 640 000 sites were submitted by land developers to the IDT.

Evaluate

"A massive exercise - unique in South Africa - was mounted in recent weeks through the deployment of 83 handpicked consultants across the country to evaluate the applications. Technical and financial assessments were made to check whether development proposals were implementable and social assessments done on whether they were desirable."

The project is headed by the IDT's director of housing, Mr Ben van der Ross, who appointed two co-ordinating consultants to work with a network of experts all over South Africa.

"The scheme seeks to give very poor people access as fast as possible to the housing process in a way they can afford and in areas which are likely to become economically sustainable communities."

The chairman of the IDT, Mr Jan Steyn, in releasing details of the initiative, said that because the need to relieve the country's acute housing problem was so great, "we have had to move with almost abnormal speed in implementing our capital subsidy scheme," according to the statement.

"An extraordinary process had to be developed in order to apply the criteria which we set while still achieving our objectives within such a narrow timeframe," he said.

He emphasised however, that this was only a beginning in impacting on the problem of homelessness.

"We must remember that the backlogs are enormous. The large numbers of unplanned, spontaneous, informal settlements are the best evidence of this fact. Our present effort will probably address only 10 percent of the problem. An ongoing sustained process is essential to resolve the issue."

The statement said the consultants entered into a painstaking process of talking to a wide cross-section of the communities from which applications had come.

Strategy

"The consultants also interacted with the applicants themselves. They will be advised of the outcome in writing within a week."

Applications approved in principle would now be subjected, among others, to the following assessments before final endorsement was given:

* A projected programme of activity in completing the development;

* Details of a monitoring process to be applied to that programme;

* The developer's policy in allocating sites to individuals;

* A commitment to community involvement;



JAN STEYN

* An agreed strategy for advising the public and potential beneficiaries that subsidies have been granted.

The process of allocating R750 million had already had positive spinoffs in the housing field, according to Van der Ross.

"Many actors have been attracted into the process through the opportunity to gain access to our resources," he said on Saturday. This must increase the country's capacity to deliver suitable and affordable housing projects to the very poor.

"Secondly, the limits we set have compelled many proposers - both the authorities and communities - to accept the inevitability of lower standards.

"Thirdly, we know of many instances where previously hostile communities and authorities have co-operated in developing proposals.

"Also, our criteria have forced many developers to come to grips with the concept of community participation for the first time. Thus, even where applications are unsuccessful, we feel that this experience will influence them positively in future," Van der Ross said. - *Sapa*

Trust injects nearly R750m into housing

339 LINDA ENSOR

CAPE TOWN — The Independent Development Trust (IDT) has allocated most of the R750m earmarked for its capital subsidy scheme to a development which will give about 100 000 people ownership of subsidised, serviced sites.

The release of the funds will not only provide land ownership but inject vital development funds into the economy generally and the depressed building industry in particular.

IDT trustees have approved in principle 108 applications involving 99 800 sites, enabling people to acquire ownership of a serviced stand to which an IDT subsidy of R7 500 will be attached.

Releasing details of the initiative at the weekend, IDT chairman Jan Steyn said the trust had moved with almost abnormal speed to implement the capital subsidy scheme. B Day 22/7/91

He said the initiative addressed about 10% of SA's housing backlog.

Funds were geographically distributed on the basis of a model assessing current populations and projected areas of growth.

The PWV region has been allocated the most stands — 31 800 (32%) to 26 developers. Natal/KwaZulu will get 22 900 stands (23%) allocated to 26 developers; the eastern Cape 13 000 (13%, 14 developers); western Cape 9 000 (9%, 13 developers); Free State 7 300 (7%, four developers); northern Transvaal, 5 200 (5%, six developers); eastern Transvaal 4 900 (5%, eight developers); western Transvaal 4 000 (4%, seven developers) and northern Cape 1 700 (2%, four developers).

Of the 108 developers, 37% are public authorities including parastatals, 34% are community trusts, 20% are utility companies and 9% are private developers.

In all, 404 applications involving 640 000 sites were submitted by land developers. About 65% of the applications were for new site and service projects with the balance involving the upgrading of existing informal settlements.

Of the applications, 66% were linked to city environments and 34% to smaller towns.

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☐ From Page 1

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Housing B Day 22/7/91.

"A massive exercise — unique in SA — was mounted in recent weeks through the deployment of 83 hand-picked consultants across the country to evaluate the applications," an IDT spokesman said.

He said technical and financial assessments were made on the proposals.

The allocations consumed all but a small portion of the R750m earmarked by the IDT for the capital subsidy scheme. Applications approved in principle would be subject to a series of assessments before being finally endorsed.

The IDT spokesman said outlying areas and less sophisticated communities may have suffered in the selection process but this would be addressed if further funding became available.

The project is being led by IDT housing director Ben van der Ross who says the process of allocating the R750m has drawn many new participants into the process of providing low income housing.

"Also, our criteria have forced many developers to come to grips with the concept of community participation for the first time," Van der Ross said.

To qualify for the scheme an applicant must have a monthly income below R1 000, be over 21 years old, have dependents living with him, be a first-time property owner and have no other housing subsidy.

Landownership for 100 000 poor 'only tip of iceberg'

Staff Reporter Star 22/7/91

Landownership will soon become a reality for nearly 100 000 low-income families, the Independent Development Trust announced yesterday.

According to the IDT, 99 800 subsidised serviced sites throughout South Africa will become available shortly to heads of households earning less than R1 000 a month.

Trust chairman Jan Steyn said the group had to move with abnormal speed to implement the capital-subsidy scheme because the need to relieve the country's acute housing problem was so great.

However, Mr Steyn emphasised, this was only a beginning in dealing with the problem of homelessness.

"We must remember that the backlogs are enormous. The large numbers of unplanned spontaneous informal settlements are the best evidence of this fact," he said.

IDT trustees recently gave approval in principle to 108 applications involving the 99 800 sites. This will enable poor people to acquire ownership to a serviced stand, to which an IDT subsidy of R7 500 is attached.

Of those applications which have received preliminary approval, 32 percent — 31 800 stands — have been allocated to the PWV region. A further 5 200 stands are in the northern Transvaal, another 4 900 in the eastern Transvaal and 4 000 stands in the western Transvaal.

About 66 percent of the applications were linked to city environments and 34 percent to smaller towns. Some 65 percent were new site-and-service projects and the remainder involved the upgrading of existing informal settlements.

According to the IDT the allocations use all but a tiny residue of the R750 million earmarked for the capital-subsidy scheme.

Apart from the income ceiling, those who will qualify to acquire the land must be over 21, have dependants living with them, be first-time property owners and receive no other housing subsidy.

DP claims 4 other groups got money

Star 24/7/91

By Esmaré van der Merwe

UMHLANGA — Democratic Party MP Kobus Jordaan, a key figure in disclosures of the secret Government funding scandal, yesterday revealed the names of four organisations — in addition to Inkatha — he believes might also have received money.

Mr Jordaan is the Umhlanga MP and a former senior official at the Department of Constitutional Development.

In an exclusive interview with The Star, Mr Jordaan disclosed the names he had submitted — in parliamentary questions about suspected secret funding — to President de Klerk, Minister of Law and Order Adriaan Vlok and Minister of Defence Magnus Malan.

The four organisations are the United Municipalities of South Africa (Umsa); the Urban Councils Association of South Africa (Ucasa); National Forum (a moderate alliance consisting mainly of black local councillors); and the Federal Independent Democratic Alliance (Fida) of Dr John Gogotya.

In Parliament, Mr Jordaan asked President de Klerk, Mr Vlok and General Malan whether "certain organisations" had received direct or indirect financial aid from the Government.

In his reply, Mr de Klerk said the matter involved security information which could not be revealed.

Mr Jordaan also referred to a parliamentary question asked by colleague Jannie Momberg regarding possible financial assistance to "cultural or political organisations" in the homelands.

Development Aid Minister Jacob de Villiers furnished details of some homeland organisations who had been supported by the Government.

But, said Mr Jordaan, no mention was made of five homeland organisations he believed were worthy of investigation.

They were Ximoko Progressive Party, Inyandza in KaNgwane, Intanda ye Sizwe, United Peoples Front, and Dikwentla.

Mr Jordaan also referred to the undermining of Cosatu, the ANC-aligned labour federation.

Township groups deny receiving govt funds

339

BIDay 25/7/91

PATRICK BULGER

CONSERVATIVE township political organisations yesterday denied suggestions that they received money from government to promote their activities.

Spokesmen for the United Municipalities of SA (Umsa) and the Urban Councils' Association of SA (Ucasa), which both represent township councillors, said they were self-funded.

And the Inkatha-affiliated United Workers' Union of SA (Uwusa) continued to deny it had received R1,5m as claimed by Law and Order Minister Adriaan Vlok.

Uwusa national publicist Duke Senagkomo would only say yesterday that the trade union did not have the R1,5m Vlok said it received. The national executive would meet next week to prepare a response to the funding allegations, he said.

However, a Law and Order spokesman said last night Vlok was on record as saying the money went to Uwusa. "He obviously has evidence for saying this."

Ucasa national organiser Prince Mokoena said his organisation had requested money from the TPA to help councillors protect themselves against attack, but had received no money. Nor had government given or offered Ucasa financial assistance.

Umsa president Henock Ngakane and former Umsa president Tom Boya similarly denied having received government money.

Pressure

Umhlanga DP MP Kobus Jordaan, who earlier alleged he knew of R5m given to political organisations, said he believed Umsa, Ucasa, the National Forum and the Federal Independent Democratic Alliance (Fida) might have received covert funding. Spokesmen for Fida and the National Forum were not available for comment yesterday.

Meanwhile, political groupings continued to put pressure on government to come clean on the issue.

The ANC said its national working committee was engaged in formulating a programme of action to protest against state-sponsored violence and demanded the budget allocation of R380m for covert projects be frozen.

The ANC Youth League said government was bent on playing down the funding crisis and said secret funding of Inkatha confirmed that there was a devious campaign of terror against the ANC.

Transkei military ruler Bantu Holomisa said funding for Inkatha was against political reconciliation.

Anglican Archbishop Desmond Tutu criticised government's response to the funding crisis and called for the dismissal of Vlok and Defence Minister Gen Magnus Malan.

The Muslim Youth Movement of SA also criticised government for funding Inkatha.

Azanian National Youth Unity movement publicity secretary Mayaya Molefi said the funding showed that government had proved it was in control of negotiations, Sapa reports.

Lebowa Chief Minister Nelson Ramodike dismissed allegations that his organisation, the United Peoples' Front, received covert funding.

SOWETA

No winds of change in economy as yet - UF

Sowetan 26/7/91

WHILE political constraints were disappearing, the economic restraints were not, the chief executive of the Urban Foundation, Mr Sam van Coller, said yesterday.

Speaking at the conference of the National Black Distributors Association on the effects of a new constitution on business, he said violence and uncertainty about economic policies had put foreign investors off South Africa.

He said: "The longer the economy continues to perform poorly because of this unwillingness, the greater the chances that violence will increase.

"This means there will be greater pressure on extra-parliamentary political leaders to talk in terms of a substantial role by central government in any future economic policy under a new constitution.

" We must anticipate, therefore, that until South

By JOSHUA RABOROKO

Africa can break out of this cycle, the economy will continue to perform poorly and, given the high rate of population growth, unemployment and poverty will increase."

However, he said there was probably a more fundamental and much more serious dynamic at work in South Africa and that was the long-term and continuing social disintegration of society.

"The symptoms are there for us all to see. They include an increase in brutal crime, the state of war that exists between society and its children, violent conflicts between different interests groups and, in particular, between the haves and have nots, increases in teenage pregnancies, alcoholism, suicide and divorce.

He had no doubt that a new nonracial South Africa would see that these serious obstacles to economic growth started to disappear and would bring important social and economic gains.

The impact on a new constitution on the business environment would depend firstly on the political climate.

The negotiation of mutually beneficial agreements between employers and trade unions was essential.

Other opportunities existed for housing developers, civic associations and home loan institutions to break the housing log-jam by reconciling their different needs and interests, for large and small business to achieve both greater efficiencies and more equitable distribution of business activity.

He urged members of the association to participate in the process of change.

The launching of the association was one of the many examples of the growing sense of self-reliance among blacks as their struggle for political freedom came nearer the end.

IDT appoints new directors

Political Correspondent

THE former leader of KaNgwane, Mr Enos Mabuza, and the principal of the University of Transkei, Professor Wiseman Nkuhlu, have been appointed executive directors of the Independent Development Trust.

Mabuza, who works as a business consultant, will be based in the IDT's Johannesburg offices from August 1.

Nkuhlu, who is already a trustee of the IDT, will take a year's sabbatical from January 1 next year as executive director of project development of the IDT.

He will work within the education portfolio in the planning and evolution of a national community learning centre and in the national clinic building programme of the IDT.

Nkuhlu is the first black to qualify as a chartered accountant in South Africa.

12 big firms pledge R500m for blacks

ST Times (Bus Times) 4/8/91 (339)

TWELVE of the biggest companies in South Africa have pledged to donate R500-million to black education in the next five years.

They have asked the Urban Foundation to administer and expand the Private Sector Initiative.

The Urban Foundation will raise and administer funds and try to involve more companies in the initiative. It will select schools and tertiary educational institutions deserving support.

An equally daunting task for the Urban Foundation is to persuade all sorts of community organisations to co-operate.

If the project gets off the ground, it will be the biggest corporate social responsibility project ever in SA.

First hint of the existence of the plan was a statement by Meyer Kahn, chief executive of SA Breweries, in his annual report that his group would contribute to the fund.

By DAVID CARTE

Urban Foundation spokesmen say the proposal is so sensitive and delicately balanced that they cannot disclose more.

But sources in the private sector say 23 organisations, including the ANC and even the PAC, are involved in putting the plan together.

Main motivator of the initiative is Michael Rosholt, retired chairman of Barlow Rand. Mr Rosholt is reported to have gained foreign support for the initiative.

Standard and First National banks are known to be taking part, but the names of other sponsors will be announced only when the whole project is officially launched, probably next month.

Frustration of blacks to get bonds grows

339

Sowetan 8/8/91.

VINO NANKAN, managing director of Venrich Housing, throws the spotlight on the critical difficulty black home buyers face in obtaining a bond.

FOCUS

BUILDING societies have taken the undeclared standpoint that granting bonds to blacks is a risk as a result of the violence and unrest and the escalating number of repossessed houses in townships.

This view is being increasingly voiced in low and medium-cost housing circles.

The reluctance of building societies to grant bonds to the black housing sector has reached crisis point. Some black home buyers have been struggling to obtain bonds for an unbelievable nine months. At present, I estimate, that only five percent of all black bonds submitted to building societies are being granted.

Excuses

Building societies are giving frivolous excuses for not approving them. They seem to have taken the decision not to grant bonds and therefore 95 percent of bonds that are applied for are refused. My figures are sourced to informal responses from my submissions of bonds to building societies.

In my opinion this is an unacceptable situation as each case should be considered individually and more importantly, impartially. If the building societies previously had bad accounts, why discriminate against new prospective home buyers?

Black bonds appear to be like a disease to building societies. They have raised the criteria to ridiculous heights. For example, one building society said: "The man must earn more than the woman." Another said: "A man's net salary excluding his bonus, contribution to trade unions, pension etc is the amount considered as his income during bond application."

Traditional marriages are unacceptable - marriage certificates or an affidavit must be submitted.

In my company alone, I have a backlog of 300 bonds that have not been approved over this nine-month period. The administration and hours of work that it takes to re-submit these applications is phenomenal. I have resubmitted some bonds 10 times. Each time new contracts must be drawn up, the aspirant home buyer must be called in to resign and the papers must be delivered to the financial institution.

My company, in common with many other developers, has continued selling in the belief that this situation will eventually be resolved. The violence and unrest in the townships is now minimal and yet bonds remain ungranted.

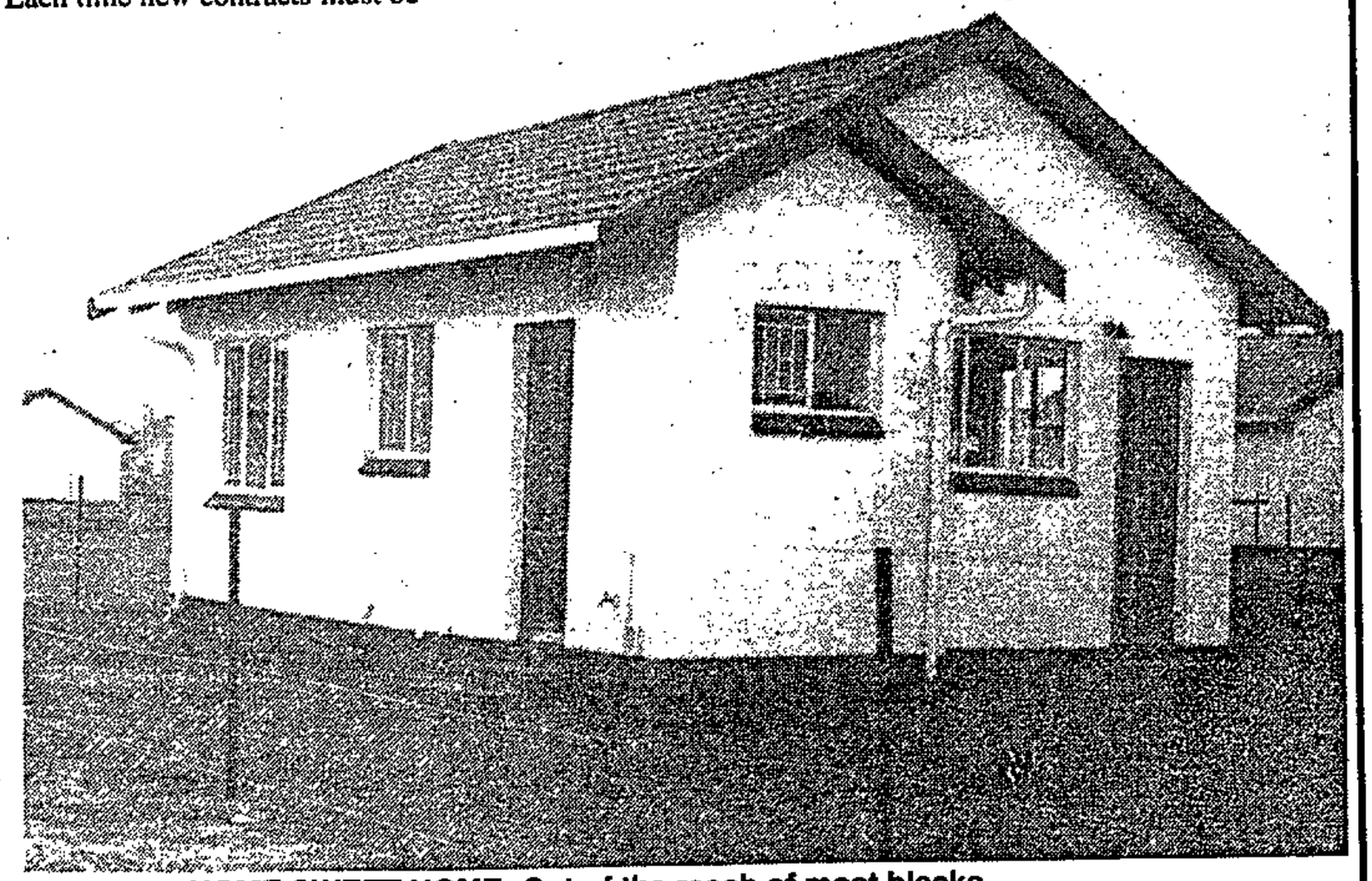
Backlog

Every day I receive hundreds of phone calls regarding the delay on the approval of bonds. Most of the buyers do not fully understand the situation with the building societies and it takes me hours to explain this incongruous state of affairs. In fact, due to this nine-month backlog, some buyers have withdrawn their offer to purchase a house.

The backlog of housing in this country is as a result of the Government's poor planning and lack of consideration for 70 percent of the population. Now developers like us who regard blacks as the future of our industry and are committed to alleviating this crisis, are met with bureaucracy and frivolous excuses by financial institutions.

I am now in the process of establishing a Contractors Association which will stand together against building societies.

I am determined to resolve this crucial issue as the lack of black housing is a crippling factor in our country's economy but without the co-operation of the financial institutions, progress in this regard is not possible.



HOME SWEET HOME: Out of the reach of most blacks.

SOWETAN Building the Nation

FOCUS ON PROPERTY

New home plan for the needy

Sowetan 8/8/91

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CONVENTIONAL houses, which cost from around R35 000 upwards including ground, are beyond the means of most people.

Everybody, however, needs a decent roof over his or her head. So in this article - which is the last in this series - we'll take a quick look at two of the cheaper options at present available.

One of these options is starter housing, which costs less than conventional housing, and actually gives you the opportunity of deciding just how little, or how much, you want to spend on both your land and house.

If you can afford to pay for a high level of land servicing, you will get a metered water connection to your house, water-borne sanitation and full electricity.

You will also enjoy amenities such as surfaced roads, stormwater drainage and public street lighting.

If you feel that this will be too costly, you could opt for a medium or low level of service.

A low level of service - the least expensive - excludes extra services such as electricity and surfaced roads.

Future

When you buy a starter house, you can also choose how much you want to spend on the house itself.

Starter houses are designed to be built as economically as possible. But at any stage in the future, it's easy to enlarge and upgrade a starter house to suit your needs to or can afford to.

If you have been a regular reader of this series of articles, you will remember meeting Mandy and Joe, who once never dreamed that they would be able to start off married life in their own house.

But after a visit of FHA Homes, they learned that if they invested their savings or R1 500 in a deposit, they would be able to buy a starter house in Vosloorus.

Their monthly instalment would amount to just over R300 per month, which they could afford out of their combined earnings of R1 300.

What, however should you do if even a starter house is too expensive for you?

At last, thanks to you, a new programme administered by The Independent Development Trust, your troubles may soon be over.

If you earn less than R1 000 a month, you will soon be able to apply for an affordable, subsidised stand in a convenient, newly laid-out township.

These stands will be worth about R7 500 each. But if your application is successful, it will cost you more than a few hundred rand to get the stand transferred into your name.

Shack

Once this has been done, you will be free to build and live in your own house or shack on your own ground without fear of loss of eviction.

Later, as life improves, you may want to replace your informal accommodation with a permanent, conventional house.

The choice will be yours.

To be eligible for a stand, you must earn less than R1 000 per month, be a first-time property owner, be over 21 years of age, have dependents living with you and not have family access to any other State housing subsidy.

The new townships created through this scheme will bring new hope and dignity to the lives of thousands of people.

They will be clean, serviced, safe and well laid out.

And most important, they will give you the opportunity of building a secure, healthy future for your family and yourself.

FHA Homes, who have had wide experience in the development of new areas, have applied to take part in this venture.

If their applications are successful, they intend to start work in August this year.

HOME ownership is not a privilege. It is a just reward for hard work and perseverance. But how do you set about buying ground then financing, building and maintaining a home? Join us every Thursday to learn the answers. And if you still have any questions, write to Jacky, PO Box 260835, Excom 2023.

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see a need to hire out music equipment, to service this somewhat per- was a need for black people to have dance centres where they could soccer games will remember those impeccable dancers who usually entertain

Major Western econom are standing ready to a

Sowetan 8/8/91.

By JOSHUA RABO

ACTIVE encouragement of international investment has become the urgent challenge facing the South African banking sector following the G-7 summit announcement that the major Western economies stand ready to assist post-apartheid recovery.

The new head of NedPerm Bank's Asset-Based Funding Division, Mr Christopher Beatty, spelled out the challenge when he lifted the veil on a

change' of perceptions in inter circles.

"The visitors, from London a Yamaichi, will be here in early asked to give an appraisal on the ness scene.

Huge bond crisis

Sowetan 8/8/91.

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BUILDING societies are refusing to grant bonds to many potential black homeowners because of the high rate of repossessions in the townships.

This is according to two firms which deal with township housing projects.

They say the reluctance by building societies to grant bonds to blacks has "reached crisis point".

By KENOSI MODISANE

"I have a backlog of 300 bond applications from the past nine months," said Mrs Vino Nankan of Ven Rich Housing.

In an article written for *Sowetan* today Nankan accuses financial institutions of having taken an unspoken standpoint that granting bonds to blacks was a high risk.

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Black bonds crisis

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"Violence and unrest in the townships has also been cited among reasons for rejecting applications," Nankan said.

Her sentiments were echoed by a spokesman for another construction company who, on condition that she was not named, said: "Financial institutions have complained of running at a loss because many houses bought by blacks have had to be sold at a nominal value."

She attributed this to a failure to pay bond premiums by black homeowners.

"Many black buyers only afford to pay for three to four months after taking occupation of their homes," she said.

Mr Dave Wright of the Permanent Building Society's home loans division, however, refuted the allegations.

"I do not want to be heard to be speaking on behalf of other institutions. But we at the Perm have not had such a problem."

Wright said: "It would be difficult to comment because the assessment is that of a developer and not of a financial institution."

Asked to reveal statistics of loans, Wright said: "The statistics are obviously not the same as they were three years ago. But I can assure you that the *status quo* at the Perm has not changed with regard to the black housing sector."

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Bonds are becoming almost impossible to obtain in the townships. So says property developer Vino Nankan.

She will be the guest on Tim Modise's "Face the Nation" programme on the *Sowetan*/Radio Metro Talkback Show between 5 and 6pm today.

You will be able to speak to her and also share your opinion with the nation. Sowetan

The hotline number is 714-8063. 8/8/91.

Trust turns down Cape Town council

13 May 9/8/91

CAPE TOWN — The Cape Town City Council's application to the Independent Development Trust. (IDT) for nearly R8m has been turned down.

At the end of May the council applied for a grant of R7,95m for the development of 1 060 unserviced plots in Lavender Hill East.

IDT housing director Ben van der Ross responded in a letter that his board of trustees had met on July 19

Own Correspondent

to select applications.

He said there were 404 applications representing 640 000 sites competing for the 100 000 available subsidies and many had to be turned down.

However, the council's application would be retained on file and it would be able to reapply if more funds became available.

Risks halt township housing

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LESLEY LAMBERT

POLITICAL and financial risks associated with township development continued to keep mortgage lenders and developers out of low-cost housing, spokesmen for the sector said yesterday.

Although the unrest which brought the provision of low-cost housing to a virtual halt earlier this year had abated, most banks and building societies were staying out of the market because of fears of political risk and non-repayment.

A major deterrent had been the refusal to move out of homes which had been repossessed, a bank spokesman said yesterday. He said only two or three financial institutions continued to provide financing in the lower end of the market.

This shortage of funds, in turn, hampered developers. Schachat Homes Group MD Hilton Katz said it was still difficult to attract mortgage loans for homes valued at below R50 000. When funding was available, limited demand kept developers' activities to a minimum.

"The market has worsened consistently over the past 18 months because of political risk and economic hardship and is almost at a standstill now," he said.

Urban Foundation housing MD Matthew Nell said the foundation's funding sources had dried up in all areas other than Natal, the Highveld, Bloemfontein and, to a lesser extent, the PWV. He said it had become even more difficult to secure funds for homes valued above R40 000, largely because the Home Loan Guarantee Fund placed an upper limit of R43 000 on the bonds it guaranteed.

Although the Urban Foundation's housing utilities were selling about 200 to 300 homes a month, this represented a "substantial" decline on the number it provided 18 months ago.

Activation of the Independent Development Trust's (IDT) capital subsidy scheme

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Housing

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later this year will boost the provision of serviced sites and, over a period of time, reduce the massive backlog. But its emphasis on serviced sites, rather than conventional houses, will stimulate the civil engineering rather than the home building sector.

Efforts are being made to try to improve conditions in the low-cost housing market. The home building industry is trying to resolve the problems of financial institutions in discussions with local authorities and the Association of Mortgage Lenders, while financial institutions are considering ways of reducing risks.

Nell said three major issues needed to be addressed before the market improved: the risks faced by financial institutions; the affordability level of prospective homeowners; and the operation of the new non-racial urban housing market.

"The environment is looking more positive now than it did six months ago, but the simultaneous resolution of all these issues will need a well thought out plan agreed on by all participants in the process."

Giving the poorest some place to live

Sowetan 16/8/91.

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FOCUS

JOHN WEAVER, chief executive officer of FHA Homes, looks at how the poorest people in the land benefit from a trust set up by the Government.

THE Government announced in 1990 that it would allocate R2 billion to address social inequities.

The areas identified in the Budget for urgent attention were health, housing and education.

Recognising that it would not be acceptable if the Government decided how to spend the money Mr Jan Steyn, a former Supreme Court Judge, was invited to establish a trust. Under his chairmanship the trust would decide how the money should be spent.

Steyn accepted the invitation but made it clear that the trust must be independent of Government and that, once the money was handed to the trust, the trustees would be responsible for deciding how the money should be spent.

In other words, the Government would have no say in how the money was spent.

Developers

This condition was accepted by the Government and the funds were transferred to the trust in the middle of 1990.

Since then the staff of the Independent Development Trust have been evaluating proposals and deciding how best to use the money at their disposal.

Recent announcements detail the decisions they have taken, which involve contributing to more than 100 projects designed to help uplift the poorest in the land.

The biggest single allocation is an amount of R750 million for capital subsidies for the provision of serviced sites. This is land bought by a developer, broken up into small sites with basic services installed and then made available to the public.

Once the land is transferred into the name of the purchaser, he or she may erect any form of shelter or proper house. What is important is that the site belongs to the purchaser to develop or sell as he or she sees fit.

The money set aside by the IDT is to help the very poor buy these sites and this will be accomplished by what they have called the Capital Subsidy Scheme. The scheme works as follows:

Developers (such as FHA Homes, local and provincial authorities, community trusts and private developers) find suitable land and then make an application to the IDT for a site-and-service subsidy.

If the developer's application is successful, he is required to put up the working capital to buy the land, have it proclaimed as a township, design and provide graded minor access roads and tarred main roads, instal running water and a toilet connected to water-borne sewerage on each site.

When these works are complete and sites are transferred to the name of the new owner, the IDT will pay the developer R7 500 a site. This means that the IDT has effectively bought the site on behalf of the individual who takes possession of this serviced piece of land.

Not everyone qualifies to buy these sites. To ensure that only the most needy benefit, the IDT has laid down qualifying criteria that require the applicant be:

- At least 21 years of age;
- Living with dependents (mother, father, children, etc.);
- Not to have been granted any other housing subsidy from the Government;
- Earning less than R1 000 a month; and
- A first-time property owner.

Projects

But the IDT has thought beyond simply giving poor people their own sites. They also recognise the importance of support and participation by the community in the development of a successful site-and-service scheme. Developers therefore have to advise the IDT what they will be doing to ensure that the community is involved in the development and how they will initiate what the IDT calls consolidation.

In the words of the IDT: "Consolidation is the process of upgrading informal communities in both physical environment and socio-economic terms. As consolidation proceeds, housing is upgraded from informal structures, infrastructure services are improved, public and private sector community facilities are provided, commercial enterprises are established, skills of the community are improved, thus facilitating income-generation in the community."

Emergency

The IDT received hundreds of applications from developers after the scheme was announced at the start of 1991. At the end of June 1991 developers were advised by the IDT that their proposals for 108 projects for a total of 99 800 sites had been accepted in principle.

The IDT is now formalising agreements between it and the developers so that they each know their rights and responsibilities. It is expected that the first serviced sites will become available in the last few months of this year.

The IDT capital subsidy scheme should be seen as an emergency measure to provide basic health, safety and security of tenure to the poorest people in our country. It is hoped that either the IDT's funds will be topped up by Government to enable more capital subsidies to be provided, or alternatively that Government will change its current subsidy policies to provide capital subsidies on a broader base.

Serviced sites soon for tens of thousands

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Star 17/8/91.

CAPE TOWN — Negotiations will be concluded within the next two to three weeks between the Independent Development Trust and the first developers to qualify under its R750 million once-off capital subsidy scheme, the trust said here yesterday.

The scheme will provide 99 800 people countrywide with serviced sites on which to erect dwellings.

Up to 700 000 people are expected to be accommodated at an average of seven per dwelling.

IDT communications director Jolyon Nuttall said that at a recent meeting in Cape Town, the trustees had approved, subject to further negotiations, 108 applicants for the R7 500-a-site programme.

Of the successful applications, 37 percent were from public authorities, 34 percent from community trusts, 20 percent from utility companies and 9 percent from private developers.

"Further negotiations are now taking place between the Independent Development Trust and the 108 applicants to settle outstanding issues. As and when these matters are resolved, approval will be given to individual applications," Mr Nuttall said.

"The first of these is expected within two to three weeks."

He added that site buyers must be 21 or older, have dependants living with them, have a maximum monthly income of at least R1 000, and must be first-time property owners and receive no other housing subsidy.

The standard subsidy per residential site will be R7 000.

The beneficiary of the subsidy will not be given the money directly, but will receive a credit for this amount against transfer of the property into his or her name.

"Where the selling price of the site is more than R7 500, the balance will be paid by the purchaser.

"If it is less, the difference between the R7 500 and the actual subsidy applied per site will be set aside for use in consolidation programmes for the project area, to be decided in consultation with the communities concerned," he said.

The IDT received 404 applications covering 640 000 sites in May. — Sapa.

IDT housing plans under fire

South 22/8 - 28/8/91

By Karen Williams

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INDEPENDENT Development Trust housing plans — already under fire from the World Bank — have also raised questions at UCT's Urban Problems Research Unit (UPRU).

A confidential World Bank report leaked last week urged the IDT to follow world experience and consider paying housing-related subsidies directly to the beneficiaries, rather than to land developers.

This week, Ms Vanessa Watson of the UPRU warned that the IDT's plans could involve an inefficient use of money. She expressed concern that there appeared to be insufficient measures to stop developers from using the money for their own, rather than the ultimate beneficiaries' benefit.

The IDT counters that it has appointed 40 consultants to monitor the scheme.

Under the programme the trust will effectively give private firms up to R7 500 for each of 9 000 Western Cape site-and-service plots they buy and develop.

The plots themselves must be sold to first-time property owners who earn less than R1 000 a month.

Mr Jolyon Nuttall of the IDT said if the developer's selling price of the site was less than the R7 500 subsidy provided by his trust, the surplus money could be used by the individual to assist in the cost of a dwelling or could be used to provide community facilities.

If the cost of the site was higher than R7 500, the buyer would have to pay the difference.

Nuttall said there was no fixed breakdown of costs and it would vary from developer to developer.

UPRU's Watson also expressed concern this week that the bulk of the subsidy was limited to subsidising the cost of buying a site-and-service scheme.

The subsidy was thus linked to ownership of the site, whereas many people would still prefer to rent a site, she said.

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● BERNSTEIN

Informal structures 'part of the housing solution'

B|Day 27|8|91

LESLEY LAMBERT

INFORMAL housing is a reality and will have to be a dominant feature of SA's housing drive, but it should not be considered a long-term solution, the Urban Foundation says in the first of two documents on the subject.

The document is part of the Policies for a New Urban Future series produced by the foundation's urbanisation unit. It lays the basis for a new approach to informal housing and will be followed by a second document which will propose new policy guidelines.

The researchers, led by Urban Foundation director Ann Bernstein, estimate at least 7-million urbanised South Africans — more than half the black metropolitan population — live in backyard shacks, outbuildings and free standing settlements.

They conclude that a key challenge facing people involved in the housing process is their ability to upgrade these informal homes into conventional houses.

The document is based on a five-year research programme undertaken by the urbanisation unit and a private sector council comprising the urban and business communities.

Conditions

It provides a breakdown of the effects of urbanisation on the main metropolitan centres and studies land invasions, relocation and conflict, concluding that informal housing and illegal invasions are a symptom of uncontrolled urban growth.

A break-down of the main urban centres shows that the bulk of informal housing is in the PWV region where more than half of the 5,2-million population is informally housed.

But, it also shows that the economic and living conditions of informal settlers are worst in the eastern Cape and that Durban and Cape Town's urban infrastructures are under immense pressure as a result of rapid population growth.

It finds that 33% of backyard shack-dwellers are unskilled, while about 52% are formally employed, earning about R750 a month. Some 41% of shack-dwellers in free standing settlements are unskilled while approximately 44% are formally employed, earning about R450 a month.

The study recommends informal housing processes — such as "in-situ" upgrading — and the rehabilitation of existing houses that will have to accompany formal housing processes.

It says solving the housing problem will require the combined efforts of the public and private sector.



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New look at informal housing

Blogy 28/8/91.

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LESLEY LAMBERT

MOST developing countries have accepted informal housing as a permanent and vital feature of their cities. The policies they have implemented to formalise this new approach contain valuable lessons for SA.

Squatter settlements and backyard shacks — once the subject of forced removals and demolition — are now being upgraded and reinforced as part of national housing policies. In many countries they are the dominant form of urban shelter.

The new pragmatism has stemmed largely from the inability of governments to reverse the tide of urbanisation and the inability of conventional housing programmes to accommodate the consequent growth in urban populations.

Having accepted that informal housing is part of the solution, developing nations have formulated strategies to upgrade new and existing squatter settlements, to remove the stigma and insecurity of illegal squatting and to pre-empt the development of new slums.

The Urban Foundation's urbanisation unit has spent five years reviewing informal housing in a range of countries in Latin America, Asia and Africa. From its research the unit has distilled the lessons to be considered by local policymakers who are formulating a new national housing policy.

SA has followed world trends away from the destructive policies of the past towards self-help site-and-service schemes and the upgrading of existing settlements. While the site-and-service programmes have shown considerable promise, several common difficulties have emerged.

The rate of development has been hampered in many countries by the lack of secure tenure and access to finance, resulting in widespread disappointment. Affordability remains another major stumbling block. While site-and-service schemes are more affordable than other forms of shelter, they remain out of the reach of large sectors of the urban poor.

"Down market raiding", where land intended for the urban poor is occupied by higher income groups, often excludes people for whom new developments were intended. The need for regular payments excludes those who do not earn regular incomes.

The Urban Foundation researchers conclude that many of these problems can be resolved if site-and-service is accommodated in a broader housing strategy.

Upgrading of existing shelter and residential areas has won increasing international support as a key element of national housing policy, largely because of a shift in World Bank funding to the upgrading of existing informal and slum housing. The shift in emphasis has been justified in cases where upgrading has been more affordable than site-and-service, but many of the bank's projects combine the strategies.

Upgrading is often more affordable because it allows for unusually high housing densities. No new land is required and additional savings can be achieved if communities participate in the installation of services. Commuter transport costs are often lower because settlements are normally closer to urban centres.

But upgrading is also not free of stumbling blocks. Relocation is sometimes necessary in densely settled areas, securing land tenure is a difficult and complex process and community participation is often obstructed by government opposition.

The logical step from site-and-service and upgrading schemes is consolidation — the term development economists apply to the transformation from shacks to conventional homes.

The argument that the formalisation of informal housing condemns participants to live in shacks forever is only partially valid, the foundation contends. "International experience has shown that 'squatter' enclaves in many cities have been transformed over time, often to become virtually indistinguishable from neighbourhoods with formal housing," the foundation says.

International experience has also shown, however, that the success of consolidation depends largely on three factors: community participation, politics and the role of government and other participants.

Community participation plays a vital role in the implementation of informal housing strategies by legitimising projects and reducing labour and service costs.

The document concludes that successful housing policies must be balanced and multifaceted. Those which have pursued single solutions have failed.

It calls for the innovative and bold expansion of informal settlement experiments into national housing solutions and argues that access to affordable, well located land will go some way towards preventing the desperate action to which resource-starved communities are prone.

Lower-income homeless will be hit by new tax

By Afr Mphaki

THE implementation of VAT will make affordable housing in South Africa a mirage, vice-chairman of the Witwatersrand Network for the Homeless, Mr Thami Mncube, said yesterday.

Mncube said it was a tragic and telling indicator of the Government's priorities at this time that it had not seen fit to protect lower-income homeless people from the negative effects of VAT.

He said that tax mechanisms should be devised to provide as much help as possible to this sector to lessen, not further exacerbate, the crisis of homelessness.

"By taxing land, labour, administrative overheads, the present cost of serviced land and housing, already beyond the means of 70 percent of urban dwellers, will be increased by up to seven percent.

It was the organisations' view that by increasing lower-income people's expenses on outlays for transport, food items and recreation now subject to tax, will diminish their already meagre disposable income.

"They will have even less money for decent housing," said Mncube.

The organisation called upon the attention of all interested bodies to the "unfortunate" effects of VAT on the issue of housing the homeless.

"It is in the immediate and long-term interests of the whole society, and not only homeless people, that all efforts be directed to helping achieve secure affordable housing for millions of homeless people.

"The implementation of VAT as proposed is counterproductive to this," Mncube added.

Informal homes a key component of new policy

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Sowetan 29/8/91.

INFORMAL housing had to form a key component of a new negotiated housing policy in South Africa, according to a report released by the Urban Foundation in Johannesburg on Monday.

The report, entitled Informal housing, part one, said there was a need for "a unique policy process" in South Africa, informed by events elsewhere in the world but negotiated locally among all actors whose interests were at stake.

The report, part of the UF's "policies for a new urban future", said spontaneous informal housing was a national phenomenon, and informal housing was now "a major component of contemporary urban residential landscapes".

Shach dwellers

Informal housing, said the 56-page report, was an important part of the residential fabric of South African towns and cities, and viewpoints which envisaged the rehousing of all or most of the present shack dwellers would have to come to terms with the scale and the fiscal consequences of the programme that was implied.

"Support for a housing policy with informal housing as a key component cannot be taken for granted. Informal housing has come to symbolise exclusion for many South Africans, and disorder and anarchy for others.

New policy

"If it is to gain broad support, a new policy will have to be widely discussed and debated, and not unilaterally imposed," the report said.

The report, according to UF chief executive DL van Coller, was the product of a major five-year study managed by the the UF's urbanisation unit under the aegis of the Private Sector Council on Urbanisation - a forum which brings together the major employer bodies, leaders from both urban and business communities and the UF.

- Sowetan Correspondent

Foundation gets education boost

Sowetan. 30/8/91.

SANLAM has donated R100 000 to the Urban Foundation for its programme to upgrade science tuition in black primary schools.

Sanlam's chief legal adviser and secretary, Mr Emel Linde, presented the donation to the Urban Foundation's Western Cape regional director, Mr Vernon Rose, in Cape Town on Wednesday.

Rose said the money would be used to buy science kits which conformed to the higher primary school syllabus.

He said the money would also be used to train teachers in the use of the kit and to upgrade their science teaching skills. - *Sapa*

Reef hostels to be upgraded

REEF and Vaal Triangle hostels which have been the flashpoints of violence over the past 13 months are to be key beneficiaries of upgrading as part of government's scheme to inject R1bn into socio-economic projects.

Economic Co-ordination Minister Dawie de Villiers announced on Tuesday that R31m of the money was to be allocated to the upgrading of hostels.

The TPA confirmed on Friday that Soweto hostels of Mapetla, Nhlazane, Nancefield and Dube were among the 36 Transvaal hostels which stood to be upgraded with the R7,77m set aside for the province.

Among other Reef hostels mentioned were Thokoza, Sebokeng, Vosloorus, Katlehong, Thembisa, George Goch and Denver.

TPA spokesman Piet Wilken said 13 hostels would be converted into family units.

It was disclosed on Friday that hostels in

THEO RAWANA

the Cape would receive the biggest share — R16,09m — of the R31m government was allocating to hostels.

Cape townships where upgrading will take place are Ikapa in Cape Town, Galeshewe in Kimberley, Mwandle in The Strand and Gompo in East London.

SA Economic Advisory Council's Alec Van den Heever said Natal would receive R4,09m and Free State R2,2m.

In Natal the areas were Sibangile in Dundee, Sithembele in Glencoe, Steadville in Ladysmith, Bruntville in Mooi River, Emhlalakahle in Greytown and areas in Durban.

In the Free State, the Mangaung area near Bloemfontein has been earmarked for upgrading.

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Major new housing deal soon

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Political Staff

DURBAN — Government will soon unveil a major new plan to ease the national housing crisis and address the problems arising from SA's rapid urbanisation.

Planning, Provincial Affairs and Housing Minister Leon Wessels said in an interview that his department was working on drastic changes to existing policies to allow for the rapid provision of land for settlement and to address the massive housing shortage around SA's cities.

The new approach would be outlined in at least one White Paper to be tabled during the next session of Parliament, amounting to "a major policy statement" on a par with government's "orderly urbanisation" strategy announced in 1986.

He said a major goal of the "co-ordinated national policy on housing and urbanisation" would be to cut the red tape hampering the identification of residential land and provision of urgently needed housing.

Wessels said the number of conflicting bureaucracies "will have to be drastically rationalised and streamlined".

Ways had to be found to boost government, private sector and individual efforts "to make available informal housing and housing for the less privileged".

Earlier, while addressing the NP's Natal congress on problems of squatting, homelessness, poverty and rapid urbanisation, Wessels said SA would have to see "the results, not the beginning" of a fresh approach by next year's session.

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Housing

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He told delegates that short cuts would have to be found to speed up the provision of housing to the poor. SA faced the "awful spectre" of 16,6-million people living below the poverty line.

Government needed to be seen as a "caring government" but money alone would not be a solution to a "mammoth task".

"We need to have a joint policy and a joint development strategy. Talented and qualified people are not available in large numbers and we need to harness these people," he said.

Wessels said he was sometimes angered by South Africans who believed they "can still remain in ivory towers and don't feel the need to assist or become involved" and saddened by those who "won't understand" the plight of the poor.

"I want to serve notice that I am planning to do battle with these people in future," he said.

He said the "developing" component of SA society was marked by a high rate of illiteracy, poor or inadequate housing, a high infant mortality rate and unhygenic living conditions. "The hardest hit are the aged, children and the disabled. If their plight is not addressed, dependency and deprivation will strip them of the human dignity that is their birthright."

● See Page 4
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'No quick fix for economic crisis'

LINDA ENSOR

CAPE TOWN — The Nedcor-Old Mutual scenario's proposal for a massive investment in housing for the poor as a way of kickstarting the economy has been called into question by Stellenbosch economics professor Colin McCarthy.

Speaking at the western Cape Sacob regional congress McCarthy said economic quick fixes did not exist.

"To turn the SA economy around will take time," he said.

"Apocalyptic doomsday talk will definitely not benefit the economy, but neither will the creation of false expectations through the advocacy of quick fixes be helpful."

He questioned whether the economy could supply the building materials necessary for a massive house building programme at unchanged prices or whether this would merely result in bottleneck inflation.

"Does supply really create its own demand in a money economy? Will the effects on the balance of payments be negligible? I have my doubts about these issues."

Economic growth required an inflow of foreign capital. McCarthy said he did not have much faith in the idea that the economy could grow faster on domestic savings through a drastic lowering of the capital requirements of economic growth.

To attract foreign investment, the economy would have to be competitive internationally and therefore have an export orientated development strategy.

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No money back on land transfer fees

B10 ay 9/9/91.

339

WILSON-ZWANE

TOWNSHIP residents who had paid transfer fees for the conversion of their 99-year leasehold agreements into full ownership would not be reimbursed, legal experts said yesterday.

The lawyers were commenting on recent legislation which provides for the conversion of all forms of black land tenure into full ownership.

In terms of The Upgrading of Land Tenure Rights Act, which came into force at the beginning of this month and forms part of government's land reform package, all registered leasehold agreements will be converted, free of charge, into full ownership or freehold, the sources said.

Before the new Act, residents in townships which could grant full ownership rights had to pay R150 a site to have their leasehold agreements converted into full ownership.

The Act did not, however, provide for such residents to be reimbursed, the lawyers said.

They said property owners would get the same treatment under freehold as they were getting under the leasehold. Transfer duties would not be payable, they said.

The Public Works and Land Affairs Department said about 200 000 registered leasehold agreements would be converted "automatically" into full ownership as soon as township registers had been opened.

That process could take 18 months or more, the department said.

Most of the homes in the townships are presently occupied in terms of leasehold agreements which have been upgraded over the years from monthly tenancy to 99-year agreements.

SPT Housing Consultancy MD Mike Morkel said few township residents had full ownership because "only a handful of townships can presently offer full property rights".

Morkel estimated that only 1% of Transvaal townships could offer full property rights. The townships included Spruitview, on the East Rand, and the Soweto surburb of Naledi.

FHA Homes CE John Weaver said there was no "real" difference between freehold and leasehold. "Of course, freehold confers greater security of tenure than leasehold. But real rights of the two are identical," he said.

He added that from a property developer's point of view, leasehold was more attractive because "a developer is able, under leasehold, to sell and bond his product much sooner than under freehold".

Hunger strikers 'not faking'

B10 ay 9/9/91

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Business Day Reporter

A DOCTOR who has examined three right-wingers in Pretoria's H F Verwoerd Hospital yesterday dismissed reports suggesting the men might be faking their hunger strike.

The doctor — who asked not be identified — said blood tests conducted more than two weeks ago showed the men were already seriously ill.

"These people are in extreme danger," he said.

Henry Martin, 49, Adrian Maritz, 43, and Lood van Schalkwyk have reportedly been without food for 61, 54 and 47 days respectively.

Their lawyer, Wim Cornelius, said yesterday he was still waiting for the Correctional Services Department to make available to him the results of Thursday's tests to determine whether they had suffered permanent damage.

The men have threatened to starve to death if the tests show they have suffered permanent damage.

Cornelius said yesterday he did not know how food could have been smuggled to the hunger strikers.

Housing plan gets nod despite censure

Star 9/9/91

By Michael Chester

The Independent Development Trust (IDT) has confirmed that it is pressing ahead with its R750 million subsidy scheme to tackle the massive black housing shortage — despite cautions from the World Bank that the plan should be redesigned.

The IDT said at the weekend that the first allocations from the subsidy package were expected to be approved within the next few days to start the flow of funds to new housing developments across South Africa.

The scheme was going ahead regardless of advice from the World Bank that it should be "re-evaluated".

The advice was in a report that warned South African planners: "The present structure for formulating and implementing housing policy is hopelessly inefficient and contradictory."

IDT chairman Jan Steyn said the trustees were undeterred by World Bank criticisms about the way subsidies would be handed over to housing site developers rather than directly to homeless families.

As originally planned, the R750 million would be shared among developers, who would in turn cut R7 500 from the cost of each serviced site transferred to families qualifying for grants.

It was envisaged that the scheme would ultimately provide 100 000 basic housing sites for the poorest section of blacks.



Undeterred . . . Jan Steyn.

The World Bank has argued that international experience showed that schemes which handed subsidies directly to homeless families had been far more effective than when grants were made to developers, which, it warned, could raise the risk of graft and bribery.

Participation

Also, the World Bank has explained that it favoured the alternative of direct payment of subsidies to homeless families because it enabled them to make their own decisions about what sort of shelter they preferred and where they wanted to be located — in turn leading to more competition between builders to win contracts.

Mr Steyn has replied: "Conditions differ from one country to the other, and interventions have to accommodate local sensitivities and needs."

Moreover, the IDT had made it mandatory that its consultants ensured full community participation in negotiations going on at a nationwide network of 108 developments.

Also, less than 10 percent of allocations would go to commercial developers — the rest would be in the hands of community-based initiatives.

Moreover, decisions had to be taken in the absence of a comprehensive national housing policy, which was still being formulated by the De Loor Commission.

"If we had waited for the formal enunciation of such a policy," said Mr Steyn, "it would have meant a delay of years in redressing some of the intolerable conditions under which so many poor South Africans live.

"The capital subsidy scheme alone cannot solve the housing problem in South Africa, but it is a beginning.

"When we obtain the additional funding we anticipate from within and outside the country, we shall take the process further."

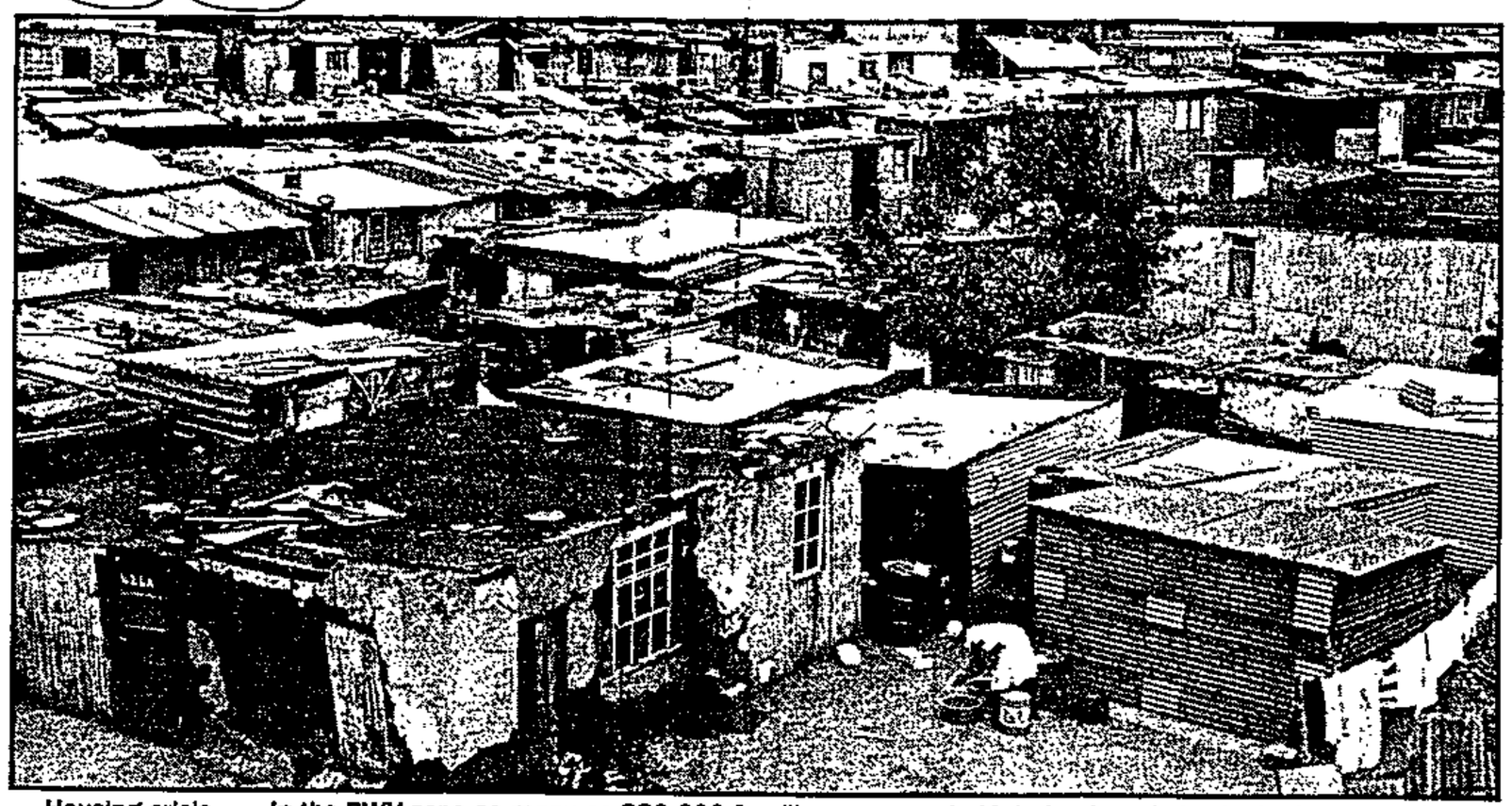
The IDT was disappointed that it had not even been consulted by a World Bank team that carried out the special study of South Africa's urban development policies.

● **Black housing plans under fire — Page 11**

Black housing plans under fire

Star 9/9/91 (339)

While the number of homeless black families reaches crisis levels, the World Bank has hammered South African housing policy as hopelessly inefficient and full of contradictions and duplications. It has advised the planners to go back to the drawing board in earnest, reports MICHAEL CHESTER.



Housing crisis . . . In the PWV zone as many as 380 000 families are crowded into backyard shacks in the townships.

SOUTH Africa'a housing policy is in a shambles, according to the World Bank. Planners have been urged to undertake a radical rethink about multimillion-rand proposals on how to tackle the massive black housing shortage.

Current schemes may be on the wrong track, says a confidential report compiled by a team of experts sent on the first of a series of "reconnaissance missions" from the World Bank to study urban development in a post-apartheid society.

The hard-hitting report warns: "The present structure for formulating and implementing housing policy is hopelessly inefficient, contradictory and duplicative.

"Concrete proposals for reform should be made as early as possible."

Not even the Independent Development Trust (IDT), launched last year with a R2 billion grant to serve in the vanguard of black socio-economic advancement, has escaped criticism.

"At present," says the World Bank, "the housing sector in South Africa is highly distorted, with major implications for the performance of the economy, the economic efficiency of the cities, the economic welfare of non-whites, and the performance of the housing sector it self.

"The key feature of this distortion is the spatial segregation of different racial groups within cities. The benefits of correcting this problem have implications that far transcend the housing sector."

One of the first priorities, it argues, should be far better land use and closer integration of white and black areas — with vast improvements in the planning of new residential zones interwoven with shopping centres and business operations.

A main objective should be to cut down the high transport costs — as well as the countless hours taken in travel time — that burden black commuters forced to live far away from their jobs by former apartheid laws.

The researchers found instances where the cost of transport in household budgets was even higher than housing and electricity costs combined.

New approaches were needed in town planning to ensure more freedom for black families about where they choose to live — with the provision of jobs and community services near at hand.

Freedom to select the location of new homes, as well as freedom to select the type of dwelling each family selected, emerges as one of the issues that has brought the World Bank to loggerheads with the IDT.

The World Bank suspects that the IDT, too, may be on the wrong track with its R750 million capital subsidy scheme to create at least basic serviced sites for 100 000 homeless black families.

It says the scheme, as designed at the moment, should be re-evaluated.

Instead, it says, funds should be aimed at casting a far wider net to provide better services — even if subsidies had to be spread in thinner layers to reach a bigger proportion of homeless black families.

"Proposed levels of subsidies implicit in the current IDT plan, and the standards associated with them, appear to be higher than would be desirable if the goal is to reach the broadest population of eligible households," says the World Bank report.

Limited public-sector funds would make a far greater overall impact if they aimed at broader rather than deeper schemes of subsidisation.

The IDT scheme, unveiled in March, envisages capital subsidies of R7 500 on the selling price of each serviced site intended for the upgrading of informal settlements earmarked for impoverished black families with incomes below R1 000 a month.

A major point of World Bank criticism is that the IDT intends to pay each R7 500 subsidy to the developer of the particular site — rather than pay subsidies directly to homeless families.

The critics say they base their view on international experience with the effectiveness of subsidy programmes.

For example, experience in Chile showed that when negotiable subsidy certificates were issued directly to beneficiaries, families had greater freedom about selection of location — and what sort of shelter they decided on.

In turn, home builders had to compete to win contracts — and vigorous competition ensured that unit costs had to stay low.

There had been considerably less success in countries which channelled subsidies through developers, which could raise the risk of widespread graft and payment of bribes to developers and officials.

The advice of the World Bank to seek a far broader spread of benefits from housing subsidies — even if it entailed a thinner spread — was clearly influenced by discoveries about the magnitude of the housing problem.

The researchers found that in the PWV zone alone as many as 380 000 black families were crowded into backyard shacks scattered around small houses in the townships.

Another 250 000 families were packed into garages and outbuildings. Yet another 100 000 families survived in freestanding units in squatter settlements.

The overcrowding suffered by many black families was also underlined when comparisons were made of the average residential living space at the disposal of each person — depending on the racial group.

Each white person enjoyed an individual average living space of 33,2 sq m at home. The number of square metres per person shrank to 18,2 in the Asian community and down to 12 for members of coloured families.

In the black community, the average plummeted to 8,9 in formal housing and all the way down to 4,8 in backyard shacks, and barely 4,2 in squatter settlements.

Massive Government intervention to cure the problem by the provision of completed houses, or at the very least serviced sites, looked likely to cost R6,4 billion a year — over a sustained period.

However, the World Bank adds: "When thinking about housing policy in South Africa during the upcoming transition, it is important to consider more than simply whether or not the country can afford to allocate 5 percent or more of gross national product towards housing.

"The real issue is whether or not the country can afford *not* to put in place a sustainable system of housing delivery." □

NEWS

BIDay 11/9/91. (339)

IDT 'will not be pushed around'

LESLEY LAMBERT

IDT chairman Jan Steyn has criticised certain sectors in the business and black communities for hampering the development process in SA.

Releasing the IDT's first annual report in Cape Town yesterday, Steyn said some members of the private sector were not prepared to take "the risks involved in exploiting long-term opportunities in the national, and therefore business's interest".

Steyn was also critical of "gatekeepers". in black communities, who insisted on endorsing particular initiatives.

"This is where ideologues, at policy level, and power-brokers at a functional level, regrettably have entrenched themselves," he said.

He said the IDT would not allow itself to be pushed for the benefit of particular groups, either business or political.

Sapa reports that in its first full year of operations the IDT allocated nearly R1,5bn, or 75% of the total amount entrusted to it by taxpayers in 1990, to development projects.

Steyn warned that what seemed like an enormous sum of money a year ago had shrunk in comparison with SA's development needs.

The IDT, which began operating in August 1990, has funded about 150 education, housing and health projects for 10-million South Africans.

'Safeguard local govt autonomy'

BIDay 11/9/91

GERALD REILLY

PRETORIA — Local government autonomy should be protected as a basic democratic institution in any new constitution, Planning and Provincial Affairs Deputy Director-General Chris Thornhill said yesterday.

He told a conference on local government administration organised by Unisa that the first comprehensive study of local government, by a committee of the Council for the Co-ordination of Local Government Affairs, was nearly finished.

Disparities

The committee was confident it had developed a sound basis for a new democratic local government system and believed its recommendations could form a basis for discussions in national constitutional negotiations.

Thornhill said the principles underlying the proposed system, issued as a manifesto by the council and confirmed by President F W de Klerk, included local government as an independent form and tier of government.

It would consist of autonomous, directly elected local authorities as fully fledged government institutions.

Also, the system should provide for democratic political participation and the elimination of domination.

Thornhill said the committee could not envisage an urbanised area being able to support three or four local authorities as most urban areas were relatively small.

Of the 537 white local authorities, 35% could be classified as small. Eighty percent of the 264 black local authorities were small without any significant financial base.

☐ Transvaal MEC Olaus van Zyl told the conference the major difference between the NP and ANC on future local government structures lay in the debate on devolution of power versus a centralised political system.

However there were similarities, including the need for non-racial local authorities.

Both parties also acknowleged the large gap between developed and underdeveloped areas and the disparities between rich and poor.

Van Zyl said it was impossible at this stage to forecast what a new system would look like.

However the NP had stressed the basis of the local government system had to be laid down in the constitution and entrenched.



Ciskei's ruling military council head Brig Oupa Gqozo and Foreign Minister Pik Botha speak to reporters after their meeting in Pretoria yesterday. Gqozo said the re-incorporation of Ciskei into SA would be on the top of the agenda at the proposed multiparty conference. Botha said their talks also focused on reaching an agreement on "financial structural adjustments" in Ciskei.

Picture: CATHERINE ROSS

'Merge health

Saving together solves private housing problems

Star 11/9/91 339

In a bid to solve the housing problem, the Independent Development Trust (IDT) has adopted the group-lending principle, which utilises the stokvel concept as the basis for the much-needed finance.

IDT, through its IDT Finance Corporation (IDTFC), will provide finance to financial intermediaries through the group credit organisation (GCO). The GCO will then provide loan finance to borrowers using one or more of the many different forms of group collateralisation.

IDT says that the basis of intra-group lending is well known internationally and already exists in South Africa in indigenous from. It has also demonstrated its effectiveness over many years.

According to an IDTFC document, the principles relate to trust among group members, communilisation, sharing and co-operation, and the best utilisation of resources.

"Local and international experience indicates that derivatives of this form of group lending modified by the introduction of external loan capital are both viable and sustainable."

"Accordingly the IDTFC will only support lending mechanisms that include some form of effective group collateralisation in the relation between the individual borrower and the group credit organisation."

General lending criteria would be as follows: group size will not be restricted, but a minimum of 10 members and a maximum of 20 are recommended.

All groups will undergo a trial period of about two months during which time the group deposit must be procured. During this trial period, appropriate training will be provided by the group credit organisation to the group members, and group cohesiveness will be demonstrated.

The IDTFC also requires that individual borrowers within each group be informed as to the nature of their loan and the end-use restriction.

Lending criteria to established and emerging group credit organisations would differ.

For established GCO's, the IDTFC will require the right to nominate a representative to the final decision making structure of such a group credit organisation. Such bodies must at least meet bi-monthly with management reports being provided monthly.

The GCO must demohatrate viable operating and financial management systems and controls, must be capable of expanding its activities, and the quality of management at all levels must be demonstrated.

For emerging GCO's, IDTFC will require active participation in its executive management structure as well as the right to nominate a representative to the ultimate decision-making body.

Since emerging GCO's may not yet be able to demonstrate viable operational and financial management, IDTFC will introduce standard operating and financial guidelines supported by standardised systems and controls.

The IDTFC will also participate in key appointments jointly with the GCO and will facilitate the production of standardised reporting and compliance with system utilisation and controls through a joint management arrangement with the GCO.

The purpose of the joint management intervention is to manage the risks associated with the placement and collection of IDTFC sourced finance to groups. It will also ensure the profitability of the GCO with complete recovery of operating costs.

IDTFC says incentives must be created to ensure borrowers continue to service their obligations to GCO's after disbursement of loans.

It recommends a bonus payable to each borrower group on the repayment of the group's liability. But the bonus payment will be subject to such group having performed adequately throughout the life of the group loha. Further, other groups serviced by the GCO must have mantained a satisfactory debtor performance.

An absolute requirement of IDTFC lending will be that the handling of cash emanating from borrowers may not take place within the GCO. Borrowers may only effect payment of their loans via a direct deposit into a group bank, a building society account or the GCO's account.

The maximum term for the loan is five years. The IDTFC will also submit a broad based application for exemption of all participating community based GCO's meeting its criteria to the Registrar of Deposit-taking Institutions.

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Playing a role in cultural urbanisation

Star 11/9/91

In addition to mutual assistance and welfare services, stokvels also play a major role in advancing cultural urbanisation and in the transition from rural to an urban identity.

Stokvel parties in the 1920s and 1930s provided a setting where musicians provided aspiring urbanites with a means of self-expression and a new working class culture.

This helped the people's values and motivations of the rural society to meld more easily into the urban spectre.

On Sunday afternoons stokvel members marched to the party in uniform, singing Tswana regimental and initiation songs, popular urban songs and Christian hymns. (339)

● Source: David Coplan's "In Township Tonight"

World Bank slams housing policy

Sowetan 12/9/91

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By JOSHUA RABOROKO

THE World Bank has attacked the South African housing policy as hopelessly inadequate and full of inconsistencies and counterfeits.

According to the bank, planners have been urged to undertake a radical rethink about multimillion-rand proposals on how to tackle the massive black housing shortage.

Present schemes may be on the wrong track, says a confidential report compiled by a team of experts sent on the first of a series of "reconnaissance missions" from the bank to study urban development in a post-apartheid South Africa.

The bank says concrete proposals for reform should be made as early as possible because the present housing sector is highly distorted.

The vital feature of this distortion is the spatial segregation of different racial groups within the cities.

The benefits of correcting this problem have implications that far transcend the housing sector.

It contends that the priority should be land use and close integration of whites and blacks and vast improvements in the planning of new residential zones interwoven with shopping centres and business operations.

The main objective should be to cut down the high transport costs - as well as the countless hours taken in travel time - that burdens black commuters who are forced to live far from their jobs by defunct apartheid laws.

However, the Independent Development Trust has confirmed that is going ahead with its R750-million subsidy scheme to tackle the acute shortage of black housing, despite the bank's proposals.

It said that the first allocation from the subsidy package was expected to be approved within the next few days to start the flow of funds to new housing development in the country.

It said that the plan was going ahead regardless of advice from the bank that it should be redesigned.

DP wants homes to be transferred

Sowetan 13/9/91

THE transfer of certain housing units to residents in black townships could help to defuse the issue of rent and service charge boycotts, the Democratic Party said yesterday.

DP spokesman on local government Mr Tony Leon was reacting to the National Party's constitutional proposals relating to the granting of additional voting rights to property owners at local government level.

He said in a statement issued in Johannesburg the NP's proposals could achieve greater acceptability if certain steps were implemented.

These, he said, included the immediate transfer of existing housing in black townships to "those tenants who have leased their homes from local authorities for a certain period, and thus the conversion of millions of tenants into homeowners".

He pointed out: "This will also help defuse the politically-charged issues on rent and service boycotts, since the providers of utility services will be dealing with home owners with secure title, and the right of resale, instead of local authority tenants who, in many cases, have repaid the value of their property several times over".

Leon said the latter suggestions would test the Government's sincerity as to whether their proposals were legitimate or simply disguised in racism.

The DP further proposed a plan to create low-cost housing through the marshalling of existing programmes and resources, "currently dispersed through four housing departments and hundreds of local authorities".

The latter plan, Leon suggested, could be supplemented by the provision of State-owned land.

Another proposal includes the forging of an agreement between civic associations, local authorities, financial institutions on an iron-cast formula for the provision of bond financing with the single purpose of affording most South Africans access to home ownership.

"This will require a commitment by the 'civics' that any such agreement will be honoured and not discarded when the issue of repayments becomes a tantalising political weapon."

The DP added that while this was a massive challenge to Government and the private sectror, "the African National Congress and others need to be less equivocal and ambiguous on the entire question of property rights". - *South African Press Association.*

LEASEHOLD — RESTORING THE BALANCE

Township homeowners who have paid transfer duties to convert their leaseholds to freehold were paying for the mistakes of apartheid — and should be reimbursed, says Democratic Party spokesman on Public Works and Land Affairs, Mike Tarr.

His comments follow revelations of anomalies in the Upgrading of Land Tenure Rights Act that came into force at the beginning of the month. The Act, which forms part of government's land reform package, allows for the free conversion of leaseholds into freehold title.

However, the legislation is not retroactive. It takes no account of agreements converted before September 1; and in those cases people paid R150 a site to convert leasehold to freehold title.

The Department of Public Works and Land Affairs says about 200 000 registered leasehold agreements will be converted automatically to freehold as soon as township registers are opened. Tarr believes government should go further: "They have already paid the price of being excluded from land ownership rights for so long. The first reluctant concession was a 35-year leasehold and then 99-year leasehold, before government eventually agreed to freehold."

Blacks should never have been excluded from land ownership, and government should take affirmative action to redress past injustices. "In this instance those registration fees should be refunded to put everyone in the same boat.

"In addition, in terms of affirmative action in resolving the whole land issue, there will be dozens of little things that must be done. There won't be one earth-shattering event . . . Ownership of properties that are still being rented from local authorities should also be granted to occupants as quickly as possible — even if it means giving the properties to them."

Tarr believes: "This is not a matter of political expediency. It's part of a bigger picture in terms of addressing the issue of land rights. Refunds would be another little step in the right direction and a gesture of goodwill."

Overhaul of housing policy expected soon

339

Star 14/9/91.

MICHAEL MORRIS

CAPE TOWN — A major overhaul of South Africa's housing policy is expected to be recommended by the De Loor Commission soon, hard on the heels of a scathing World Bank attack on the existing system.

Former Auditor-General Mr Joop de Loor is expected to recommend a cheaper, more efficient system of planning and funding housing within a centrally managed, nonracial framework, in a report due to be published for comment next week.

The hope that it will revitalise the country's approach to the critical challenge of providing for a desperate housing need follows sharp criticism of South Africa's housing efforts by the World Bank.

A confidential World Bank report, leaked recently, said bluntly that the "present structure for formulating and implementing housing policy is hopelessly inefficient, contradictory and duplicative".

Among the critical issues expected to be raised in the De Loor report is the waste of time and money caused by the fragmentation of housing initiatives along racial lines.

It is believed the report will call for a centrally managed, co-ordinated approach to meet the shelter needs of South Africa's homeless.

Indications are that the Government has already begun to act on some of the points which emerged in the De Loor investigation.

Recent statements reflect the Government's acknowledgement of the problems in meeting the country's housing needs.

Excessive red tape has been blamed for hampering the identification of residential land and the provision of urgently needed housing.

Speculators push up prices

C/PRESS 15/9/91



FRESH IDEAS . . . Dennis Creighton.

LAND speculation and high-priced home finance came in for strong criticism at the conference.

Several speakers said government policy in allowing uncontrolled land speculation had put housing out of reach of millions of South Africans.

Cast housing head Mohamed Dangor said land was more expensive in Mamelodi than in the Pretoria suburb of Faerie Glen. Recent research in several Reef townships showed that developers bought sites for around R450 and sold them for R15 000 after putting in the minimal services.

Schemes employed by the government-funded South African Housing Trust, the Independent Development Trust and banks earned the wrath of community representatives, researchers and organisations involved in housing.

Attorney Brian Leveson of the Legal Aid Bureau's Housing Advice Project said the lending policies of many institutions over the past few years had brought chaos to black home ownership.

Leveson urged that the entire system of sale of land for housing development be overhauled to allow land to be sold at minimum costs and to protect consumers.

Nedperm Bank's Dennis Creighton explained the bank's Emaphupheni project, which means "pl..ce of dreams".

Perm worked with the local Etwatwa Civic Association on the East Rand from the inception of the project. The community was involved in the planning, financing and implementation of the 300-home scheme.

Houses would be built by a local contractor and a school, financed by an IDT loan, and owned and managed by the community.

SAHT's Ben Pieters appealed for housing solutions to be found now and "not to wait for a new government one day".

Pieters said SAHT's Khayalethu Home Loans arm specialised in low-cost loans, and granted more than 1 000 new loans in the R25 000 to R30 000 bracket every month.

Pieters said that unless communities and private sector financial institutions came together to provide houses for people, little would happen to resolve the housing crisis.

Civic representatives took Pieters to task for saying they should "teach people the importance of payment ethics" and for accusing some civics of "not having the interests of the community at heart".

A TIMBER REVOLUTION!

339

CP Reporter
CP Press 15/9/91

TIMBER-FRAME houses could revolutionise low cost housing in South Africa, says the executive director of the South African Lumber Millers' Association (Salma), Andries Swart.

A move away from brick buildings to cheaper, easy-to-build, timber-frame homes could help rid South Africa of its backlog of one million homes and solve the country's housing crisis, Swart told delegates to the recent conference on Affordable Housing for South Africa.

Timber houses are virtually unknown in South Africa, but in the rest of the world there are more timber and timber-frame houses than any other kind. In America more than 98 percent of houses are built out of timber, while in Australia the figure is 89 percent.



Homelessness is one of the most urgent problems South Africa has to address. Opening the recent conference on Affordable Housing for South Africa, the chairman of the Civic Associations of Southern Transvaal (Cast), Moses Mayekiso, right, said a national forum to shape housing policy should be formed as a matter of urgency. This should be made up of civic associations, trade unions, political organisations, government bodies and employers. The conference was jointly hosted by Cast, the South African Lumber Millers Association, Operation Masakhane for the Homeless and City Press.

With the massive increase in informal settlements in South Africa in the past few years, millions of shacks have been built using timber for the basic structure, with corrugated iron walls.

Salma's research had shown this timber was usually of poor quality, expensive and difficult to transport to building sites.

In addition, shack builders – very often homeless people building their own homes – did not have the skills to build strong, durable and lasting wood structures.

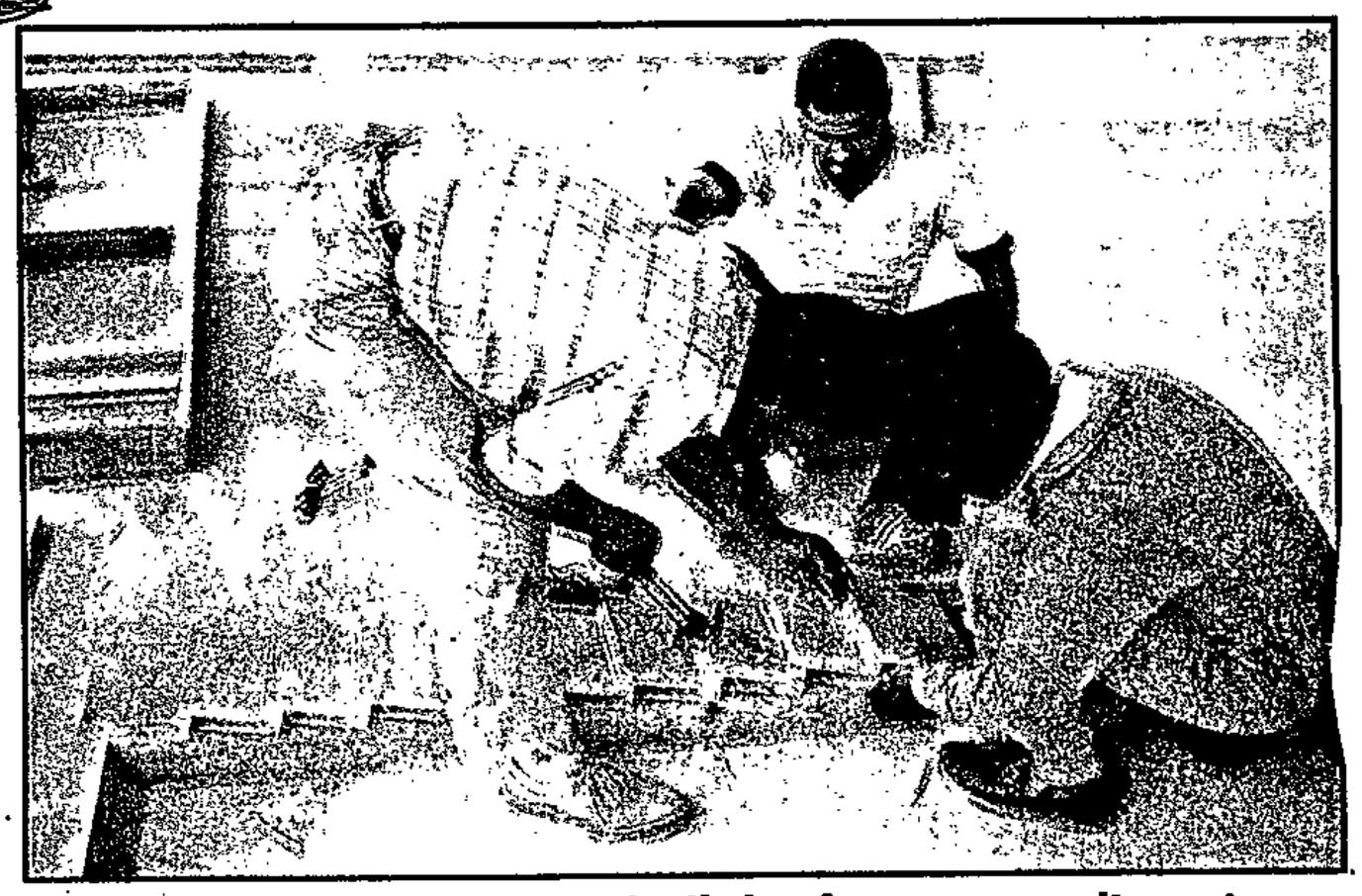
Salma, seeing itself as the "custodian of timber technology in South Africa", felt it could play a role by supplying timber straight from the sawmills to the communities – and by training people free of charge to build sturdy, properly constructed timber-frame buildings.

Salma plans to run free three-week training courses for people chosen by community organisations such as civic associations.

It will also help communities set up and run non-profit materials supply depots. It is envisaged these depots will sell timber at about a quarter of the current retail price, and will cut the cost of other materials by half.

Salma will also provide timber-building inspectors to regularly visit projects to ensure houses built by trainees are of a minimum standard.

Training projects, involving a number of civic associations, are already starting in the Transvaal, Free State and Cape. A materials depot at Hout Bay in Cape Town is already running well and trainees there are completing a large community centre.



EASY DOES IT ... Trainees erect a timber-frame community centre.

These projects qualify for subsidies in terms of the Department of Manpower's Job Creation Programme and communities can choose whether they want their training funded in this way. Trainees who opt for the Manpower subsidy receive a daily allowance while training – and wages while they build houses for people in the community.

"Our belief is that we must play our part in helping solve the housing crisis in our country," Swart said.

"We believe our country does have the resources, if wisely spent, to provide a decent, affordable home for every South African family," he said.

Building on firm ground

Star 18/9/91 (339)

The Independent Development Trust, launched with R2 billion last year to improve the standard of living of impoverished black families, has been handed both accolades and criticism since it started operations, reports MICHAEL CHESTER.



A roof over their heads . . . the IDT has taken novel, long-term steps to tackle the housing crisis. Picture: Alf Kumalo

ONE of the first moves made by the De Klerk administration at the dawn of a new post-apartheid era last year was to allocate R2 billion in taxpayers' funds to launch the Independent Development Trust (IDT). The assignment was to ensure black socio-economic advancement on a broad front.



Jan Steyn . . . emphasised wide consultation.



Jolyon Nuttall . . . providing ground under their feet.

The exercise has won accolades from admirers — and drawn flak from a number of critics who feel that progress has been slow.

More controversy has been stirred by World Bank criticisms about the failures of the South African Government in its overall approach to chronic housing problems.

In a first annual review of operations, the IDT has spelt out its own role and explained how it has already allocated more than R1,4 billion of its initial injection of funds — ploughed not only into housing projects but also into the sphere of education, health and urban and rural community developments.

The review also underlines why a lot more cash will still be needed to fill in the chasms caused by decades of racial segregation.

Jolyon Nuttall, director of communications for the trust, is well aware of various criticisms from impatient outsiders about what may have appeared to be a slow start.

However, he insists, IDT chairman Jan Steyn, former head of the Urban Foundation, was correct in the way he tackled the exercise with emphasis on wide consultation to guarantee firm foundations.

The aim was to establish a framework of a development programme that was going to prove not only acceptable but also economically sustainable — rather than be snuffed out when the first flow of funds was exhausted.

"The spade-work," says Mr Nuttall, "was worthwhile. Bursting from the portfolios created through that consultation process has come a spate of interventions, some of which have the potential to become models for others to follow."

He points to how the IDT tackled education issues and came out with what he regards as a model of how community control — and thus community protection — can beat school management problems.

A major triumph, he feels, is a national school building initiative that sees the construction of 50 000 classrooms in the next three or four years with the aid of R300 million in trust funds.

There's a lot more to it than merely providing more classrooms. What the IDT is doing, says Mr Nuttall, is pursuing the challenge to create complete community learning centres, operating up to 14 hours a day, seven days a week.

The trust visualises a network of community halls that will be used as primary schools in the mornings and in the early afternoon. Later in the day, they will switch roles to provide cultural activities and serve as adult education centres. In rural areas, it also should be possible to use them for primary health care services.

Confrontation with the critical housing shortage was expected to be a high priority when the IDT was launched. So it has been. But the trustees have taken a novel route with its longer-term solutions.

"Many people expected us to concentrate on providing funds for homes," reflects Mr Nuttall. "Not so. Instead of a roof over people's heads, the trust has gone for ground under their feet."

In pursuit of its vision, the IDT has allocated more than a third of its funds, R750 million, to a capital subsidy scheme under which 100 000 serviced sites will be given to impoverished families.

About 700 000 members of the poorest layers of black society — with the average size of each family put at seven — are expected to benefit from the promise of land title security.

"We believe that the people who receive the sites will build dwellings on them," says Mr Nuttall. "Some may start with shacks, which they will gradually improve. Using the land as surety, others will borrow money to build more substatial homes.

"Yet we know that 100 000 sites are only a beginning. We have in fact received applications to subsidise 640 000. More money must be found."

The operation does not stop with the simple provision of land. The fund has also established a subsidiary company called the IDT Finance Corporation to address cash problems.

In turn, through the UAL Merchant Bank, a radical new way to finance home loans has been devised — with its aim fixed on raising R500 million from the private sector to help find the cash for low-cost housing ventures.

Persuaded

Already eight of the big financial institutions have been persuaded to pump R120 million into the exercise.

Funding for health programmes has also been tackled at grassroot level to bring in the whole community — solving problems over the provision to villages of fresh water supplies, santitation systems and primary health care.

"To the IDT, as much as to others," says Mr Nuttall, "R2 000 million sounded in the beginning like an awful lot of money. Simply transferring it to the trust without causing a blip on financial radar screens took skill and care.

"Putting it to work to earn interest, initially R1 million a day, while development projects were evaluated, engaged all the skills of our financial director and his advisers.

"A year later, this apparently large sum has shrunk against the size of the task it was secured to tackle. Already R1,48 billion has been allocated to nearly 150 projects.

"If the cycle of poverty and dependency is to be broken, the resources will have to grow.

"As in the miracle of the loaves and the fishes, R2 billion will have to become R10 billion, R20 billion, R30 billion, if the multitude is to be empowered and made self-reliant."

Adds Jan Steyn: "We have been entrusted with an awesome responsibility. We intend to discharge it not only with commitment, but also with fairness and a real sense of urgency.

"The next two or three years will tell if we have — or could have done more. Have we, for example, helped begin to build a new society? Have we, through our work, bridged some of the divides? Have we given poor South Africans hope for a better future?

"We hope to have answers to some of these questions next year, when once again we will report back on progress." □

Focus on housing shortage

SOWETAN RADIO METRO TALKBACK

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Sowetan 19/9/91

INADEQUATE housing and hunger for land was an emotive issue for many callers to the *Sowetan/* Radio Metro Talkback Show who said the problems were created by the Government.

Margaret from Tembisa, herself homeless, said the R2 billion given by the Government to the Independent Development Trust to aid the poor was not enough.

Earlier in the programme, IDT spokesman Mr Jolyon Nuttall said R1 billion from the trust allocated to service 100 000 sites was not sufficient to tackle the housing crisis.

"The IDT is no more than a 10 percent attack on the problem," he said.

However, he estimated that the sites could accommodate up to 700 000 people. A reduction in the level of violence could boost big business' confidence in involving itself more in housing, he said.

Sam from Katlehong accused the Government of denying land to Africans while spending money on housing foreigners in the country.

Today's speaker on Face the Nation is the Rev Musa Sono, who will speak on the role of the church in a changing society. Listeners are welcome to call in to ask questions or make comments.

SOWETAN Building the Nation

FOCUS ON PROPERTY

Bond finance options are increased

Sowetan 19/9/91. 339

DEVELOPERS and prospective owners of low cost homes have a wide and growing variety of bond financing options open to them.

That is according to Mr Gavin Hardy, executive director (housing division) at Murray and Roberts Construction.

Hardy says traditionally financial institutions have been reluctant to provide financing below R35 000 for reasons of economic and political risk and diminished profitability.

"However, recently several institutions and independent development organisations such as the Urban Foundation and Independent Development Trust have announced or implemented innovative bond financing schemes designed to restore dignity by allowing individuals to purchase their first home, albeit a very modest one.

Among these schemes are the Loan Guarantee Initiative, which was developed by the Urban

By JOSHUA RABOROKO

Foundation in conjunction with the Association of Mortgage Lenders and now run by the Home Loans Guarantee Company.

The objective of LGI is to open the R12 500-to-R35 000 sector of the mortgage bond market, particularly for "starter" homes up to 55 sq m.

Expands

This initiative is all the more significant because it expands the potential market from 10 percent of the black population to 33 percent.

The LGI encourages institutions to provide financial assistance by providing them with insurance to cover losses in the event of default by the purchaser and the sale in execution of the property.

The LGI's insurance is available where the borrower can provide a minimum of five percent or an equivalent collateral guarantee; and the loan value does not exceed R35 000 (exclusive of costs).

With the LGI intervention, a property package costing R30 000 breaks as follows:

- Five percent deposit /collateral (R1 500);
- 15 percent deposit replacement collateral, a single upfront insurance premium which insures up to 15 percent of the bond depending on the deposit (R4 500);
- 15 percent risk replacement collateral, a single up-front payment which covers the institutions against "political" risk (R4 500); and
- 65 percent lender's risk (R19 500).

The major players in the initiative are Nedperm, FNB and Standard Bank, while Volkskas, Provincial and Allied have a very small involvement or are corporate lenders only.

Joint venture

To finance homes requiring loans of under R12 000, that is, below the minimum limit of the Loan Guarantee Fund, the IDT and UAL Merchant Bank are involved in a joint venture to raise R500 million from the private sector.

To date about R120 million has been raised from financial institutions, on the basis that the IDT provides funds to the Independent Development Trust Finance Corporation to acquire, through UAL, a portfolio of fixed interest rate securities.

These, in turn, will be used as collateral for the cash flows due to the institutional investors.

Also available from Nedperm is the Perm Salary Linked Home Loan, wherein repayments are determined as a percentage of the borrower's income. Loans (typically 100 percent) are made to employees of companies approved by the Perm, and the borrower's compulsory contributions through company pension or provident fund membership are used as collateral.

Unhealthy

To qualify, the borrower should earn R800 a month or more, be employed by a Perm-approved employer and be an established member of a pension or provident fund.

He or she also should be able to repay the loan by the age of 55 years.

Important advantages of this scheme are that payments are kept affordable, and are unaffected by fluctuations in interest rates.

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INDEPENDENT DE

THE FIR

The information on these pages was supplied and written by the Independent Development Trust.



THE Board of Trustees of the IDT. From left, back row: Johan Moolman, former business executive; Professor Wiseman Nkuhlu, principal of the Univ of Transkei; Dr Tjaart van der Walt, president HSRC; Patrick Naylor, consulting engineer; Bob Tucker, former MD of the Perm and now a business consultant.

Middle row: Professor Len Konar, head, dept of accountancy, Univ of Durban-Westville; Sam Motsuenyane, president of Nafcoc; Mike Rosholt, former chairman, Barlow Rand and chairman Urban Foundation.

Front row: Dr Mamphela Ramphele, deputy vice-chancellor, UCT; Jan Steyn, IDT chairman; Professor Harriet Ngubane, professor of social anthropology, UCT.

Absent: Len Abrahamse, vice-chairman of Old Mutual; Dr Simon Brand, executive chairman, Development Bank of Southern Africa; Professor Jerry Coovadia, head of dept of paediatrics and child health, Univ of Natal; Dr Stanley Mogoba, Presiding Bishop, Methodist Church of Southern Africa.

Extracts from chairman Jan Steyn's review

THE Independent Development Trust has completed its first year of operation. This took place against a backdrop of momentous political upheaval, and of socio-economic conditions and trends which variously gave cause for great hope and great despair — factors which brought intense urgency and pressure to bear on the Trust's operations.

Under these circumstances, the Trust was called upon to act with care, consideration, and deliberate speed.

The year has consisted principally of three phases. The first included intensive consultations with a wide range of actors and interested parties, securing its financial base, building its capacity to make a major impact on development, and engaging the support of key factors in the international community.

The consultation process involved discussions and decisions on four central issues:

☐ How the Trust could secure and entrench it independence. Negotiations with leadership in government at all relevant responsible levels followed, and independence was secured:

☐ The contents of the Trust Deed, which [illegible]

Wiping out the classroom shortage

EDUCATION

THE IDT is putting the weight of its R442-million education effort into wiping out the classroom shortage and providing preschool education for the poor.

With these and other programmes in literacy, language and skills bridging, and teacher training, the IDT is promoting and supporting creative ways to beat education backlogs and rebuild the system.

In the year to July 31, the IDT set aside nearly R442-million, or 30 percent of the funds that will go to education, for 68 projects. Its tasks, and the money to be spent on each, are:

☐ the provision of 50 000 classrooms over the next three to four years — R300-million;

☐ pre-school education which, for poorer children, can make the difference between failure and success in later school years — R70-million; and

☐ literacy and bridging programmes for primary school children and disadvantaged candidates for tertiary education, as well as teacher upgrading and adult literacy projects — R60-million.

The objective is educational parity, meaning universal free public education for eight years, and getting more than half of the children who enter the school system through matric. Education director Professor Merlyn Mehl believes this could be achieved in 10 years.

But the system can't be stopped while it's being fixed. "It's almost like working on a motorcar that's hurtling down the freeway at 120km/h," says Mehl.

The IDT relies heavily on communities and existing informal education networks to determine where and how to spend its money.

It is a firm principle to consult people on the ground about priorities. The IDT also channels its funds through organisations which sprang up to resist apartheid education and are now devoting their skills and energies to rebuilding education.

Says Mehl: "Education can't be transformed without the government, but we can't do it with the government alone. The IDT can bring things to this process that the government can't."

The programme to build 50 000 classrooms will be a nation-wide effort to wipe out this backlog. Linked to this will be community learning centres providing primary school, cultural and adult literacy facilities.

In pre-school education, the IDT will fund a programme run by trained people with help from parents, as well as a project to train mothers to help their own children learn. The IDT hopes to reach 250 000 poor children, many of them in rural areas.

Programmes to upgrade primary school education focus on the cross-over from mother-tongue to English instruction.

Teacher retraining is an important part of the IDT approach. The decline in black education is due partly to the poor skills of teachers who themselves went through the system.

In adult education the emphasis is on a general middle-level education, through community colleges, for most of the population rather than on specialised university training.

To deal with university education, the IDT proposes an Education Bank to provide loans to disadvantaged students. It suggests repayments be made through through a type of tax on graduates.

Primary care at the heart of health needs

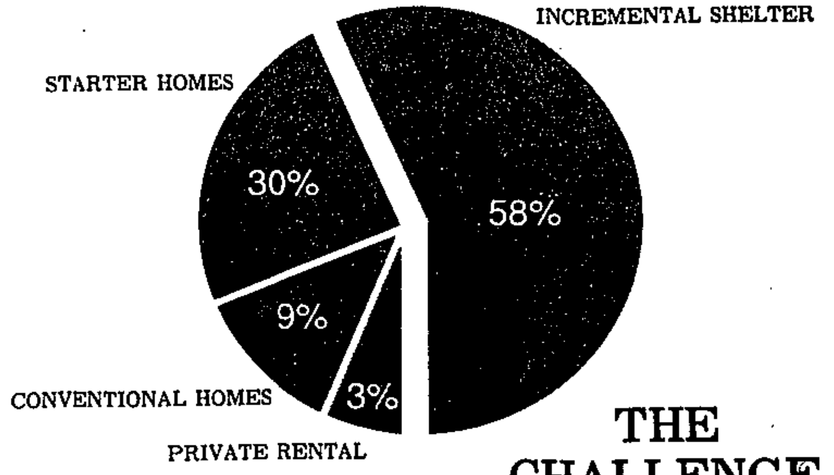
HEALTH

FIFTY-TWO projects in the areas of health and rural and comunity development claimed R135,5 million in IDT funds up to July 31, 1991.

this part of the programme ahead;

☐ a major AIDS education and care programme that will run alongside the one started

HOUSING



THE CHALLENGE



☐ Chris Dhlamini, CAST and COSATU, right, congratulates the de Emaphupheni, near Daveyton on the East Rand — the first school ture of the new school is its "two-of-everything" approach — two share the main buildings. The broader community will also use the centre. Standing behind Dhlamini are Prof Merlyn Mehl, IDT e

Breaking cycle of p

THE Independent Development Trust has earmarked nearly R1,5-billion, or 75 percent of the money entrusted to it by

R2-BN TO

mine the operational framework of the Trust:

☐ The indentification of trustees who would be "representative without representing " the various organisations and bodies that make up the kaleidoscope of South African public life; and

☐ The relationship of the Trust with other key agencies and actors such as the Development Bank of Southern Africa, the Kagiso Trust, the South African Housing Trust, the Urban Foundation, the range of community-based organisations, as well as government at national, provincial, regional and local levels.

While the Trust was securing its financial base, it had also to seek private sector support for funding co-operative ventures, thereby augmenting its resources.

The Trust sought also to enhance its ability to impact on development issues by seeking guidance and advice from leadership groups and individuals in political life, in the private sector, in academia, from those who labour at the community coal face, and those in whom the Trust would be likely to invest its resources.

The attitude and respone of the international community had also to be gleaned.

The Trust's second phase of operations involved translating these initiatives into outcomes. Thus the Trust Deed was formalised and approved by government and key interested parties by July 31 1990, generating a wide-ranging consensus in the process.

The Trust had also secured the transfer to its control of the R2-billion pledge to it by government, enabling the Trust to earn interest on this sum and thus grows its resources. This, too, had been achieved by July 31.

At this point the Trust embarked on its third phase, the allocation of resources to initiatives which could help us realise our objectives. It was with a sense of excitement that we began to commit our funds to on-the-ground activity in our focus areas of housing, health, and education.

While our objectives are to break the cycle of poverty and promote self-reliance, we wish to do that through existing agencies, not do it ourselves. Thus we have remained small, to ensure that the greatest proportion of our funds reaches those we wish to assist through the agencies that can service their needs. The alternative would have been to grow the organisation, with the attendant consequences that flow from large and often bureaucratic structures.

We wish to reach the very poor in our society: funding has occasionally been targeted less directly for their ultimate benefit, but we will direct the great preponderance of our funds at those who have no, or grossly inadequate access to resources.

We wish to be consistent, fair and equitable in our allocations. This means focused involvement in each of our targeted areas of operation. Our efforts had to advance sustainable development, seek to promote self-reliance, and avoid dependency.

The final strategic consideration is this: that we would act with all deliberate speed. It is after due consideration that I use the phrase "all deliberate speed." The pressure on us to select projects and invest funds was immense. We were determined, however, not to be injudicious or indiscriminate in making our investments.

Yet we were required by some to rush our fences, ignore sound development principles (some of which I have mentioned), and "get the money in the ground" so that the various pressure groups could benefit and prosper. We could not accept this.

We have been entrusted with an awesome responsibility. We intend to discharge it not only with commitment but also with fairness and a real sense of urgency.

Another nearly R30-million was set aside for the welfare sector to encourage community services.

Spending in this IDT portfolio will rise to R514-million over the next two years. All told, the IDT's trustees will be askd to approve about R400 million for health, rural and community development, and about R120 million for welfare.

Making a major impact on people's basic health — especially in rural areas where the poorest live — means dealing with the development issues that affect it, says IDT trustee Prof Mamphela Ramphele, who designed the strategy with Professor Len Karlsson, who is now director of this portfolio.

The IDT has three major focuses. The first is on primary health care. This is aimed at bringing basic affordable health services and facilities to all the people, especially in rural areas where effective care has all but collapsed. Funding will go into:

☐ properly coordinated training programmes for voluntary and community workers as well as doctors and nurses;

☐ properly staffed and equipped healh centres, clinics and visiting points, in which the community is involved from the outset;

☐ water and sanitation. Without exception, communities have made drinkable water their highest priority;

☐ electrification. Talks are being held with Eskom to push ar

☐ a big drive to reduce TB in the Western Cape by 50% over the next three to four years.

The IDT's second major focus in this portfolio is on welfare. In a definite move away from old policies, the IDT will fund services that will allow voluntary workers, guided by professionals, to give care to the aged, to cancer patients, and to other people who get welfare, in their homes.

The third focus is on rural and community development. Here the main thrust will be to strengthen organisations throughout the country that are running good programmes, but which need a lot more money.

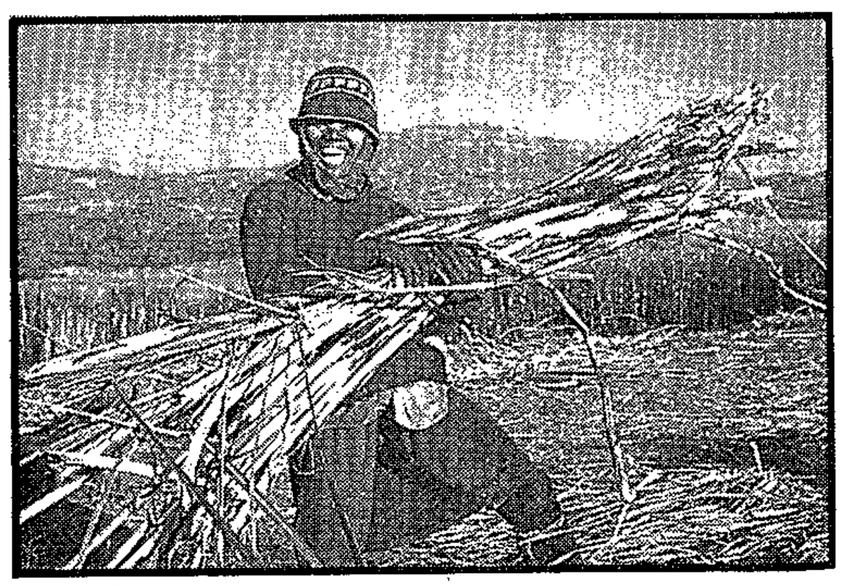
These involve mainly agricultural and forestry projects, for example woodlots that will help slow down the rate at which forests in rural areas are being destroyed.

The IDT would like to see a single national health policy, and is helping bring together the 14 different departments of health and other major players.

Already, different organisations have started to work together in combined programmes.

The approach, says Dr Ramphele, "should enable us to move from a fragmented, inequitable health service, to one which takes care of the needs of everyone".

Prof Karlsson adds: "We're looking for partners from any side, with successful programmes going in these fields, that we can support."



AS part of its community development programme, linked to job creation, the IDT has lent R42 million to the South African Sugar Association. The money will be used for starter loans to an additional 15 000 small sugar producers in Kwa Zulu, Transkei and KaNgwane. This will swell the number of small producers to 48 000.

'Ground under people's feet'

LAND ownership leading to homes is the biggest thrust in the IDT's assault on poverty and its programme for the economic empowerment of poor communities.

Of the R1,5-billion allocated so far, nearly 61 percent — or R898,7-million — has gone to housing. The IDT has decided on a tight focus, choosing to spend its money in three main ways:

☐ R750-million on setting up a capital subsidy scheme, the IDT's biggest programme, for the development of nearly 100 000 new serviced sites that will accommodate about 700 000 people;

☐ R102,1-million to the promotion of ongoing development in informal settlements; and

☐ R46,6-million on the setting up of the IDT Finance Corporation (IDTFC), through which the IDT is developing new forms of housing finance for poor people

The capital subsidy scheme accounts for just over half of all IDT funds set aside so far. It covers 108 projects, of which nearly two thirds will be new settlements.

The money will pay for the development of serviced sites for a total of 99 800 of South Africa's poorest families. An average cost of R7 500 per site has been set.

With building costs high and incomes low, the scheme puts "ground under people's feet" rather than a roof over their heads.

Housing director Ben van der Ross says the scheme has brought many new actors into the business of providing housing, because of the chance to use IDT funds. "This must increase the country's ability to provide suitable and affordable housing products to the very poor."

"Secondly, the limits we set have forced many proposers — both the authorities and communities — to accept the need for lower standards in providing services and housing. Thirdly, we know of many cases where previously hostile communities and authorities have cooperated in developing proposals.

"Our conditions for support have also forced many developers to come to grips, for the first time, with the idea of involving the community in discussions about their needs. So, even where applications have been unsuccessful, we feel this experience will influence them positively," says Van der Ross.

The IDTFC was set up in March to make small loans for accommodation and homes to people whom banks and building societies would normally not be able to help. The IDTFC will work through community lending groups, thus offering the additional benefit of helping to set up small community "banks".

Other projects include loans to other agencies in the housing and development field, and the promotion of consumer education and protection services.

The IDT, with the Development Bank of Southern Africa, is also facilitating a national debate aimed at developing strategies for dealing with the problem of single-sex hostels.

ment projects for the poor.

The IDT aims to help South Africa's poorest citizens break the cycle of poverty, and is attacking backlogs in housing, education, health, and community and rural development.

Of the R2-billion transferred by government to the IDT's account via treasury bills and government stock last July, R1 476 million was set aside for about 150 projects in the IDT's first year of operations, which ended on July 31, 1991.

Among the major items were:

☐ R750-million to a capital subsidy scheme for the development of nearly 100 000 sites, to accommodate abut 700 000 people;

☐ R300-million to the building of 50 000 new classrooms to serve as learning centres for various sectors of the community;

☐ R70-million to set up a major pre-school educare programme for under-privileged children; and

☐ R47-million to create a finance house for home loans for people who are too poor to borrow from building and banks in the usual way.

☐ R12,6-million to an AIDS education and health care network.

Although large sums of money have been made available, the IDT is very careful about how it spends or invests its funds. It has therefore earned good yields on its money in the money markets in an effort to make its funds go further.

This earned the IDT lion in interest in 1990/ gun a concerted effort ment money abroad.

IDT executives ha seemed like "an enorr year ago, has shrunk in sive demands that mus

The IDT's resources velopment agencies — ly and strongly, they sa hope of empowering S making them more self

Among the IDT's sp projects have been:

☐ Creating a new Jo hannesburg Stock Exch teralised Housing Inves will bring in money for

☐ The signing of a s Nelson Mandela and which links peace with mits both their organis which is hoping to use support peace pacts.

IDT chairman Jan St of the main features of erating:

☐ Remaining a small est amount of money target — the 10 million rica;

WHAT IDT PEOPLE S

"WE FEEL, however, that we have contributed to a process that was unthinkable a few years ago. Authorities and communities are at last talking to each other. Now isn't that something!"

"IF the cycle of poverty and dependency is to be broken, the resources will have to grow. As in the miracle of the loaves and the fishes, R2-billion will have to be-

come R10-billi R30-billion, if the be empowered a liant."

"INSTEAD of a ple's heads, the for ground under

"CHILDREN weighed as the their graves."

A NO-FRILLS OPERATION

IF management heaven is built on a small, no-frills operation, led from out front, where everybody is imbued with the company mission and nobody works for the money, then the Independent Development Trust may be staking some claim to immortality.

In size and style, the IDT shows many of the best features of private sector management, and appears to avoid the sort of waste and excess so often associated with NGOs (non-governmental organisations).

There are no pictures on the walls of the Trust's staff headquarters at the Rozenhof office complex in Kloof Street, Cape Town. It's all quite plain and practical. Everyone sitting down is surrounded by piles of paperwork and everyone standing up is going directly from one place to the next. Everyone is back from lunch at 2pm sharp. And if you want an appointment or an answer, you can get one — quickly.

The nearby headquarters at 14 Keerom Street, an old Cape Dutch townhouse, is more attractive but the atmosphere, charged by the physical presence and vigour of Jan Steyn himself, is every bit as intense and focused as Kloof Street.

Steyn was determined that the IDT's size and style should reflect its mission — a major assault on poverty. Thus all its operations are run economically and the IDT itself remains small. Countrywide, from Steyn to the tea lady, the IDT has 29 full-time staffers including four in the Transvaal and two in Natal. It is not expected to grow beyond 35.

Of the IDT's R2 billion in funds, it spends only R10 million — or 1c in every R20 — to pay salaries, run the office and retain outside help in managing the funds.

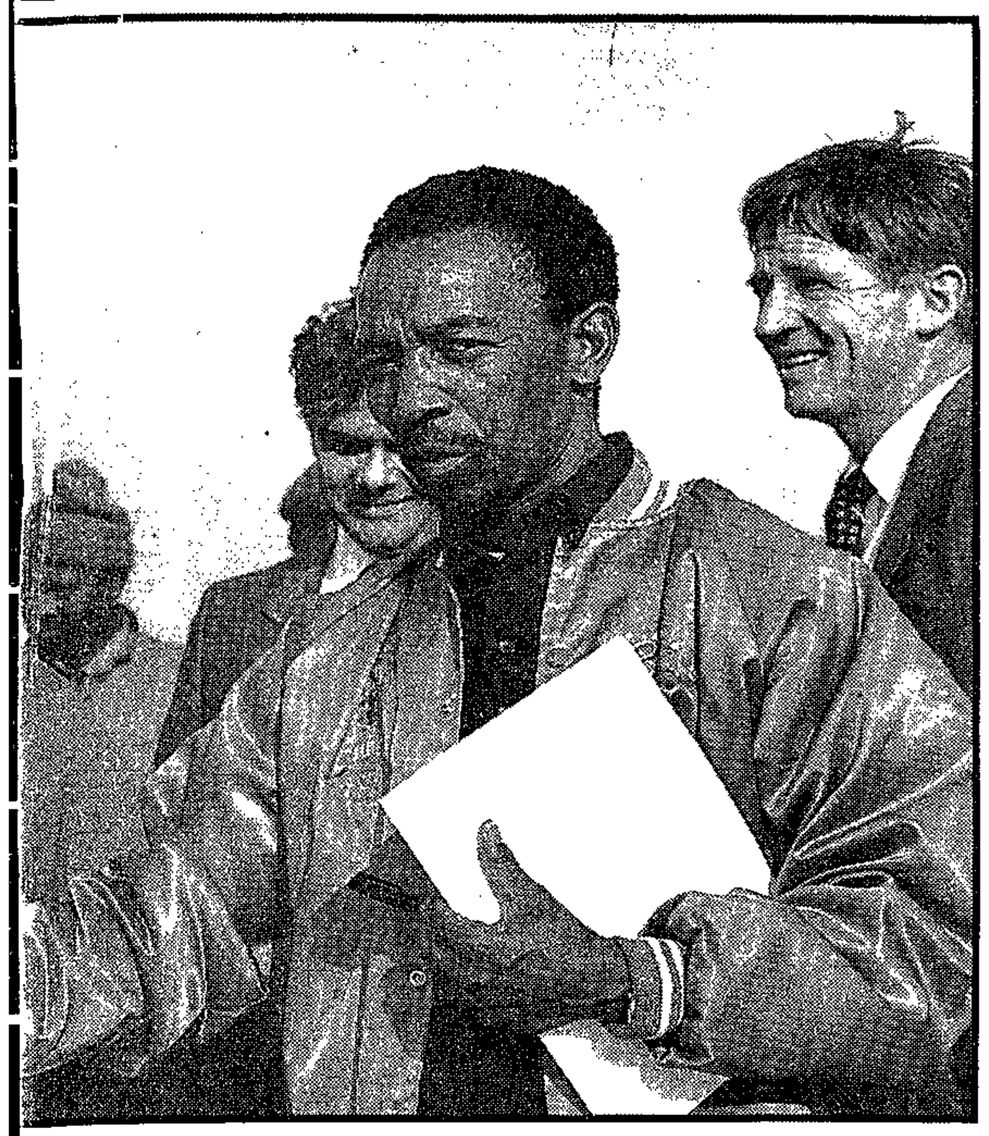
The IDT has 15 trustees, including Steyn. He is also chairman of the executive committee of eight people, which reports to the trustees.

Assem he says, cord in d or practi contribut "They pared to make a c "Secon to be bro estry of "It's n ple repre You can from indi periences

IDT INDEPENDENT DEVELOPMENT TRUST

VELOPMENT TRUST

ST YEAR



veloper, Johan Walters, Citicom, at the Etwatwa Learning Centre, at to be built under the IDT's National School Building Initiative. A fea- headmasters, two sets of teachers and two "schools" of pupils will school hall, which has been built across the road from the learning ducation director, left, and Denis Creighton, the PERM.

the
overty

BE SPENT

☐ Aiming most of the money directly at the poor;
☐ Reaching as many poor people as possible;
☐ Being consistent and fair in allocating

Time to give peace a chance

NEW BEGINNINGS

MPUMALANGA, outside Pietermaritzburg, is the focus of an IDT effort to support peace efforts in the township by rebuilding homes and schools destroyed in political violence.

In recent years, Mpumalanga has seen serious fighting between opposing political factions. Its very existence came under threat when lost factory production, caused by the terrible effects of the violence on workers, led many employers to consider moving their factories away. For some time, however, peace talks have been under way.

Last March Dr Mangosuthu Buthelezi of the Inkatha Freedom Party and Dr Nelson Mandela of the African National Congress signed an agreement to support the IDT's efforts to improve housing, education, health and skills for South Africa's poorest people.

These needs are greatest in communities like Mpumalanga, racked by violence. Here it is important to show that the bad conditions under which so many communities live — houses and schools burned down, no proper health facilities, high unemployment, and the like — will improve if there is peace, and if these communities are willing to help rebuild.

In a place like Mpumalanga, where violence has left people on both sides angry, bitter and suspicious, this is no easy task. Even so, the IDT will begin a pilot project here.

The three most important jobs, in order of priority, are to rebuild and upgrade schools, rebuild houses, then put up community buildings.

Despite lengthy talks, the project has been delayed by outside politics, fresh violence, and even some suspicions about the IDT and its approach. But the community is

ditions are improved, violence is less likely to recur."

He supports the IDT's view that the community should be put some effort — either a little money, or physical work — into its redevelopment, and believes residents will support the plan.

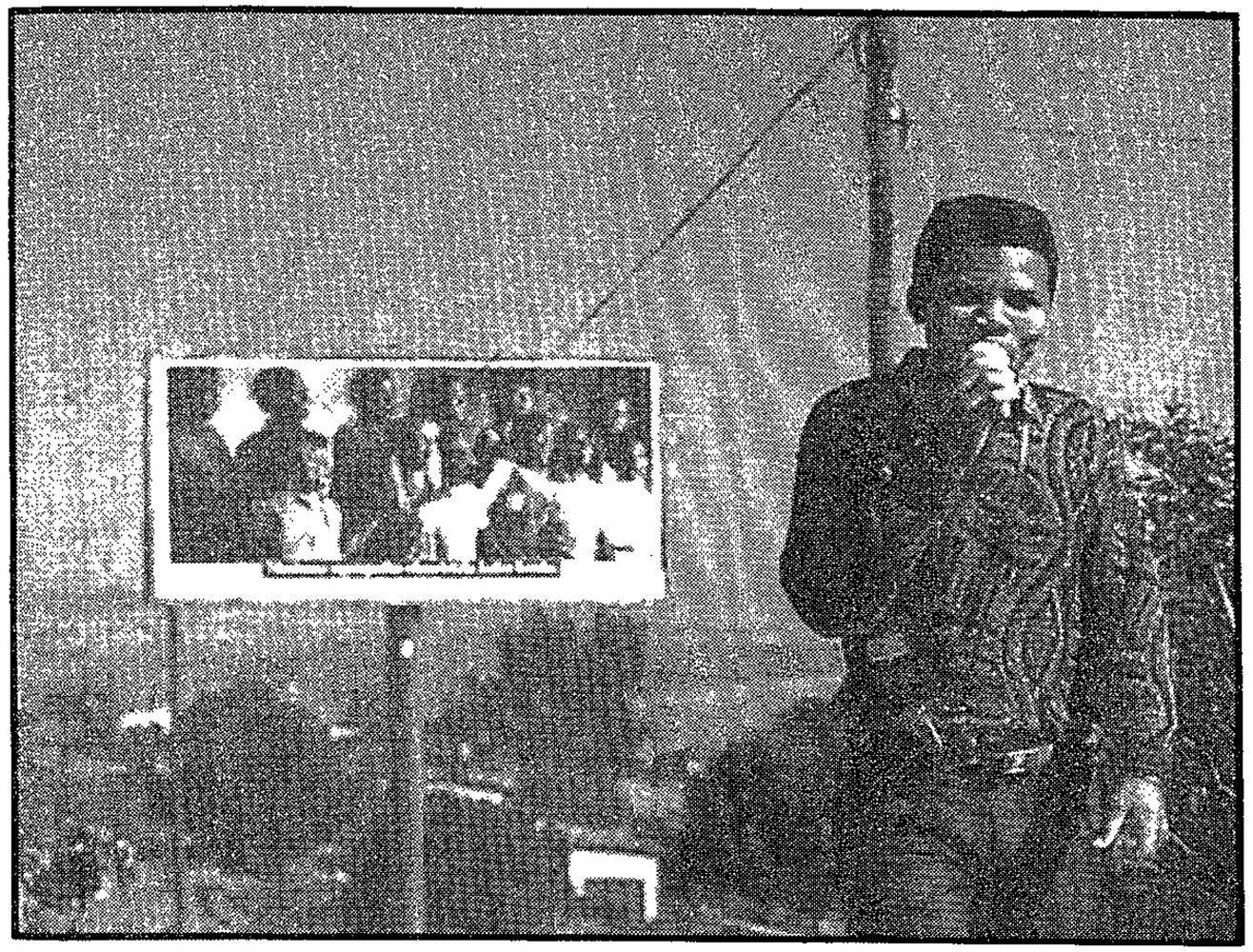
"We were very worried that unless we dealt with the bread and butter issues, people will jeopardise peace talks because their grievances are going unheard. The plans are a promise to the people that their lives can get back to normal. This is how to deal with the violence."

ANC branch chairman Meshack Radebe also welcomes the IDT's support, and generally supports the idea of promoting peace through development. "That is a good thing. When you talk about peace you cannot talk to people whose houses are ash and who live in the bush.

"We must rebuild schools. Four of our schools have no windows, no doors, no roofs. If they aren't fixed before the summer, the rain will wash away the classes. But I feel very positive about the IDT's contribution and so do the people I talk to."

But there are two problems. First, the delay. Says Radebe — and Nkehli agrees: "We have been promising people that if they allow peace we will start rebuilding. Now there has been peace but there is still no action. People will lose confidence if we don't show them something. Even if it's just one school ..."

The other problem is whether the community should contribute to the project. Some ANC officials say no, it is not the people's fault that their schools and houses were burnt down, so why should they help pay to rebuild them? Radebe says more talks on this issue are needed.



☐ New hope for one youngster in the Mpumalanga community

The community can decide, says Webber.

The IDT has not had the go-ahead from Mpumalanga yet but when it does it will start at once, says Webber.

Despite problems on the ground, top leaders back the the plan strongly. IFP general secretary Frank Mdlalose and ANC deputy secretary-general Jacob Zuma are reportedly "right behind the scheme". In the end, however, results will show the way in Mpumalanga.

Earlier this year, a long-planned scheme begun to fix key roads in nearby Hammarsdale was completed without interference after talks among

Small loans for the very poor

THE IDT Finance Corporation has been set up with capital of R120 million to help finance shelter for the very poor.

The IDTFC will make small loans to low-income borrowers for housing. Money will be lent, at the usual interest rates, to small groups of township borrowers whose sense of group responsibility and trust ensures that most members make their repayments regularly.

The IDTFC's start-up capital has been put up by the AECI Pension Fund, Fedlife, Metlife, the Mine Officials' Pension Fund, Old Mutual, Sanlam, Southern Life, and Syfrets Managed Assets. The IDT has provided R46,6 million to guarantee their investments.

The IDTFC will lend money to community-based financial intermediaries known as Group Credit Organisations (GCOs). The GCOs will lend the money on to groups of borrowers.

A need for self-reliance

THE IDT's approach to development strongly emphasises self-reliance, which is very important in view of the rapid and alarming breakdown of black community life, says IDT trustee Dr Mamphela Ramphele.

Ramphele, a sociologist and deputy vice chancellor of the University of Cape Town, says this breakdown can be seen in many aspects of black life.

Families break up. Many people are without jobs, and many others simply do not have the skills to get jobs even if jobs were available. Drugs and liquor are abused. Crime rates soar. Skilled successful people, who set a good example in their neighbourhoods, leave the townships.

Generally, despair grows until people believe they are victims who can do little or nothing to help themselves. Thus they lack the will to come to grips with these tough challenges, says Ramphele.

Ramphele makes two points. First, one finds similar situations among white working class people in Ireland and the United Kingdom. Pockets of this sort of breakdown can be seen in India. And in South Africa these conditions are found among many poor whites.

Secondly, it's not just an economic problem. Other factors include:

☐ the growing number of people living in the cities;
☐ how badly off people think they are;
☐ and if they think they have been exploited, their belief that the government, or the rich, "owe" them a better life.

Ramphele calls this "the culture of entitlement", and notes that it has thrived on the huge gap between rich and poor in South Africa.

All of this was made worse by the strategy of "making South Africa ungovernable",

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THE Board of Trustees of the IDT. From left, back row: Johan Moolman, former business executive; Professor Wiseman Nkuhlu, principal of the Univ of Transkei; Dr Tjaart van der Walt, president HSRC; Patrick Naylor, consulting engineer; Bob Tucker, former MD of the Perm and now a business consultant.

Middle row: Professor Len Konar, head, dept of accountancy, Univ of Durban-Westville; Sam Motsuenyane, president of Nafcoc; Mike Rosholt, former chairman, Barlow Rand and chairman Urban Foundation.

Front row: Dr Mamphela Ramphele, deputy vice-chancellor, UCT; Jan Steyn, IDT chairman; Professor Harriet Ngubane, professor of social anthropology, UCT.

Absent: Len Abrahamse, vice-chairman of Old Mutual; Dr Simon Brand, executive chairman, Development Bank of Southern Africa; Professor Jerry Coovadia, head of dept of paediatrics and child health, Univ of Natal; Dr Stanley Mogoba, Presiding Bishop, Methodist Church of Southern Africa.

Extracts from chairman Jan Steyn's review

THE Independent Development Trust has completed its first year of operation. This took place against a backdrop of momentous political upheaval, and of socio-economic conditions and trends which variously gave cause for great hope and great despair — factors which brought intense urgency and pressure to bear on the Trust's operations.

Under these circumstances, the Trust was called upon to act with care, consideration, and deliberate speed.

The year has consisted principally of three phases. The first included intensive consultations with a wide range of actors and interested parties, securing its financial base, building its capacity to make a major impact on development, and engaging the support of key factors in the international community.

The consultation process involved discussions and decisions on four central issues:

☐ How the Trust could secure and entrench it independence. Negotiations with leadership in government at all relevant responsible levels followed, and independence was secured:

☐ The contents of the Trust Deed, which would identify both the objectives and focus areas and would determine the operational framework of the Trust:

☐ The indentification of trustees who would be "representative without representing " the various organisations and bodies that make up the kaleidoscope of South African public life; and

☐ The relationship of the Trust with other key agencies and actors such as the Development Bank of Southern Africa, the Kagiso Trust, the South African Housing Trust, the Urban Foundation, the range of community-based organisations, as well as government at national, provincial, regional and local levels.

While the Trust was securing its financial base, it had also to seek private sector support for funding co-operative ventures, thereby augmenting its resources.

The Trust sought also to enhance its ability to impact on development issues by seeking guidance and advice from leadership groups and individuals in political life, in the private sector, in academia, from those who labour at the community coal face, and those in whom the Trust would be likely to invest its resources.

The attitude and respone of the international community had also to be gleaned.

The Trust's second phase of operations involved translating these initiatives into outcomes. Thus the Trust Deed was formalised and approved by government and key interested parties by July 31 1990, generating a wide-ranging consensus in the process.

The Trust had also secured the transfer to its control of the R2-billion pledge to it by government, enabling the Trust to earn interest on this sum and thus grows its resources. This, too, had been achieved by July 31.

At this point the Trust embarked on its third phase, the allocation of resources to initiatives which could help us realise our objectives. It was with a sense of excitement that we began to commit our funds to on-the-ground activity in our focus areas of housing, health, and education.

While our objectives are to break the cycle of poverty and promote self-reliance, we wish to do that through existing agencies, not do it ourselves. Thus we have remained small, to ensure that the greatest proportion of our funds reaches those we wish to assist through the agencies that can service their needs. The alternative would have been to grow the organisation, with the attendant consequences that flow from large and often bureaucratic structures.

We wish to reach the very poor in our society: funding has occasionally been targeted less directly for their ultimate benefit, but we will direct the great preponderance of our funds at those who have no, or grossly inadequate access to resources.

We wish to be consistent, fair and equitable in our allocations. This means focused involvement in each of our targeted areas of operation. Our efforts had to advance sustainable development, seek to promote self-reliance, and avoid dependency.

The final strategic consideration is this: that we would act with all deliberate speed. It is after due consideration that I use the phrase "all deliberate speed." The pressure on us to select projects and invest funds was immense. We were determined, however, not to be injudicious or indiscriminate in making our investments.

Yet we were required by some to rush our fences, ignore sound development principles (some of which I have mentioned), and "get the money in the ground" so that the various pressure groups could benefit and prosper. We could not accept this.

We have been entrusted with an awesome responsibility. We intend to discharge it not only with commitment but also with fairness and a real sense of urgency.

PRIMARY CARE AT THE HEART OF HEALTH NEEDS

H·E·A·L·T·H

Sowetan 25/9/91.

Fifty-two projects in the areas of health and rural and comunity development claimed R135,5 million in IDT funds up to July 31, 1991.

Another nearly R30 million was set aside for the welfare sector to encourage community services.

Spending in this IDT portfolio will rise to R514 million over the next two years. All told, the IDT's trustees will be asked to approve about R400 million for health, rural and community development, and about R120 million for welfare.

Making a major impact on people's basic health — especially in rural areas where the poorest live — means dealing with the development issues that affect it, says IDT trustee Dr Mamphela Ramphele, who designed the strategy with Professor Len Karlsson, who is now director of this portfolio.

The IDT has three major focuses. The first is on primary health care. This is aimed at bringing basic affordable health services and facilities to all the people, especially in rural areas where effective care has all but collapsed. Funding will go into:

- Properly coordinated training programmes for voluntary and community workers as well as doctors and nurses;
- Properly staffed and equipped healh centres, clinics and visiting points, in which the community is involved from the outset;
- Water and sanitation. Without exception, communities have made drinkable water their highest priority;
- Electrification. Talks are being held with Eskom to push this part of the programme ahead;
- A major AIDS education and care programme that will run alongside the one started by the Department of National Health;
- A big drive to reduce TB in the Western Cape by 50% over the next three to four years.

The IDT's second major focus in this portfolio is on welfare. In a definite move away from old policies, the IDT will fund services that will allow voluntary workers, guided by professionals, to give care to the aged, to cancer patients, and to other people who get welfare, in their homes.

The third focus is on rural and community development. Here the main thrust will be to strengthen organisations throughout the country that are running good programmes, but which need a lot more money. These involve mainly agricultural and forestry projects, for example woodlots that will help slow down the rate at which forests in rural areas are being destroyed.

The IDT would like to see a single national health policy, and is helping bring together the 14 different departments of health and other major players.

Already, different organisations have started to work together in combined programmes.

The approach, says Dr Ramphele, "should enable us to move from a fragmented, inequitable health service, to one which takes care of the needs of everyone".

Prof Karlsson adds: "We're looking for partners from any side, with successful programmes going in these fields, that we can support."

IDT issue likely to follow SA govt bond

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CT 25/9/91.

From KIN BENTLEY

LONDON. — Following last week's successful South African government Eurobond issue, the Independent Development Trust (IDT) will make presentations to institutional investors next month for a November issue, it was confirmed yesterday.

The IDT, a health, housing and educational foundation, has appointed J P Morgan, the US investment bank, to lead manage the issue.

A spokesman for the bank in London said yesterday that the Eurodollar deal will be at least $100m.

This is $25m higher than banking sources were predicting last week, after the South African government's DM300m issue was increased a further DM100m due to heavy demand.

The J P Morgan spokesman confirmed that although the IDT is independent of the South African goverment and has borrowed domestically without government backing, the Eurobond issue will carry a government guarantee.

He said trustees of the IDT would make presentations in Frankfurt, Zurich and London for a week in mid-October. The issue is expected to be launched in London in early November.

US dollars were chosen, he said, because of the good demand for them, because interest rates were low and the currency was very stable.

On Monday, IDT head Jan Steyn met European Commission officials, together with Dr Simon Brand of the Development Bank of Southern Africa and the Kagiso Trust's national director Ahmed Dango and general secretary Erico Molobi.

The development agencies discussed with the EC — which this year is channelling $40m of aid into South Africa through the Kagiso Trust — plans to coordinate their activities.

LONDON — The ANC's UK representative, Mendi Msimang, yesterday joined a hot debate in the correspondence pages of the London Financial Times over last week's highly successful first South African government bond issue since 1985.

Other contributions to the debate have come from Anti-Apartheid Movement president Trevor Huddlestone and Nick Mitchell, director-general of teh British Industry Committee on South Africa (BICSA).

Msimang said yesterday that if the bond issue "signals a sharp increase in SA'ss access to international capital markets now, before an interim government is in place, this could indeed stall the entire political process towards an end to apartheid".

- **The Kagiso Trust has long had close connections with the extra-parliamentary opponents of apartheid, including the ANC.**

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whole page

URVEY

INDEPENDENT DEVELOPMENT TRUST

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GROUND UNDER PEOPLE'S FEET

H·O·U·S·I·N·G

Land ownership leading homes is the biggest rust in the IDT's assault poverty and its rogramme for the onomic empowerment of or communities.

Of the R1,5 billion allocated far, nearly 61% — or R898,7 illion — has gone to housing. he IDT has decided on a tight cus, choosing to spend its ney in three main ways:

- R750 million on setting up a capital subsidy scheme, the IDT's biggest programme, for the development of nearly 100 000 new serviced sites that will accommodate about 700 000 people;
- R102,1 million to the promotion of ongoing development in informal settlements; and
- R46,6 million on the setting up of the IDT Finance Corporation (IDTFC), through which the IDT is developing new forms of housing finance for poor people.

The capital subsidy scheme accounts for just over half of all IDT funds set aside so far. It covers 108 projects, of which nearly two thirds will be new settlements.

The money will pay for the development of serviced sites for a total of 99 800 of South Africa's poorest families. An average cost of R7 500 per site has been set.

With building costs high and incomes low, the scheme puts "ground under people's feet" rather than a roof over their heads.

Housing director Ben van der Ross says the scheme has brought many new actors into the business of providing housing, because of the chance to use IDT funds. "This must increase the country's ability to provide suitable and affordable housing products to the very poor."

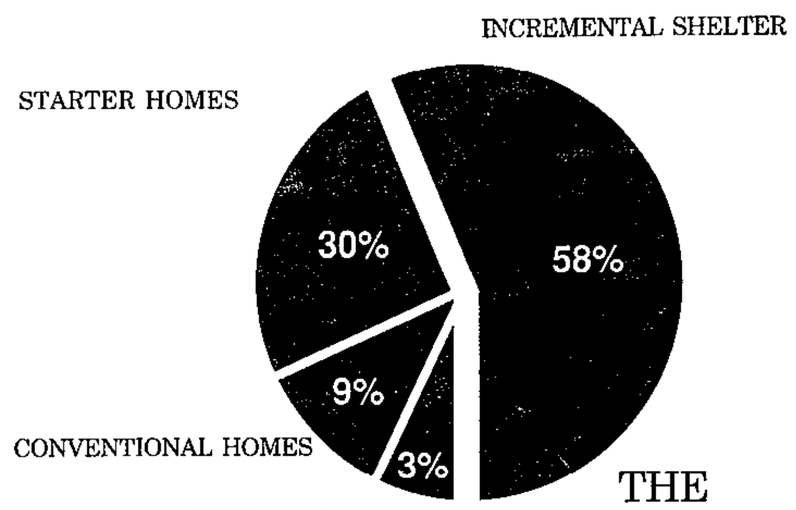
"Secondly, the limits we set have forced many proposers — both the authorities and communities — to accept the need for lower standards in providing services and housing. Thirdly, we know of many cases where previously hostile communities and authorities have cooperated in developing proposals.

"Our conditions for support have also forced many developers to come to grips, for the first time, with the idea of involving the community in discussions about their needs. So, even where applications have been unsuccessful, we feel this experience will influence them positively," says Van der Ross.

The IDTFC was set up in March to make small loans for accommodation and homes to people whom banks and building societies would normally not be able to help. The IDTFC will work through community lending groups, thus offering the additional benefit of helping to set up small community "banks". (See article — "Small loans for the very poor").

Other projects include loans to other agencies in the housing and development field, and the promotion of consumer education and protection services.

The IDT, with the Development Bank of Southern Africa, is also facilitating a national debate aimed at developing strategies for dealing with the problem of single-sex hostels.



THE CHALLENGE

The need to move fast...

Sowetan 26/9/91 (339)

THE REASONS WHY

Why did the IDT choose a capital subsidy?

Because of a shortage of money, the IDT believes the country has no option but to accept that, in the near future, regrettably many poor people may have to be accommodated in site and service schemes as a first step towards owning their own homes.

The capital subsidy is a means to an end. We felt that it was the best way to go in trying to reach the following goals:

- To help poor people to own property, as a first step towards getting a house.
- Because the demand for housing is greater than present supply, to persuade those who need, and provide, homes to accept lower standards of services. This will make sites cheaper, and available to more people.

To make access to state subsidies available to all on a more equitable basis.

To encourage communities and authorities, many of whom were working against each other, to work together to break the development logjam.

To open the way for communities to become part of the business side of housing development, to make decisions, and to accept the responsibility that goes with that.

To see that development takes place in such a way that people have proper access to all the benefits of urban life — like jobs, transport and social amenities.

To encourage the upgrading of shelter and services, the putting in of community facilities, and the setting up there of businesses that create jobs.

What is this capital subsidy and how does it work?

It is a grant of R7 500 to a person who gets ownership of a serviced site. This money is used to pay for the site. If there is any money left over, this will be used either by individuals to help put up dwellings, or to put up community facilities: the communities decide.

Take the upgrade programme at Phola Park squatter camp. The community decided to spend only R4 100 to service each site. This left R3 400 to build or upgrade a house on each site.

Questions are being asked about why the IDT has committed itself so heavily to a capital subsidy scheme in the housing process. Chairman Jan Steyn responds.

How did the IDT settle on this figure of R7 500?

The R7 500 is an average basic cost per site. It covers the cost of putting in services. These must meet certain basic minimum health and safety standards — in running water, sanitation and roads, for example.

How does a person qualify for a subsidy?

You must be over 21, with family or dependants, and earning less than R1 000 a month. You may not have owned housing or land before, and you may not be already getting a housing subsidy from a government department.

There have been several criticisms of the scheme; that the subsidy is too low, or that it's too high, and that it has not given the building industry a "kick-start"... How do you respond?

The level of the subsidy has forced communities and the the authorities to accept the need for lower standards in services and housing. If you consider the huge demand for housing and the scarce resources available to meet it, this has been a very important contribution to the country's effort to do something about the housing backlog.

As for community involvement in decisions on development and upgrading schemes, this is one of the most important aspects of our approach; it is built in. No decisions can be taken without the community.

As for the big picture, we considered a number of ways of using the money but when it came to making a decision, there was still no clear national policy on housing which could provide a proper basis for our efforts. The government had not yet decided on a single housing policy for the country, or on a single, affordable way of subsidising and stimulating the home-building process.

To have disregarded this and gone ahead would have caused more problems later. We would have risked creating "islands of privilege in a sea of poverty".

On the other hand, to have waited until the government had finalised a national policy, would have meant a delay of years — not months — in sorting out some of the awful conditions under which so many poor South Africans have to live.

The government was prepared to accept this particular scheme at this level of subsidy, and that was important. To have introduced anything else that was competitive would have been wrong, even if it were possible — which it was not. There was just no other way to go.

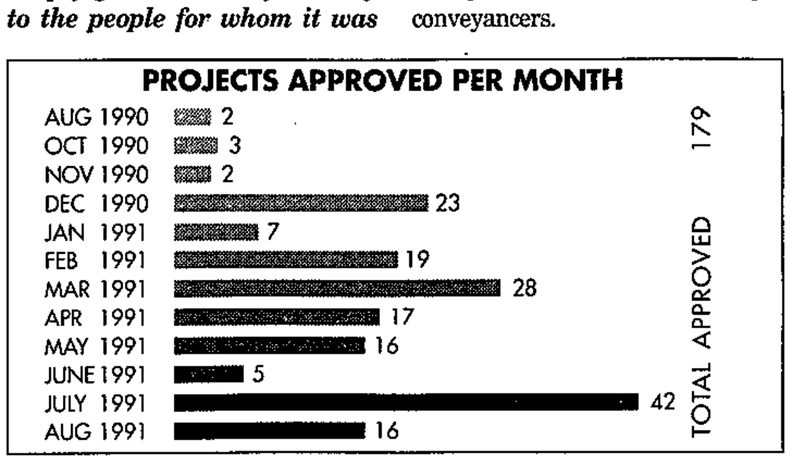
As for "kick-starting" the building industry — something, by the way, which is not part of our responsibility — I'm afraid that by setting the grant at R7 500 per site, not many private companies were even interesting in tendering for the scheme.

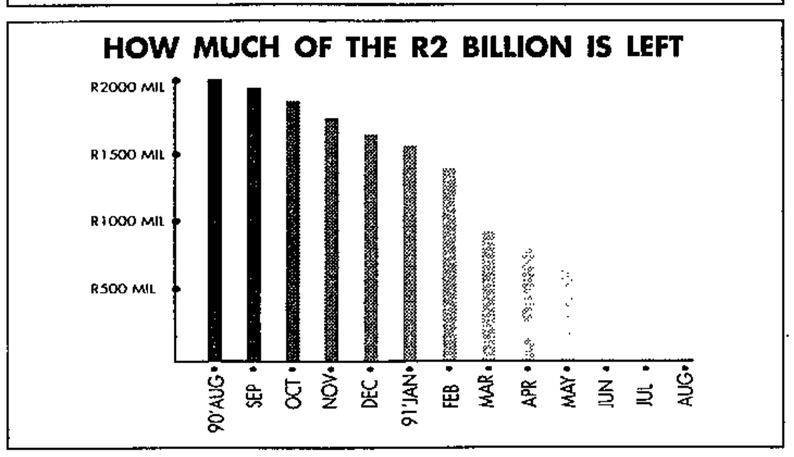
But why this particular scheme? Why didn't the IDT simply give the money directly to the people for whom it was intended, rather than to developers?

The term "developers" can be misleading. Less than 10% of the allocations have been made to what one could call commercial developers. In fact, as I mentioned before, with the subsidy at R7 500, not many private developers are interested. Overall, the programme has given us the chance to support community-based development programmes, and in this way to give even more decision-making power to communities.

How are you monitoring how the money is being used?

We have appointed a team of 40 consultants to check and monitor all developments. In addition, the transfer of land to individuals will be processed through legal conveyancers.





SURVEY

INDEPENDENT DEVELOPMENT TRUST

Breaking the cycle of poverty

Sowetan 26/9/91 339

R2-Billion to be spent

The Independent Development Trust (IDT) set aside nearly R1,5 billion for about 150 projects in its First year of operations, which ended on July 31, 1991. A total of R2 Billion of taxpayers' money was entrusted to the IDT.

AMONG THE MAJOR ITEMS WERE:

- R750 million to a capital subsidy scheme for the development of nearly 100 000 sites, to accommodate about 700 000 people;
- R300 million to the building of 50 000 new classrooms to serve as learning centres for various sectors of the community;
- R70 million to set up a major pre-school educare programme for underprivileged children;
- R47 million to create a finance house for home loans for people who are too poor to borrow from building and banks in the usual way.
- R12,6 million to an AIDS education and health care network.

Although large sums of money have been made available, the IDT is very careful about how it spends or invests its funds. It has therefore earned good yields on its money in the money markets in an effort to make its funds go further.

This earned the IDT an additional R350 million in interest in 1990/91. The IDT has also begun a concerted effort to raise more development money abroad.

IDT executives have warned that what seemed like "an enormous sum of money" a year ago, has shrunk in comparison to the massive demands that must be met.

The IDT's resources — and those of other development agencies — will have to grow quickly and strongly, they say, if there is to be a real hope of empowering South Africa's poor and making them more self-reliant.

AMONG THE IDT'S SPECIAL PROGRAMMES AND PROJECTS HAVE BEEN:

- creating a new low-risk stock called a Collateralised Housing Investment Paper which will bring in money for shelter for the poor.
- the signing of a support agreement with Nelson Mandela and Mangosuthu Buthelezi which links peace with reconstruction and commits both their organisations to help the IDT, which is hoping to use development projects to support peace pacts.

IDT CHAIRMAN JAN STEYN HAS IDENTIFIED SOME OF THE MAIN FEATURES OF THE IDT'S METHOD OF OPERATING:

- remaining a small unit, so that the greatest amount of money possible could reach its target — the 10 million poor people in South Africa;
- aiming most of the money directly at the poor;
- reaching as many poor people as possible;
- being consistent and fair in allocating funds;
- making sure the community is involved in every aspect of a project's development; and
- building, wherever possible, a multiplier factor into investments, ie seeing that investments are made in such a way that other funds and efforts are attracted to a project, so that it grows even more.



THE Board of Trustees of the IDT, From left, back row: Johan Moolman, former business executive; Professor Wiseman Nkuhlu, principal of the Univ of Transkei; Dr Tjaart van der Walt, president HSRC; Patrick Naylor, consulting engineer; Bob Tucker, former MD of the Perm and now a business consultant.
Middle row: Professor Len Konar, head, dept of accountancy, Univ of Durban-Westville; Sam Motsuenyane, president of Nafcoc; Mike Rosholt, former chairman, Barlow Rand and chairman Urban Foundation.
Front row: Dr Mamphela Ramphele, deputy vice-chancellor, UCT; Jan Steyn, IDT chairman; Professor Harriet Ngubane, professor of social anthropology, UCT.
Absent: Len Abrahamse, vice-chairman of Old Mutual; Dr Simon Brand, executive chairman, Development Bank of Southern Africa; Professor Jerry Coovadia, head of dept of paediatrics and child health, Univ of Natal; Dr Stanley Mogoba, Presiding Bishop, Methodist Church of Southern Africa.

Steyn said he had been disappointed by the fact that some businesses did not seem to want to think creatively and invest risk capital for the sake of national, and therefore business's, interests in the years to come. He welcomed, however, the contribution of visionary business leaders, especially those who supported the R500 million Private Sector Initiative under the leadership of Mr Mike Rosholt.

He criticised so-called "gatekeepers" who he described as often self-appointed and who demanded that they should have the power to approve new programmes in the community.

He distinguished between them and genuinely committed workers at grass roots who selflessly devoted themselves to the needs of the poor, and thanked them for supporting the work of the IDT and other development agencies.

Steyn said the pressure to move fast had been enormous, but that the IDT had felt it necessary to move carefully and sensitively in all its projects.

He warned that the IDT would not allow itself to be pressured for the benefit of interest groups, either business or political.

"The Independent Development Trust has earmarked nearly R1,5 billion, or 75% of the money entrusted to it by South African taxpayers in 1990, for development projects for the poor.

The IDT aims to help South Africa's poorest citizens break the cycle of poverty, and is attacking backlogs in housing, education, health, and community and rural development."

A No Frills Operation

If management is built on a small, no frills operation, led from the front, where everybody is imbued with the company mission and nobody works for the money, then the Independent Development Trust may be staking some claim to immortality.

Sowetan 26/9/91

In size and style, the IDT shows many of the best features of private sector management, and appears to avoid the sort of waste and excess so often associated with NGOs (non-governmental organisations).

There are no pictures on the walls of the Trust's staff headquarters at the Rozenhof office complex in Kloof Street, Cape Town. It's all quite plain and practical. Everyone sitting down is surrounded by piles of paperwork and everyone standing up is going directly from one place to the next. Everyone is back from lunch at 2pm sharp.

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DETERMINED

The nearby headquarters at 14 Keerom Street, an old Cape Dutch townhouse, is more attractive but the atmosphere, charged by the physical presence and vigour of Steyn himself, is every bit as intense and focused as Kloof Street.

Steyn was determined that the IDT's size and style should reflect its mission — a major assault on poverty. Thus all its operations are run economically and the IDT itself remains small. Countrywide, from Steyn to the tea lady, the IDT has 29 full-time staffers including four in the Transvaal and two in Natal. It is not expected to grow beyond 35.

CONCERNED SOUTH AFRICANS

Of the IDT's R2 billion in funds, it spends only R10 million — or 1c in every R20 — to pay salaries, run the office and retain outside help in managing the funds.

The IDT has 15 trustees, including Steyn. He is also chairman of the executive committee of eight people, which reports to the trustees.

Assembling this team was Steyn's first task. "I was looking," he says, "firstly for concerned South Africans with a track record in development work, or who, whether by their academic or practical performances had demonstrated a capacity to contribute.

"They had to be people I knew and trusted, who were prepared to come, not on the basis of looking for a career, but to make a contribution in the short and medium terms."

"Secondly, the group — both trustees and executives — had to be broadly representative of the South African populace.

"It's nonsense, by the way, to suggest I was looking for people representing the ANC or the PAC or Inkatha or the like. You can draw whatever inferences may be necessary simply from individuals' various and contrasting backgrounds and experiences."

Thus the trustees and directors generally have access to a wide range of leaders in community life, in politics and in business, but each one also brings to the Trust special knowledge and experience which are important to its job as a development catalyst.

DYNAMIC MIX

This makes for a dynamic mix, says communications director Jolyon Nuttall. "It's as if all these talents have a multiplier effect on each other. Extraordinary energy is released. The whole is far greater than the sum of its parts."

You can see that process at work at a typical Monday morning meeting of the executive committee. The agenda is long, lunch is short, discussion is brisk.

These proceedings, and the operation as a whole, are permeated by a sense of mission. Says Nuttall: "No one does it for the money. There's an excitement, a nervousness even, an awareness that this is an opportunity which cannot be let slip."

SOWETAN
Building the Nation

PROPERTY & Housing EXPO

GOLDEN HIGHWAY

Bringing light to the people

Sowetan 26/9/91.

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MORE than 20 million people in South Africa - the majority of them black - do not have access to electricity and the prospect of having the commodity is remote.

These people have to rely on wood, paraffin, coal and candles for light. The quality of this light is poor and they are in constant danger of accidental fires.

The solution to this problem is solar energy, the world's most abundant and inexhaustile source of energy.

It might not replace conventional electricity, but can bring light to many homes that do not have access to electricity.

Solar energy reduces the risk of losing property and lives in accidental fires.

BP Solar is keen to tackle the low-cost housing consumer market and to assist in improving the quality of life of people living in developing areas.

A need for lighting was identified, and it was decided to "consumerise" a system.

A package, "BP Telelite", that would be adaptable to a variety of needs was produced. Over the last few years thousands of "telelite" systems have been installed throughout South Africa.

A solar system uses an electric module, which is fixed onto a roof or a wall of the home and produces electricity from sunlight.

The electrical power is stored in a battery which in turn powers 12V lights. The lockable battery box has interconnecting cables which lead to the lights.

One solar module can typically keep one light burning for 12 hours, or two lights may be used for six hours daily.

The battery is recharged day by day and stores a reserve of energy to provide power for several days.

"Telelite" is also capable of driving a black and white TV.

To operate the system is simple and consumers are advised to use the lights only when necessary, switching them off when leaving the room.

Solar powered lighting requires an initial capital investment after which there are not power bills at the end of the month and no wood, paraffin or candles need be bought.

Solar systems are easy to instal. They require little maintenance, are pollution free, safe and easy to use, and significantly improve the quality of life and standard of living of those using them.

It is conservatively estimated that households using paraffin, candles or gas for lighting and not car batteries (that have to be recharged weekly) for TV sets spend a minimum of R50 a month.

Private homes are not the only places where solar lighting is being used.

Many schools, churches and health clinics rely on solar for their energy needs. A complete solar system, consists of a solar panel, light fittings complete with pull-type switches, a battery box, battery and the necessary cables and fittings. Costs range between R1 400 and R1 900.

Economy housing expo in Evaton

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Sowetan 26/9/91

MORE than 40 private companies and individuals will participate in the Golden Highway Housing Expo near Evaton from September 25 to October 9.

The public will for the first time be granted an opportunity to see the types of houses that developers can build in the R5 000 and R10 000 price range.

The companies and individuals will build 90 houses, using a wide range of building materials. Experts will be present to supply information on procedures for obtaining a house of one's choice.

By JOSHUA RABOROKO

A competition was launched and the two lucky winners will become the owners of one R5 000 and a R10 000 show house respectively.

Policy

Even with the multiplicity of Government housing departments, the establishments of quasi-Government bodies, private sector bodies and institutions, and the creation of special funds, no single, clearly understood, nationally supported policy has emerged to focus the country's energies and to galvanise its resources.

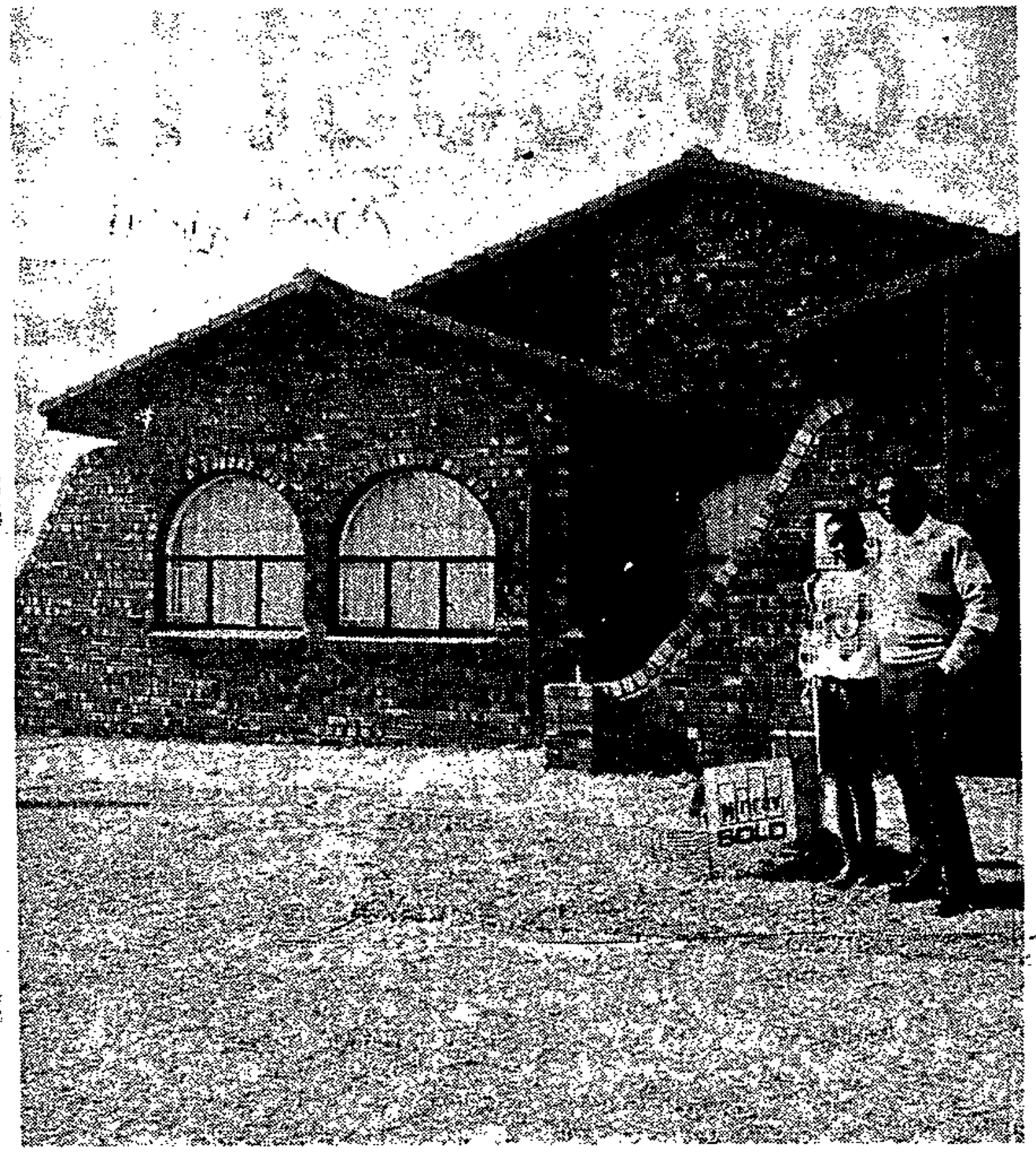
The Golden Highway Housing Expo comes at a critical time when developments, over the past year in particular, reveals that the initiative in the housing field appears to have been seized by organisations such as the Urban Foundation and the Independent Development Trust, with the private sector taking a secondary role.

It will probably be the last thing to decry the achievements of these organisations, for they have been many, but the query is the validity of their position in developing policy with little or no communication with industry.

The time is long overdue for the creation of joint construction industries forums in order to create synergy between the activities of the various bodies in the private sector, so that it may be part of the policy development and not merely a recipient in the policy implementation.

Such forums should, *inter alia*, address issues related to housing policy, education and training, safety and loss control, economies, and standardised, relevant documentation.

It is time for all private sector bodies, who are involved in addressing the country's most pressing problem, join hands and develop a common vision.



Are you thinking of delaying to purchase a home? Well think again because your R120 000 home of today may cost more than R700 000 by the end of the decade

Leisure property buyers

SMALL LOANS FOR THE VERY POOR

Sowetan 26/9/91.

The IDT Finance Corporation has been set up with initial capital of R120 million to help finance shelter for the very poor.

The IDTFC will make small loans to low-income borrowers for housing. Money will be lent, at the usual interest rates, to small groups of township borrowers whose sense of group responsibility and trust ensures that most members make their repayments regularly.

The IDTFC's start-up capital has been put up by the AECI Pension Fund, Fedlife, Metlife, the Mine Officials' Pension Fund, Old Mutual, Sanlam, Southern Life, and Syfrets Managed Assets. The IDT has provided R46,6 million to guarantee their investments.

The IDTFC will lend money to community-based financial intermediaries known as Group Credit Organisations (GCOs). The GCOs will lend the money on to groups of borrowers.

Groups will allocate five-year loans of no more than R5000 to each of their members — people who cannot borrow money for building homes in the normal way.

Each member of a borrower group stands surety for the others. Loans are paid out to each person a bit at a time, instead of in a lump sum, over the first two years.

The demand for this sort of funding could be as much as R500 million a year, say the IDTFC's managers. They hope to raise it by getting investors to place their funds into specially structured securities that give investment houses the opportunity to invest in development.

339

The IDTFC believes these investments should be secure because the IDT has provided collateral. Research shows that in this sort of township borrowing scheme, the vast majority of borrowers pay the money back.

WIPING OUT THE CLASSROOM SHORTAGE

E·D·U·C·A·T·I·O·N

The IDT is putting the weight of its R442 million education effort into wiping out the classroom shortage and providing pre-school education for the poor.

With these and other programmes in literacy, language and skills bridging, and teacher training, the IDT is promoting and supporting creative ways to beat education backlogs and rebuild the system.

In the year to July 31, the IDT set aside nearly R442 million, or 30% of the funds that will go to education, for 68 projects.

Its tasks, and the money to be spent on each, are:

- the provision of 50 000 classrooms over the next three to four years — R300 million;
- pre-school education which, for poorer children, can make the difference between failure and success in later school years — R70 million; and
- literacy and bridging programmes for primary school children and disadvantaged candidates for tertiary education, as well as teacher upgrading and adult literacy projects — R60 million.

The objective is educational parity, meaning universal free public education for eight years, and getting more than half of the children who enter the school system through matric. Education director Professor Merlyn Mehl believes this could be achieved in 10 years.

But the system can't be stopped while it's being fixed. "It's almost like working on a motorcar that's hurtling down the freeway at 120km/h," says Mehl.

The IDT relies heavily on communities and existing informal education networks to determine where and how to spend its money.

It is a firm principle to consult people on the ground about priorities. The IDT also channels its funds through organisations which sprang up to resist apartheid education and are now devoting their skills and energies to rebuilding education.

Says Mehl: "Education can't be transformed without the government, but we can't do it with the government alone. The IDT can bring things to this process that the government can't."

The programme to build 50 000 classrooms will be a nation-wide effort to wipe out this backlog. Linked to this will be community learning centres providing primary school, cultural and adult literacy facilities.



Chris Dlamini, CAST and COSATU, right congratulates the developer, Johan Walters, Citicom, at the Etwatwa Learning Centre at Emaphupheni, near Daveyton on the East Rand – the first school to be built under the IDT's National School Building Initiative. A feature of the new school is its "two of everything" approach — two sets of teachers and two schools of pupils will share the main buildings. The broader community will also use the school hall which has been built across the road from the learning centre. Standing behind Dhlamini are Prof Merlyn Mehl, Education director, left, and Denis Creighton of the PERM

In pre-school education, the IDT will fund a programme run by trained people with help from parents, as well as a project to train mothers to help their own children learn. The IDT hopes to reach 250 000 poor children, many of them in rural areas.

Programmes to upgrade primary school education focus on the cross-over from mother-tongue to English instruction, to reduce the high drop-out rate.

Teacher retraining is an important part of the IDT approach. The decline in black education is due partly to the poor skills of teachers who themselves went through the system.

In adult education the emphasis is on a general middle-level education, through community colleges, for most of the population rather than on specialised university training.

To deal with university education, the IDT proposes an Education Bank to provide loans to disadvantaged students. It suggests repayments be made through a type of tax on graduates.

The New Faces



ENOS MABUZA, former chief minister of KaNgwane, and Professor Wiseman Nkuhlu, principal of the University of Transkei, have agreed to join the Independent Development Trust as executive directors.

Their appointments mean there are now eight members of the IDT executive committee.

Mabuza stepped down as chief minister earlier this year and now serves as a director of several large companies. He started with the IDT in August and is working from its Johannesburg office.

He will play an important part in the IDT's top-level negotiations, and in its programme of communication with groups and organisations.



PROF WISEMAN NKUHLU is already an IDT trustee. From January 1, 1992, however, he will use a year of sabbatical leave from the University of Transkei, to take up a job as Executive Director: Project Development for the IDT.

He will be working in two of the IDT's main areas of operation, education and health. In education, his main job will be to plan a national programme to set up community learning centres. An important part of this will be the setting up community trusts to run the centres.

In the health area, Nkuhlu will be working on a national programme for building clinics. This programme, and the clinics, will be linked to the IDT's project for building schools.

FUNDS ALLOCATED TO PROJECTS

Housing	R 898 738 044
Education	R 414 814 637
Health, Rural and Community Development	R 135 515 852

A NEED FOR SELF-RELIANCE

The IDT's approach to development strongly emphasises self-reliance — which is very important in view of the rapid and alarming breakdown of black community life, says IDT trustee Dr Mamphela Ramphele.



Dr Mamphela Ramphele

Ramphele, a sociologist and deputy vice chancellor of the University of Cape Town, says this breakdown can be seen in many aspects of black life.

Families break up. Many people are without jobs, and many others simply do not have the skills to get jobs even if jobs were available. Drugs and liquor are abused. Crime rates soar. Skilled successful people, who set a good example in their neighbourhoods, leave the townships.

Generally, despair grows until people believe they are victims who can do little or nothing to help themselves. Thus they lack the will to come to grips with these tough challenges, says Ramphele.

Ramphele makes two points. First, one finds similar situations among white working class people in Ireland and the United Kingdom. Pockets of this sort of breakdown can be seen in India. And in South Africa these conditions are found among many poor whites.

Secondly, it's not just an economic problem. Other factors include:

- the growing number of people living in the cities;
- how badly off people think they are;
- and if they think they have been exploited, their belief that the government, or the rich, "owe" them a better life.

Ramphele calls this "the culture of entitlement", and notes that it has thrived on the huge gap between rich and poor in South Africa.

All of this was made worse by the strategy of "making South Africa ungovernable", which relied on mass mobilisation, school and consumer boycotts, people's courts and other alternative structures which depended on force and intimidation to get people in line.

For "victims", the "victim" image has been an important way of surviving, even though it created problems. But many aid and development agencies, although they meant well, added to the problem by supporting the "victim" approach.

Blacks are social victims of racist policies that deliberately made them poorer and reduced their life chances, says Ramphele. So the argument that they are "entitled" is a strong one.

But the problem of how to make up for these policies is a hard one; the demands are huge, and the resources to meet them limited.

Ramphele also points to the danger of "victims" coming to see society, rather than themselves, as the factor which counts most in improving their situations. Such people have to accept, says Ramphele, that they themselves will have to play a very big part in making a success of their lives.

The IDT and others involved in development must start, says Ramphele, by recognising that black people are still able to respond to properly thought-out plans to help. "This capacity resides in individuals, support groups and organised pressure groups. There are also safety nets which people have developed over the years which can benefit from being strengthened."

A conscious effort to invest in the black community - as a way of breaking with the past — will strengthen these groups, says Ramphele. The aim should be the **development of people**, and those people have to be involved every step of the way.

Choosing strategies and projects that are important symbolically, and that also have spin-offs that produce other benefits, "would go a long way to restoring hope and trust", says Ramphele.

TIME TO GIVE PEACE A CHANCE

In recent years, Mpumalanga has seen serious fighting between opposing political factions. Its very existence came under threat when lost factory production, caused by the terrible effects of the violence on workers, led many employers to consider moving their factories away. For some time, however, peace talks have been under way. Sowetan 26/9/91.

Last March Dr Mangosuthu Buthelezi of the Inkatha Freedom Party and Dr Nelson Mandela of the African National Congress signed an agreement to support the IDT's efforts to improve housing, education, health and skills for South Africa's poorest people.

These needs are greatest in communities like Mpumalanga, racked by violence. Here it is important to show that the bad conditions under which so many communities live — houses and schools burned down, no proper health facilities, high unemployment, and the like — will improve if there is peace, and if these communities are willing to help rebuild.

In a place like Mpumalanga, where violence has left people on both sides angry, bitter and suspicious, this is no easy task. Even so, the IDT will begin a pilot project here.

The three most important jobs, in order of priority, are to rebuild and upgrade schools, rebuild houses, then put up community buildings.

Despite lengthy talks, the project has been delayed by outside politics, fresh violence, and even some suspicions about the IDT and its approach. But the community is becoming more positive.

Says IFP spokesman Nqobizizwe Nkehli: "The IDT comes at just the right moment. Socio-economic conditions were part of the reason for the violence in the first place, so it makes sense that if these conditions are improved, violence is less likely to recur."

He supports the IDT's view that the community should be put some effort — either a little money, or physical work — into its redevelopment, and believes residents will support the plan.

"We were very worried that unless we dealt with the bread and butter issues, people will jeopardise peace talks because their grievances are going unheard. The plans are a promise to the people that their lives can get back to normal. This is how to deal with the violence."

ANC branch chairman Meshack Radebe also welcomes the IDT's support, and generally supports the idea of promoting peace through development.

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But there are two problems. First, the delay. Says Radebe — and Nkehli agrees: "We have been promising people that if they allow peace we will start rebuilding. Now there has been peace but there is still no action. People will lose confidence if we don't show them something. Even if it's just one school..."

The other problem is whether the community should contribute to the project. Some ANC officials say no, it is not the people's fault that their schools and houses were burnt down, so why should they help pay to rebuild them? Radebe says more talks on this issue are needed. (339)

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Despite problems on the ground, top leaders back the the plan strongly. IFP general secretary Frank Mdlalose and ANC deputy secretary-general Jacob Zuma are reportedly "right behind the scheme". In the end, however, results will show the way in Mpumalanga.

Earlier this year a long-planned scheme began to fix key roads in nearby Hammarsdale was completed without interference after talks among all the parties concerned. "It was a tremendous morale booster," says a local industrialist. "It had an enormous impact and a sense of relief was widespread that at least something in life was returning to normal."



New hope for one youngster in the Mpumalanga community

Written by Paul Bell. Reports by Jane Arbous, Sipho Ngcobo, Carmel Rickard and Linda Vergnani.

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SURVEY

INDEPENDENT DEVELOPMENT TRUST

GROUND UNDER PEOPLE'S FEET

South 26/9-2/10/91. 339

H·O·U·S·I·N·G

Land ownership leading to homes is the biggest thrust in the IDT's assault on poverty and its programme for the economic empowerment of poor communities.

Of the R1,5 billion allocated so far, nearly 61% — or R898,7 million — has gone to housing. The IDT has decided on a tight focus, choosing to spend its money in three main ways:

- R750 million on setting up a capital subsidy scheme, the IDT's biggest programme, for the development of nearly 100 000 new serviced sites that will accommodate about 700 000 people;
- R102,1 million to the promotion of ongoing development in informal settlements; and
- R46,6 million on the setting up of the IDT Finance Corporation (IDTFC), through which the IDT is developing new forms of housing finance for poor people.

The capital subsidy scheme accounts for just over half of all IDT funds set aside so far. It covers 108 projects, of which nearly two thirds will be new settlements.

The money will pay for the development of serviced sites for a total of 99 800 of South Africa's poorest families. An average cost of R7 500 per site has been set.

With building costs high and incomes low, the scheme puts "ground under people's feet" rather than a roof over their heads.

Housing director Ben van der Ross says the scheme has brought many new actors into the business of providing housing, because of the chance to use IDT funds. "This must increase the country's ability to provide suitable and affordable housing products to the very poor."

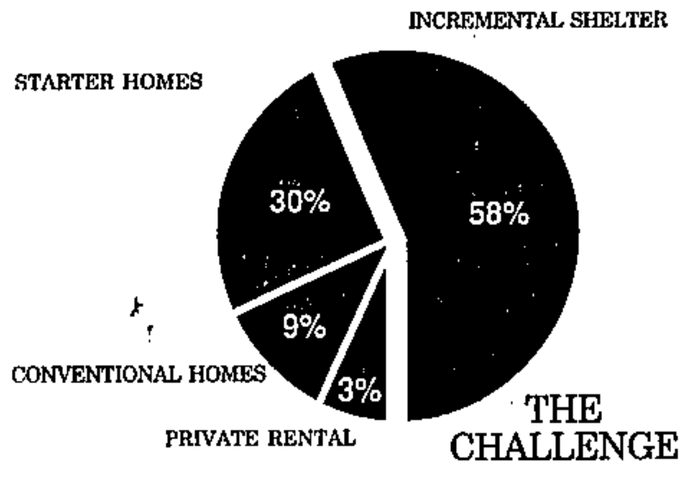
"Secondly, the limits we set have forced many proposers — both the authorities and communities — to accept the need for lower standards in providing services and housing. Thirdly, we know of many cases where previously hostile communities and authorities have cooperated in developing proposals.

"Our conditions for support have also forced many developers to come to grips, for the first time, with the idea of involving the community in discussions about their needs. So, even where applications have been unsuccessful, we feel this experience will influence them positively," says Van der Ross.

The IDTFC was set up in March to make small loans for accommodation and homes to people whom banks and building societies would normally not be able to help. The IDTFC will work through community lending groups, thus offering the additional benefit of helping to set up small community "banks". (See article — "Small loans for the very poor").

Other projects include loans to other agencies in the housing and development field, and the promotion of consumer education and protection services.

The IDT, with the Development Bank of Southern Africa, is also facilitating a national debate aimed at developing strategies for dealing with the problem of single-sex hostels.



The need to move fast...

South 26/9-2/10/91. 339

THE REASONS WHY

Why did the IDT choose a capital subsidy?

Because of a shortage of money, the IDT believes the country has no option but to accept that, in the near future, regrettably many poor people may have to be accommodated in site and service schemes as a first step towards owning their own homes.

The capital subsidy is a means to an end. We felt that it was the best way to go in trying to reach the following goals:

- To help poor people to own property, as a first step towards getting a house.
- Because the demand for housing is greater than present supply, to persuade those who need, and provide, homes to accept lower standards of services. This will make sites cheaper, and available to more people.
- To make access to state subsidies available to all on a more equitable basis.
- To encourage communities and authorities, many of whom were working against each other, to work together to break the development logjam.
- To open the way for communities to become part of the business side of housing development, to make decisions, and to accept the responsibility that goes with that.
- To see that development takes place in such a way that people have proper access to all the benefits of urban life — like jobs, transport and social amenities.
- To encourage the upgrading of shelter and services, the putting in of community facilities, and the setting up there of businesses that create jobs.

What is this capital subsidy and how does it work?

It is a grant of R7 500 to a person who gets ownership of a serviced site. This money is used to pay for the site. If there is any money left over, this will be used either by individuals to help put up dwellings, or to put up community facilities: the communities decide.

Take the upgrade programme at Phola Park squatter camp. The community decided to spend only R4 100 to service each site. This left R3 400 to build or upgrade a house on each site.

Questions are being asked about why the IDT has committed itself so heavily to a capital subsidy scheme in the housing process. Chairman Jan Steyn responds.

How did the IDT settle on this figure of R7 500?

The R7 500 is an average basic cost per site. It covers the cost of putting in services. These must meet certain basic minimum health and safety standards — in running water, sanitation and roads, for example.

How does a person qualify for a subsidy?

You must be over 21, with family or dependants, and earning less than R1 000 a month. You may not have owned housing or land before, and you may not be already getting a housing subsidy from a government department.

There have been several criticisms of the scheme; that the subsidy is too low, or that it's too high, and that it has not given the building industry a "kick-start"... How do you respond?

The level of the subsidy has forced communities and the the authorities to accept the need for lower standards in services and housing. If you consider the huge demand for housing and the scarce resources available to meet it, this has been a very important contribution to the country's effort to do something about the housing backlog.

As for community involvement in decisions on development and upgrading schemes, this is one of the most important aspects of our approach; it is built in. No decisions can be taken without the community.

As for the big picture, we considered a number of ways of using the money but when it came to making a decision, there was still no clear national policy on housing which could provide a proper basis for our efforts. The government had not yet decided on a single housing policy for the country, or on a single, affordable way of subsidising and stimulating the home-building process.

To have disregarded this and gone ahead would have caused more problems later. We would have risked creating "islands of privilege in a sea of poverty".

On the other hand, to have waited until the government had finalised a national policy, would have meant a delay of years — not months — in sorting out some of the awful conditions under which so many poor South Africans have to live.

The government was prepared to accept this particular scheme at this level of subsidy, and that was important. To have introduced anything else that was competitive would have been wrong, even if it were possible — which it was not. There was just no other way to go.

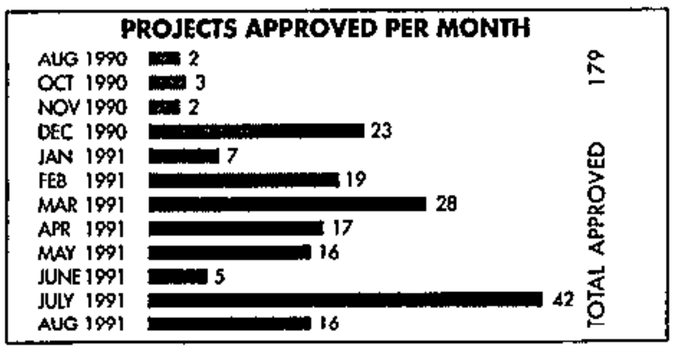
As for "kick-starting" the building industry — something, by the way, which is not part of our responsibility — I'm afraid that by setting the grant at R7 500 per site, not many private companies were even interesting in tendering for the scheme.

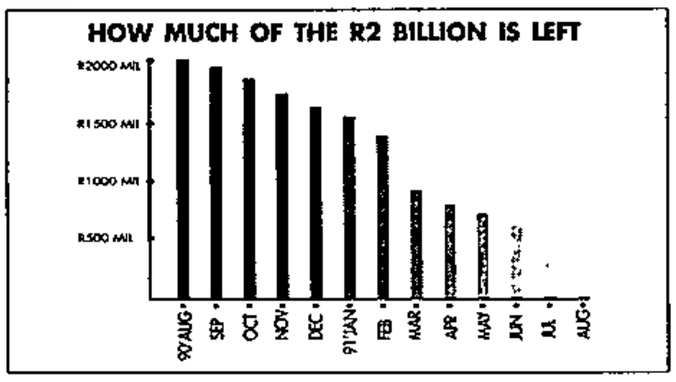
But why this particular scheme? Why didn't the IDT simply give the money directly to the people for whom it was intended, rather than to developers?

The term "developers" can be misleading. Less than 10% of the allocations have been made to what one could call commercial developers. In fact, as I mentioned before, with the subsidy at R7 500, not many private developers are interested. Overall, the programme has given us the chance to support community-based development programmes, and in this way to give even more decision-making power to communities.

How are you monitoring how the money is being used?

We have appointed a team of 40 consultants to check and monitor all developments. In addition, the transfer of land to individuals will be processed through legal conveyancers.





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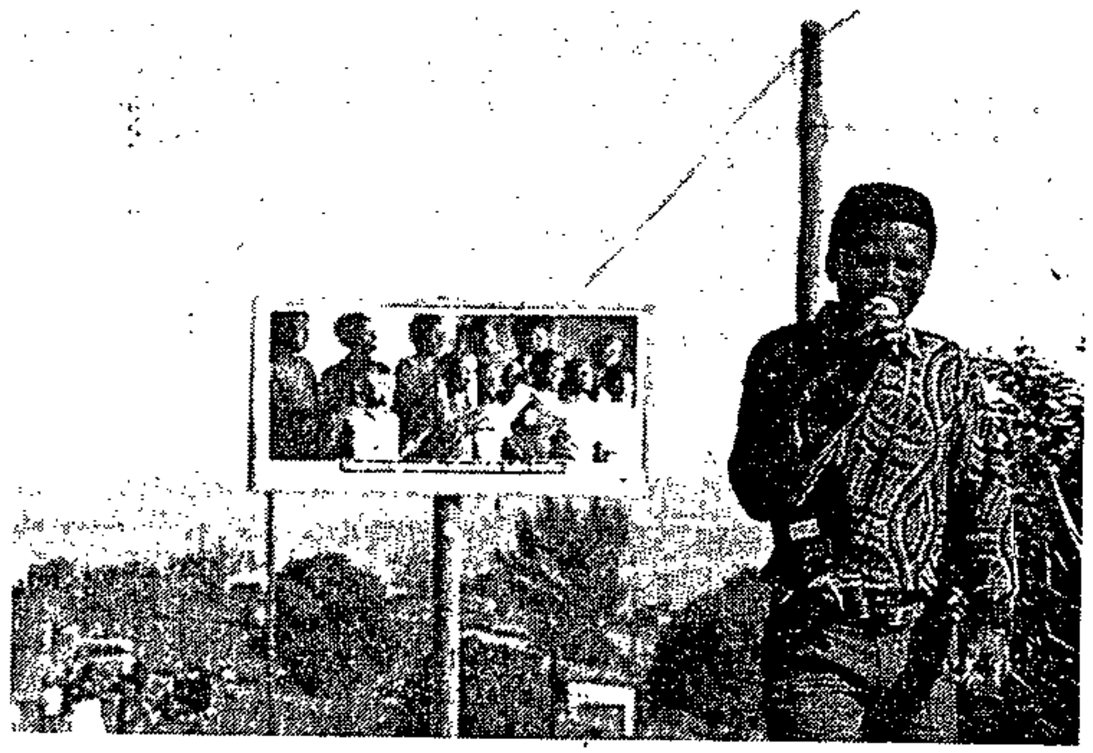

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The New Faces

339
South 26/9 - 2/10/91



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Mabuza stepped down as chief minister earlier this year and now serves as a director of several large companies. He started with the IDT in August and is working from its Johannesburg office.

He will play an important part in the IDT's top-level negotiations, and in its programme of communication with groups and organisations.



PROF WISEMAN NKUHLU is already an IDT trustee. From January 1, 1992, however, he will use a year of sabbatical leave from the University of Transkei, to take up a job as Executive Director: Project Development for the IDT.

He will be working in two of the IDT's main areas of operation, education and health. In education, his main job will be to plan a national programme to set up community learning centres. An important part of this will be the setting up community trusts to run the centres.

In the health area, Nkuhlu will be working on a national programme for building clinics. This programme, and the clinics, will be linked to the IDT's project for building schools.

FUNDS ALLOCATED TO PROJECTS

Housing	R 898 738 044
Education	R 414 814 637
Health, Rural and Community Development	R 135 515 852

A NEED FOR SELF-RELIANCE

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South 26/9 - 2/10/91

The IDT's approach to development strongly emphasises self-reliance — which is very important in view of the rapid and alarming breakdown of black community life, says IDT trustee Dr Mamphela Ramphele.

Ramphele, a sociologist and deputy vice chancellor of the University of Cape Town, says this breakdown can be seen in many aspects of black life.

Families break up. Many people are without jobs, and many others simply do not have the skills to get jobs even if jobs were available. Drugs and liquor are abused. Crime rates soar. Skilled successful people, who set a good example in their neighbourhoods, leave the townships.

Generally, despair grows until people believe they are victims who can do little or nothing to help themselves. Thus they lack the will to come to grips with these tough challenges, says Ramphele.

Ramphele makes two points. First, one finds similar situations among white working class people in Ireland and the United Kingdom. Pockets of this sort of breakdown can be seen in India. And in South Africa these conditions are found among many poor whites.

Secondly, it's not just an economic problem. Other factors include:

- the growing number of people living in the cities;
- how badly off people think they are;
- and if they think they have been exploited, their belief that the government, or the rich, "owe" them a better life.



Dr Mamphela Ramphele

Ramphele calls this "the culture of entitlement", and notes that it has thrived on the huge gap between rich and poor in South Africa.

All of this was made worse by the strategy of "making South Africa ungovernable", which relied on mass mobilisation, school and consumer boycotts, people's courts and other alternative structures which depended on force and intimidation to get people in line.

For "victims", the "victim" image has been an important way of surviving, even though it created problems. But many aid and development agencies, although they meant well, added to the problem by supporting the "victim" approach.

Blacks are social victims of racist policies that deliberately made them poorer and reduced their life chances, says Ramphele. So the argument that they are "entitled" is a strong one.

But the problem of how to make up for these policies is a hard one; the demands are huge, and the resources to meet them limited.

Ramphele also points to the danger of "victims" coming to see society, rather than themselves, as the factor which counts most in improving their situations. Such people have to accept, says Ramphele, that they themselves will have to play a very big part in making a success of their lives.

The IDT and others involved in development must start, says Ramphele, by recognising that black people are still able to respond to properly thought-out plans to help. "This capacity resides in individuals, support groups and organised pressure groups. There are also safety nets which people have developed over the years which can benefit from being strengthened."

A conscious effort to invest in the black community - as a way of breaking with the past — will strengthen these groups, says Ramphele. The aim should be the **development of people**, and those people have to be involved every step of the way.

Choosing strategies and projects that are important symbolically, and that also have spin-offs that produce other benefits, "would go a long way to restoring hope and trust", says Ramphele.

CT 27/9/91

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IDT signs on serviced sites

By BARRY STREEK

THE Independent Development Trust (IDT) yesterday signed four contracts worth R13,7m in the first instalment of serviced sites for low-income families earning less than R1 000 a month.

The four contracts involve 1 827 sites in different parts of South Africa, including a 460-site project by the local municipality at Zwelihle near Hermanus.

The other contracts are a 568-site project by the Zizamele Housing Utility Company at Butterworth in the Transkei, a 628-site project at Tamboekiesfontein Farm by Macsteel (Pty) Ltd near Germiston on the South East Rand and a 171-site project developed by the KwaZulu Finance and Investment Corporation at Kwandengezi Umthimkhulu near Pinetown in Natal.

The IDT's director of housing, Ben van der Ross, said at a press conference yesterday that three more contracts were to signed yesterday afternoon and this morning and he expected 25 to be signed every fortnight over the next two months.

The IDT had received 404 applications for housing projects for its R750m capital subsidy scheme and had approved 108 applications in principle in July.

In terms of the scheme, the trust will pay a subsidy for R7 500 per site as the transfer of land to the individuals takes place.

Ownership of 99 800 sites, all with basic services, would pass on to individuals earning less that R1 000 a month.

One of IDT's trustees, Dr Mamphele Ramphele, said the serviced sites available to the very poor through the contracts exchanged yesterday only made a small contribution to South Africa's housing needs.

"They are the forerunners, however, in a process which we hope will lead to a significant impact on the crisis," she said.

Van der Ross said IDT's consultants had paid close attention to the viability of the developments from a socio-economic standpoint, including assessment of transport facilities, job opportunities and prospects for upgrading.

Apart of technical aspects, one of the criteria was the involvement of the community concerned in the project

● Van der Ross said negotiations were in process for a development at Khayelitsha but said he could not give further details at this stage.

● The IDT this week gave a grant of R6m to the Community Health Association of South Africa (Chasa) for intensive tuberculosis case-hold and intervention projects in the Western Cape.

R13,7-m for 1827 stands

Sowetan 27/9/91 339

THE first four contracts worth R13,7 million between the Independent Development Trust and developers were signed in Cape Town yesterday.

These are for the first batch of serviced sites to be committed to low-income families in terms of the Trust's capital subsidy scheme.

A total of 1 827 sites was included in the four contracts and comprise a 460-site project by the Zwelihle Municipality near Hermanus, 568 sites by the Zizamele Housing Utility company in Butterworth, a 628-site project at Tamboekiesfontein Farm near Germiston and 171 sites at Kwandengezi Umthimkhulu near Pinetown.

Ownership of 99 800 sites - all with basic services - will pass in the months ahead to individuals who earn less than R1 000 a month and have dependents living with them Mr Jolyon Nuttall, IDT director of communications, told a Press briefing.

A subsidy of R7 500 a site would be paid by the IDT as the transfer of the land to the individuals took place.

Dr Mamphela Ramphele, an IDT trustee, said the number of sites made available through the signing of the contracts made only a small contribution to the country's housing needs.

Mr Ben van der Ross, the IDT housing director, said that from 404 initial applications from developers, a total of 108 was approved in principle by the IDT's trustees. - *Sapa*

Development bodies to discuss strategy

(339)

THEO RAWANA

THE Kagiso Trust, the Independent Development Trust (IDT) and the Development Bank of Southern Africa (DBSA)will meet towards the end of next month to discuss how they will work together on development programmes in black townships.

This was said in Johannesburg yesterday by Kagiso Trust national director Achmed Dangor, who had just returned from Brussels where the three organisations met EC officials to discuss their role in development programmes. Business Day 27/9/91

Upliftment of townships over the next few years is seen as crucial if stability is to be achieved in a post-apartheid democracy.

Available to the development agencies are the IDT's R2bn from government, the Kagiso Trust's EC funding which amounted to $40m this year, and further funding which the IDT and the DBSA hope to raise in the coming months on the European financial markets.

Business must tackle the housing crisis



Guy Smith is CE of KPMG Aiken & Peat.

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FM 27/9/91

If SA is to survive the transition to majority rule and become the powerhouse of Africa, some fundamental problems must be put right. Perhaps the most important is the parlous state of housing for the poor.

A recent analysis by the Urban Foundation estimated the current backlog at 1,2m houses — that's 60 000 units a year if it's acceptable to reduce the backlog over a 20-year period. And to handle the projected population growth, another 113 000 houses must be constructed each year. That's a total of some 173 000 houses a year, but the foundation estimates that less than 10% of this is being built now.

The natural reaction is to blame government for creating the problem in the first place and falling short in its resolve to deal with the crisis. This reaction is no doubt justified, but in view of the importance to the country of getting poor people into their own homes, businesses are going to be forced to play their part.

As a businessman, I appreciate the reluctance of companies to invest in this area. By most yardsticks it does not appear to be a good risk because it's possible the loans would not be repaid, the structure could be destroyed in violence, and repossession of the mortgaged property may become unavoidable. But circumstances may demand that investors compromise business principles in the larger interest of the country.

The crucial and urgent nature of this problem was recognised last year by government when it voted R2bn to the Independent Development Trust set up by Jan Steyn. That money has collected considerable interest and R1,25bn is now being distributed. Numerous authorities and developers are being assisted in the development of, among other things, new townships.

In addition, R750m has been earmarked for an ambitious capital subsidy scheme to assist the very poor to acquire sites, serviced with waterborne sewerage, gravel roads and reticulated water. Having gained title to these pieces of land at almost no cost, the new owner, who must earn less than R1 000 a month to qualify, may erect a shack or a properly designed and built residential unit.

The problem, of course, is that if you earn less than R1 000 a month, it is difficult to come up with the deposit required to build a house and, without that, lending institutions will not even consider a loan.

If a company feels it should assist its staff to purchase their own homes, either through subsidising the deposit, providing collateral to a lending institution against a loan or making the loan itself, there are several ways to do this.

For example, the Income Tax Act allows companies to assist an employee to buy a home and claim part of that expenditure as a tax deduction. This also applies to organisations that invest in staff housing schemes that comprise more than four residential units.

The ceiling on the allowances specified in the Act dates back to the early Eighties and has not been adjusted for inflation. Thus, while some relief is granted by this measure, the amounts are hopelessly outdated and should be raised by government.

Another possibility for companies is employer-sponsored cluster townships, which, with the abolition of the Group Areas Act, are now a feasible option. A group of firms — or a single one — earmark a site that is convenient for their labour force. Funded jointly or in collaboration with a building society and/or a developer, a township is constructed with installed infrastructure in keeping with the financial status of the workers.

If a building society is involved, the loans could be guaranteed by the companies through collateral deposits. Employees are sold the homes on a fully bonded basis and could be further assisted through government's First Time Homeowners' scheme and the Loan Guarantee Initiative. Different schemes could be introduced for different income levels.

The benefit of the employer-sponsored cluster scheme is that the risk in building isolated homes in townships prone to violence and payment defaults is reduced. There is peer pressure to conform because defaults would have an impact on those remaining. Further, employees would be encouraged to care for their homes through interacting with their neighbours and the company's involvement.

Companies also could teach employees about home ownership and the necessity of paying for services. The need for this arises from the contrast between white and most black families, for whom possession of title; the right to buy, improve and sell; and the complexities of bond finance are unfamiliar concepts.

Firms that have completed cluster schemes or are studying the concept suggest that a scheme must be developed in consultation with the work force, that it's better to cluster small groups rather than the entire work force to avoid the firm's complete disruption in the event of a protest action and that the position of retrenched or resigning staff members must be clearly established.

The urgency of the housing situation is highlighted by the belief that if the country is to thrive, the economy must be in a growth phase before the transition to majority rule, and that one of the key engines of this turnaround will be massive housing for the poor. The business community ignores this at its peril. The thought that one in four black workers goes home each night to a squatter camp should stimulate the desire to help improve living conditions.

The fact that these good deeds need not be entirely without benefit to the company should weigh heavily in favour of early and generous action.

Foreign aid for SA could double

S/Times 29/9/94

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FOREIGN development aid to SA is expected to double to well over R1-billion annually, with the agreement this week by SA's main three developmental agencies to actively co-operate.

In addition, the chief executive of the Independent Development Trust, Dr Jan Steyn, is in Europe making presentations to bankers of an IDT flotation of a Eurobond, which will take place in November and is already attracting considerable European interest.

Promise

Mr Jolyon Nuttall, director of communications for IDT, said it expected the loan would exceed $100-million (about R280-million).

The aid budget increases are expected from US, European and Pacific Rim countries and aid agencies in the wake of the promise of more effective aid distribution and implementation in SA.

The promise came early this week when SA's three developmental agencies, the Development Bank of SA, the Kagiso Trust and the IDT presented a proposal to the European Commission in Brussels detailing how they proposed to more closely co-ordinate their activities.

It was the first time the IDT and DBSA had met with the EC. Both receive funds from the SA government and the private sector, but are keen to begin tapping foreign capital markets.

By CHARLENE SMITH

The EC had pushed for co-operation between the three groups for some time. SA receives around R700-million in foreign aid each year, most of which, until recently, was channelled to assist anti-apartheid groups.

Achmat Dangor, national director of the Kagiso Trust, said the move would draw on "the financial resources of the IDT, the technical skills of the DBSA and Kagiso Trust's access and experience in working with communities."

Mr Dangor said: "People want to see tangible benefits from the process of peace and some change in their lives. This is a way of achieving that. Development has to transcend political divides, if people are not to lose faith in the peace process."

Rural

Co-operation between the three agencies will initially focus primarily on education and rural problems, especially the provision of infrastructure and job creation.

The developmental needs which are critical to the economic regeneration of the country and future political stability are immense.

A third of the country has no access to clean water, two-thirds has inadequate sanitation, 28-million don't have electricity and infant mortality rates are unacceptably high.

More than a million homes are needed — with only about 20 000 a year being constructed. Urbanisation is among the highest in Africa.

Kagiso Trust receives two-thirds of EC aid to SA, and this year will allocate R80-million to development projects, R50-million of which will go to education, of which 80 percent will go to bursaries.

The IDT, on the other hand was established with a R2-billion government grant, of which around R1,5-billion has already been allotted to a number of community projects such as housing for squatters. Housing is an IDT focus.

The DBSA was established by the government eight years ago and operates on an aid budget of around R1-billion a year.

DBSA's chief executive, Dr Simon Brand, said: "All three organisations agree that we must be careful not to go for spectacular projects, but smaller community-based and directed projects."

The DBSA and Kagiso Trust are both transforming themselves. Kagiso Trust has moved away from funding political organisations, and the DBSA which has homeland leaders on its governing body and board of directors can expect that "when there are changes in SA's constitutional make-up and some of those regions rejoin SA, the nature of that relationship will have to change," Dr Brand notes.

He sees land reform as a huge area of future work: "People should not just be dumped onto land, but helped to develop it."

Although there have been reports of aid cutbacks in Africa, and SA, because of the crisis in Eastern Europe, SA's aid agencies report that the opposite is true.

Mr Nuttall said there was a feeling in Europe that SA should be rewarded for its progress.

All they want is a roof

Star 30/9/91.

The R2 billion fund used to launch the Independent Development Trust is nearing exhaustion. The hunt has started for more cash, reports MICHAEL CHESTER.

NEW STUDIES by the Independent Development Trust show that the Government will need to go on ploughing at least R500 million a year into subsidy schemes to make even a dent in the black housing crisis.

That is the estimate of essential funds needed to maintain the momentum of the black advancement programme launched by the IDT.

Research has revealed that no fewer than a million black families are struggling to survive, with no chance of affording even a simple house plot without subsidisation.

Fresh cash injections will soon become urgent as the first R2 billion runs out. Almost R1,5 billion has already been spent or committed on scores of projects aimed at improvements in many spheres, from housing to education and health services.

Appeals for more funds are now reaching out to international investors. The first cash injection by foreign investors — a significant breakthrough as the IDT spreads word of its dilemma — may be imminent.

Top United States investment banker J P Morgan of New York has confirmed that it will take the lead in seeking a substantial loan for the IDT on the Euromarket.

IDT chairman Jan Steyn has plans to visit London, Zurich and Frankfurt in the next few weeks to seek the support of prominent European bankers and financiers.

Observers have taken note that Mr Steyn has also visited Brussels for talks with top officials of the European Community — no doubt putting out feelers about the chances of more EC funds flowing into socio-economic projects.

The first foray into the international money market will aim to raise at least $100 million (R280 million), and the total could be higher if there is a good response.

"All the signals look good," says IDT communications director Jolyon Nuttall. "We're very optimistic about the outcome. We're busting a gut to find new sources of funds to keep the wheels turning. More money must be found."

The Eurodollars have been earmarked primarily for such projects as new rural water systems, new schools and more clinics.

But IDT housing director Ben van der Ross believes that responsibility for funds to be ploughed into housing subsidies for the poorest layers of black society must be shouldered by the State.

"It would be a total disaster if the Government failed to follow through with pledges of more State funds in the 1992 Budget," he says. "It's going to need repeated injections of at least R500 million a year to meet demand."

The phenomenal dimensions of demand has emerged as the IDT presses the buttons to launch its R750 million scheme to provide homeless families with at least the basic requirement of serviced house sites which they can claim as their own, and on which to build when cash becomes available.

Even seasoned experts have been alarmed by the evidence that has emerged of the scale of poverty.

IDT executives have worked out a basic profile for each homeless family able to qualify for a R7 500 capital subsidy to cover the cost of a small house stand on which they can construct shelter of some sort, and improve on it as and when they can afford to do so.

It is a profile of utter poverty: trying to maintain a family — an average of seven — on a total household income of less than R250 a week.

The IDT was overjoyed to find that the R750 million scheme promised house sites for no less than 100 000 families — meaning about 700 000 people, on the basis of the average size of black households.

The sting has come with discoveries about precisely how many more families fit the profile of impoverishment. Applications have already soared above 640 000 — and new estimates put the potential total as high as 1 million.

"That means the first phase of the programme can reach barely 10 percent of all the homeless families that deserve assistance," Mr van der Ross points out.

"Fortunately, even the most cynical taxpayer knows that it's essential to solve the problem, and feels no resentment about seeing the Government reaching into the State coffers for such an exercise.

"Home ownership is critical to any strategy aimed at breaking the cycle of poverty and giving hope to the poorest and most desperate layers of society at family and community level." □

Black housing help hampered

FINANCIAL institutions would not be able to make contributions to solving black housing shortages until the political situation stabilised, ABSA chief executive Mr Piet Badenhorst said this week.

Certain black homeowners were not making repayments on mortgage bonds because they had difficulty in meeting the higher costs, but there were many who were simply unwilling to do so.

"The normal processes of the law do not operate within certain, unfortunately black, areas," Badenhorst told the three-day retail financial services conference in Johannesburg.

"People refuse to pay their bonds and communities refuse to allow us to evict those borrowers: This would not happen in any normal society elsewhere in the world."

Vacated houses were mostly vandalised, which resulted in substantial losses to organisations that financed the property.

"There are areas where the sheriff of the court cannot enter to carry out the normal process of the law," he said.

SOWETAN
Building the Nation

DRC FOCUS

Call for a new policy on housing

Sowetan 3/10/91

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By JOSHUA RABOROKO

A CALL has been made for a body to initiate national policies for housing development and finance.

It was made by Mr Peter Hibbit, divisional director of Nedperm Management Services, in an address to the first International Retail Financial Services conference in Johannesburg this week.

Speaking on risks and opportunities in housing finance markets, Hibbit pointed to the way in which his company had been able to work with people in the community to develop a holistic housing policy which met residents' needs in a development near Benoni.

"This project was seen as a partnership between the community, the public and the private sectors, and was not seen simply as a housing development but rather as a development of a community."

"This process of identifying the community's needs and incorporating them into the total development plan has not been part of traditional housing development, but in the emerging market it is essential," Hibbit said.

While it was a radical departure from the past, it was essential if financial institutions were to "profitably address the housing crisis".

Change

Attitudes of homeowners also had to change in the emerging new South Africa.

"At present there is very little, if any respect for authority and the institutions of society. The social fabric of many of our communities has been so damaged that anarchy reigns.

Housing should have priority over fiscal policy

By Frank Jeans (339) Star 4/10/91

As housing is the No 1 priority for South Africa — the nub of so many social issues — all other policies, fiscal and otherwise should be subordinate to this key sector.

This is the view of Tony Leon, MP for Houghton, who spoke at a debate in Sandton yesterday on VAT and its implications for the housing industry organised by Gavin Hardy, executive director of the housing division of Murray & Roberts Construction.

While recognising VAT as a better tax collection system, Mr Leon said it was modelled on that of New Zealand's with its comparatively low rate.

"Unfortunately, with all her volatile circumstances, South Africa is not New Zealand and the lessons of this country were not taken into account in applying the new tax," he said.

The Houghton MP has no doubt that if housing had been zero rated in the tax system, there would still be "just as much antagonism towards it".

Referring to the adverse effect the new tax will have on low-income households, Noel Ayers, financial director of M&R Housing, said a R43 a month addition to the average R800-a-month collective earnings of the estimated 7 million shack dwellers in the country might not seem much in white living terms but it was a major problem for blacks.

"Transport, food and housing should all be zero-rated," said Mr Ayers.

Conceding that there would be certain problems in the transitional phase of VAT, Len Geyser, of the Receiver of Revenue, pointed out that the building industry had enjoyed unfair advantage over other industries under the GST system.

Only a portion of the building industry's costs, ie materials were subject to GST, whereas other industries paid that tax on a larger portion of cost.

On the question of all costs the builders were now on a par with other industries.

Commenting on the confusion surrounding the VAT system, Mr Hardy said developers were now "throwing their hands up in despair" and might unwittingly take the easy way out by charging full VAT to avoid all the complications.

"This, in turn, would inevitably be costly to the consumer," said Mr Hardy.

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HOUSING (B) (339)

Breaking new ground

FM 4/10/91

The Independent Development Trust (IDT) has broken new ground in the relationship between developers and communities. The R750m capital subsidy scheme gives low-income families access to serviced sites and basic shelter.

Consultation and agreement are key words in the planning and allocation of nearly 100 000 serviced sites, says IDT housing director Ben van der Ross. The sites will pass to new owners over the next few months.

Contracts for the first batch of sites were signed in Cape Town last week. A subsidy of R7 500 a site will be paid by the IDT on transfer. The scheme is available to heads of households over 21 years old, who have dependants living with them and an income of less than R1 000 a month.

The signing marked the culmination of a massive selection process. When applications closed at the end of May, 404 proposals had been received.

Development consultants Colin Appleton (formerly of the Urban Foundation) and Ian Palmer (ex-Development Bank of Southern Africa) then channelled the applications to teams of consultants in nine regions where sites had been allocated. Within four weeks, the regional consultants had investigated the applications and, in many cases, made recommendations.

In July, IDT trustees approved in principle 108 applications involving just on 100 000 sites. The developers included local authorities (37%), community trusts (34%), utility companies (20%) and private companies (9%). Between 600 000 and 700 000 people are expected to live in the houses which will be built on the 100 000 sites.

Funds are allocated by region after assessing current population and projected growth. According to Van der Ross, 66% of the applications are linked to city environments and 34% to smaller towns. The majority — 65% — are new site-and-service projects, the rest are proposals to upgrade existing informal settlements.

The biggest allocation of stands is in the PWV area (32 700) followed by the eastern Cape (13 000), western Cape (9 000), OFS (7 300), eastern Transvaal (5 200), Natal-KwaZulu (5 000), western Transvaal (4 000) and northern Cape (1 200).

In deciding the final awarding of contracts, special attention is given to the degree of community participation in decisions related to the proposed development, says Van der Ross. The socio-economic viability of a project — including transport facilities, job opportunities and prospects for upgrading — are also important.

If the cost of sites is below R7 500, the new owners can decide either to use the balance to start building houses or allocate it to the building of community facilities such as crèches or clinics.

Van der Ross says while the IDT's scheme represents a substantial effort to tackle the housing problem, the 100 000 sites it will provide comprise only about 10% of the overall need and it is essential that the State follows up the IDT's actions.

The IDT scheme is not intended to relieve government of its responsibility to provide subsidies for housing. It, nevertheless, acknowledges the scarcity of State funds and believes it is essential to show SA's poorest people — quickly — that tangible changes for the better are taking place.

Earlier this year, IDT chairman Jan Steyn said that while the subsidy scheme could never hope to meet the massive backlogs in housing, it was a start that would give at least 100 000 households the prospect of upward mobility. ■

PRIVATE-SECTOR SUBSIDIES MOAN

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Times (Buss) 6/10/91.

By DIRK TIEMANN

PRIVATE-sector construction companies are accusing the Independent Development Trust of bias toward the public sector for the R750-million capital subsidy scheme to develop 100 000 housing sites.

Group 5 chairman Peter Clogg says private-sector applications were more than R750-million in value, most of which were turned down.

Mr Clogg says the regional services councils and the provincial administrations were given preference, though they would probably have to tender to private companies anyway to do the job.

Costs

He says channelling work through such state bodies can incur unnecessary extra costs.

Mr Clogg says the IDT could have saved a lot of time by building on sites that the private sector has already developed, but were not able to sell. Instead it is going to the trouble of developing new sites.

Stocks and Stocks chairman Reg Edwards says the private sector has so far not been given any business by the IDT.

But IDT executive director Michael Ridley says private companies have no reason to complain because they stand to get R300-million of civil work out of the R750-million site-development scheme.

He says the private sector has not shown much interest in tendering for the scheme because profitability is limited in relation to the risks involved.

Mr Ridley says 404 applications were received for the R750-million, but only 11% was from the private sector, and 9% of this amount was approved.

Public authorities will handle 37% of the total business, community trusts 34% and utility companies 20%.

Mr Ridley says: "We will neither favour nor disfavour public companies in any way. Certain limited urgent contractual appointments were made by bodies funded by the IDT in the past, but these were confined to emergencies only."

Black housing summit needed

Star 9/10/91 339

The eagerly awaited De Loor Commission proposals on national housing policy are expected to be handed to the Cabinet within a few weeks. They are likely to lead to a summit to bring all sides together for a rethink on the crisis, reports MICHAEL CHESTER.

THE IMMINENT release of the findings of a special commission assigned to probe the black housing crisis has raised the possibility of a round-table summit aimed at a radical rethink about solutions.

Pressure for a summit is expected to be triggered by a whole new package of proposals compiled by the commission, which intends to spell out how to reshape the national housing policy.

Former Director-General of Finance and Auditor-General, Joop de Loor, hand-picked to head the commission because of his no-nonsense attitudes, says the full report should be completed and handed over to the Cabinet in the next few weeks.

Added urgency has been given for Cabinet action by recent biting criticism from the World Bank about the lack of cohesion in Government policies on housing.

Details of the commission's recommendations remain a close secret, but there are forecasts that the playback will cause a fresh tidal wave of concern about the urgency for a full-scale master-plan for new initiatives.

Latest disclosures about the extent of the problem have come from the Independent Development Trust (IDT), which was launched with a R2 billion grant from State funds last year to assist black socio-economic advancement.

Its most recent estimates have put the number of homeless black families struggling to survive on less than R1 000 a month as high as 1 million.

Insiders insist that only a non-political summit — approved by everyone from private-sector home builders to the destitute homeless black families themselves — holds much chance of convincing all sides about the prospects of ultimate solutions.

In the absence of agreement about overall strategies, they say, progress has been bedevilled by bickering behind the scenes about the allocation of funds.

A growing number of them believe the most reasonable solution may be a round-table conference to bury the hatchets and set course on brand new strategies that could co-ordinate all potential resources.

One of the top favourites mentioned as an ideal neutral to act as arbitrator is the Development Bank of Southern Africa.

"It's an obvious first choice," says one observer. "The DBSA stands outside the political arena and has the ear of everyone across the whole spectrum.

"Moreover, it has the resources to map out the entire short and longer-term economic scenario to ascertain the batting order of priorities.

"Who else is better placed to be the conduit for all the funds needed to tackle the housing crisis — whether from here at home, from the public and private sectors, or from overseas investors who would be a lot happier about ploughing cash into the exercise if they were able to see who was in command of allocations?"

The prospective role of the DBSA has been spotted in its inclusion in a number of recent discussions between such players as the IDT, the South African Housing Trust (SAHT) and the Urban Foundation.

All are known to be equally enthusiastic in their search for solutions to the black housing crisis.

There are dozens of other players, too. The missing element, according to insiders, is agreement on how to tackle the issue.

One instance of discord is about the precise shape of the R750 million subsidy scheme launched by the IDT to provide at least a serviced house site fitted out with basic services for low-income black families on total household incomes below R1 000 a month.

The IDT vigorously defends its scheme on the basis that it gives no fewer than 100 000 impoverished families the chance to own their own land — with the opportunity to build a dwelling on it, whether a shack or a conventional home — when finances allow. Each plot will carry a subsidy of R7 500.

The IDT is well aware that R750 million would cover only about 10 percent of all the families who qualify for consideration. But it argues that it's a realistic start.

On the other hand, Johan de Ridder, general manager of the development division of the SAHT, argues that the IDT is on the wrong track by channelling the subsidies through site development companies and fastening the subsidies to specific schemes.

He sides with arguments forwarded by the World Bank that subsidies should be handed directly to each homeless family that qualifies — to be spent on some form of shelter of their own choice.

"We believe there should be more freedom of choice about where a family wants to settle — depending on where the breadwinner can find a job, selecting the location, deciding about what next-door neighbours he wants to live with, and the sort of shelter it can afford.

"What also worries us," says Mr de Ridder, "is the obvious risk of rows and bothers between one family that proves its joint income is below the cut-off level of R1 000 a month and the next family that fails to qualify because its combined income is R1 001."

Executives at the IDT counter with a vigorous defence of their scheme.

They insist they have done their homework with community leaders and are convinced of the merits of their scheme.

IDT communications director Jolyon Nuttall and housing director Tom van der Ross say they have considered the option of handing subsidies to homeless families for them to spend as they like. And they have rejected it as totally unsuitable to circumstances in South Africa.

They stick with their own approach as the most viable — so long as the programme is pursued, which may need another R500 million a year from State funds.

"An urgent rethink is needed," says SAHT managing director Wallie Conradie.

"Housing development by the private sector is grinding to a halt as home builders withdraw from the market to escape problems with waves of unrest and the risk of bond boycotts and similar snags caused by the lack of planning to provide signposts to solutions." □

Demand for homes by black families (1990 - 2000)

- Current backlog (1990) — 1 200 000 homes
- Projected new family formation 1990 - 2000 — 1 130 000 homes
- Annual demand — 174 000 homes
- Estimated supply — 25 000 homes

UF plan on education

By PHANGISILE MTSHALI

THE Urban Foundation believes more debate on the reconstruction of education is needed before proposals from the Education Renewal Strategy are ratified.

This was the response by the newly-formed UF Education Policy and System Change Unit, called Edupol, to the Government's ERS document this week.

Edupol said: "While management concerns in the ERS deserve attention, a major opportunity will be lost if the recommendations are implemented without responding to the widely felt need for a more fundamental debate."

Important role

While the UF recognised the important role of education managers, the perceived illegitimacy of the present system made it necessary to start a forum which represented all key players in education.

The Edupol three-man team found that none of those consulted rejected education authorities' rights to participate in an independent forum, but many would be unwilling to participate in a forum controlled by the present authorities.

State urged to play housing role

WILLIAM GILFILLAN

HOUSING in a developing country was of strategic and national interest and the involvement of the state in the supply of housing could not be avoided, Bester Investments executive chairman Theunis Bester said in the company's annual report.

He said this applied specifically to the new SA, where housing had become a highly emotive issue. He predicted that the state would have to get involved to a greater extent.

The current substantial backlog in the supply of housing to the middle- and lower-income groups was growing rapidly because of influx to metropolitan areas and natural population growth.

But houses were not being built to meet this need because of the current unfavourable economic, social and political conditions. B/Day 11/10/91

Bester lamented that, as a result, the construction industry was in a position where it had surplus capacities and was battling to survive because of lack of work in the midst of a housing need of crisis proportions. (428) (339)

Despite retrenchments being a last resort, the substantial staff reductions of the past year would continue to take place, he said.

The group posted losses of R10,7m for the year to February. Losses in the previous year were R1,3m. Bester said that further losses could be expected for the current year.

ies are briefly highlighted below.

International tax expert Richard Bird, reflecting on the experience of tax re- [illegible] (rightly or wrongly) that the sharply progressive "global" personal income tax that once constituted a key instrument in the tool kit of every [illegible] in examining recent tax reform in 10 mostly middle income countries all over the world. He notes more generally that much less emphasis is currently being placed on

IDT speeds up spending

ST Times (Bus) 339
13/10/91. By DIRK TIEMANN

THE INDEPENDENT Development Trust has allocated about R1,6-billion of the R2-billion it received in June 1990, while only R256-million has actually been spent. Spending will accelerate when the 160 projects currently under way are completed. A huge cashflow is expected and the R256-million figure should treble by the end of the year.

Executive director Michael Ridley says not too much importance should be attached to the small spending figure because "many of the grants made are phased in specifically agreed instalments".

The July 1991 figures indicate that R898-million has been allocated to housing, R442-million to education and R236-million to health, rural and community development.

Of the housing allocation, R750-million was set aside for a capital subsidy scheme for 100 000 sites at R7 500 a site. Four contractors will develop the first 1 827 sites.

The R750-million is expected to be out of IDT hands by the end of November.

Public authorities and parastatals will develop 37% of the 100 000 sites. Community trusts will handle 34%, utility companies 20% and private developers 9%.

Of the 404 applications to participate in the R750-million site development, only 11% were private.

Mr Ridley says site development is simply not attractive to private developers "but expect greater private contractor involvement in the civil engineering".

The IDT does not award contracts but funds agencies, which then do the contracting, subject to certain criteria, such as competitive pricing, maximising the spread of spending and maximum use of local labour.

Although the money spent to date looks puny, the IDT regards money that has been allocated as "spent and forgotten," says Mr Ridley.

Using this criterion, the IDT has almost run out of money. The intention was originally to gear the R2-billion received from government with as much private money as possible. So far, R600-million has been pledged.

Mr Ridley says none of these funds will be received by the IDT directly. "But we expect to collaborate and achieve synergy with the private fund." The money goes into a fund chaired by ex-Barlow Rand chairman Mike Rosholt. The IDT is still negotiating the terms of a foreign loan of more than $100-million.

Govt to back IDT bond issue

BANGKOK — SA's government would give its guarantee to a planned Eurobond issue for the Independent Development Trust (IDT), Finance Minister Barend du Plessis said yesterday.

"We are exploring the possibility of supporting a loan for the IDT. If guarantees are required then we will certainly be willing," he told AP-DJ.

Du Plessis, in Bangkok for the joint annual meetings of the IMF and the World Bank, said foreign bankers and officials had in private meetings expressed interest in SA's economic development and future borrowing plans.

The IDT issue will be SA's second recent borrowing on the international capital market, with a DM400m bond led by Deutsche Bank that was more than two times oversubscribed.

Du Plessis said SA's credit rating remained solid, thanks partly to the country's balance of payments surplus over the past six years, and to very rapid restructuring efforts.

The Minister said SA had an "ongoing need" for external financing, particularly for infrastucture and social housing projects. "It's very important for us to maintain the impetus of improving the lot of the poorest sections of our community."

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IDT

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He noted that SA's total foreign debt had ebbed to only 70% of annual export receipts, compared with 127% in 1985.

There were no plans to discuss eventual borrowings with IMF staff in Bangkok or an eventual normalisation of relations with the fund. The South Africans would discuss their technical relationship with the fund.

Observers said SA might be preparing the ground for an IMF-approved adjustment programme for the day when normal relations between the country and the fund resumed. Although it was a founder member of the IMF, SA had not been able to borrow from the IMF since the US imposed sanctions five years ago.

SA is now keener than ever to persuade Congress to repeal its Gramm Amendment, which forces the US to vote against any IMF loans to SA.

Du Plessis pointed out that SA did not need financial assistance from the IMF as the country had a balance of payments surplus. But the surplus had had a price in terms of growth.

SA planned to lift most of its foreign exchange controls once normal relations were resumed, Du Plessis said. Government would probably keep the administrative structure for the financial rand until stability was achieved.

"It's obvious that there will be an outflow the moment you abolish (the exchange controls) because of the debt standstill that still affects some $6bn," he said. Du Plessis believed that although there would be a big outflow of capital once the controls were abolished, this would be offset by an inflow of foreign capital.

VWD reports that a senior World Bank official said he could not foresee a time when SA would become a borrower from the bank. Wilfried Thalwitz, vice-president for policy planning and research at the International Bank for Reconstruction and Development of the World Bank, was responding to questions on the prospects of IBRD assistance to SA. He and other officials said there was little likelihood of SA qualifying for loans from either the World Bank or the IMF.

● Comment: Page 14
● See Page 15

...rejecting the idea that men should ...main all-powerful.

Setback to investors over ANC stance

339 ARG 16/10/91

NEW YORK. — J P Morgan & Co Inc may cancel a meeting planned for today with potential investors in a $100-million (R250-m) South African bond issue due to worries that the ANC may oppose the deal, a company spokesman said.

The bank had thought it had the support of the African National Congress, but the organisation might have changed its mind, the spokesman said.

The Independent Development Trust, a non-governmental agency, had the financial backing of the South African government for the bond issue and planned to spend the proceeds on public works projects, he said.

J P Morgan was supposed to meet with international institutional investors and various officials of the IDT, including its chairman, former Supreme Court judge Mr Jan Steyn, to discuss the bond.

Last month the ANC opposed a $400-million Eurobond issue by the South African government. In spite of the opposition the bonds sold swiftly.

J P Morgan officials say that, unlike last month's bond, the IDT bond will not directly benefit the South African government and would be spent on projects such as schools, water projects and health care mainly for blacks.

The bank said it did not believe this bond violated international sanctions. — Sapa-Reuter.

Call to zero rate housing

Sowetan 14/10/91

339

VARIOUS political groups, trade unions and business organisations have made the suggestion that property purchases should be zero-rated for VAT and payment of bonds should receive tax relief. Sowetan 17/10/91

By JOSHUA RABOROKO

Camdon's Group managing director, Mr Scott McRae, put forward the suggestion on the basis that housing was an essential commodity which should not be taxed and pointed out that the homeowner is "reeling" under the onslaught of increased bond interest rates, double-digit inflation, high taxation, and the imposition of VAT.

Massive industrial and protest actions are looming countrywide following altercations between the Government, trade unions and political organisations regarding VAT.

The groups have requested the Government to zero rate various items, including basic foods, water, electricity, medicines and medical supplies.

They have also demanded negotiating satisfactory poverty relief programmes; provisions for small business not be prejudiced by VAT; end to unilateral economic decision-making by the Government and big business; establishment of a jointly agreed forum for socio-economic restructuring through negotiations.

McRae said the decision by the institutions to increase mortgage rates again was dismaying. Bank profits were excellent right now and the hard-pressed homeowner would find it extremely difficult to reconcile that fact with the need to increase his bond payments yet again.

He said: "Abolishing VAT for property purchases would provide a hefty 'kick start' for the economy by boosting the property market and the construction industry with its massive employment potential, and creating demand for a multitude of service industries.

"The VAT concessions announced by Minister of Finance Barend du Plessis last month would provide temporary relief for the homebuyer.

"However, thereafter VAT would be charged at the full rate of the new 10 percent level announced by the Government.

"Originally VAT was set to 12 percent. The reduction to 10 percent is therefore a concession in itself. But the case for eliminating VAT completely is very strong.

"An economist will almost certainly tell you that any revenues lost to Government by way of VAT will be more than made up by the stimulus to economic activity that will follow.

"While the Government slice of each individual piece of VAT cake will be smaller, the cake itself will be larger. Just as importantly, the move would stimulate employment and possibly even help defuse unrest."

He noted that in granting the VAT concessions, the Government recognised the importance of providing housing and of assisting contractors and homeowners.

He said: "This may signal a change of attitude in the Government where, in the past, there has been at best, indifference to the worsening plight of the homeowner. But I would now call on the Government to take the concessions to their logical conclusions and make them general and permanent."

ANC accuses IDT of misinformation

LONDON — The Independent Development Trust (IDT) has run into a storm of controversy over its proposed international bond offering.

AP-DJ reports that the ANC, which had previously raised objections to the planned $100m five-year issue, yesterday railed against both the IDT and its underwriter, J P Morgan Securities, for issuing a "bogus" joint statement.

The statement characterised the ANC's disapproval as merely a "misunderstanding" which the ANC and IDT "are convinced ... will be resolved".

In a news release, the ANC said its objections had been made clear in a letter to J P Morgan officials the day before "with a request that it be brought to the attention of those attending the (media) presentation in London".

"The ANC, therefore, calls on the IDT and J.P Morgan to explain their action and motivation in seeking to mislead the world by issuing this bogus statement."

The ANC has supported the IDT's aid for housing, education and health programmes for poor South Africans.

But the original ANC statement on Tuesday said that, though the ANC "is not opposed to the IDT's efforts to raise money ... in the form of grants, (that support) is not an endorsement for the IDT to raise loans on the financial markets".

The ANC has maintained opposition to any foreign aid and international capital raising by the SA government.

Two weeks ago, ANC secretary-general Cyril Ramaphosa said the organisation might re-evaluate loans made to the present government.

In its statement, the ANC said "the granting of loans to the IDT will undermine financial sanctions which remain an important part of the sanctions campaign against apartheid".

SIMON BARBER reports from Washington that initial opposition was voiced earlier by Ramaphosa, who went as far as asking the US sanctions movement to deter the bank from lead managing the Eurobond issue.

In response, the American Committee on Africa (Acoa), a UN- and privately financed lobby that acts for the ANC, issued an "action alert" calling on state and city governments to "make clear to J P Morgan that it risked losing their business".

Sisulu puts IDT bond issue back on track

B|Day 18|10|91

(339)

LESLEY LAMBERT

THE Independent Development Trust's effort to raise $100m on international bond markets was back on track yesterday after a flurry of contradictory ANC statements and news reports.

The campaign came under strong pressure when the ANC's London office rejected a joint statement which described the organisation's earlier disapproval of the bond issue as a "misunderstanding".

At one stage it appeared the IDT's foreign underwriter J P Morgan would withdraw because of the unwanted attention the bond issue was attracting.

But spokesmen from J P Morgan and the IDT confirmed yesterday that the joint statement was valid and that presentations to drum up foreign support for the five-year issue would continue.

An IDT statement said ANC deputy president Walter Sisulu confirmed yesterday the joint statement that the ANC's London office had previously rejected as "bogus". Sisulu faxed the confirmation to IDT chairman Jan Steyn in Frankfurt, the venue of one of the presentations which went ahead yesterday.

The confusion appears to have arisen as a result of a statement issued by the ANC on Monday. The statement implied the IDT was passing off the ANC's endorsement of IDT trustee Mamphele Ramphele's inclusion in the capital-raising campaign as approval of the campaign itself.

The statement said: "The ANC is not against the IDT's efforts to raise funds for its projects from funders who are prepared to donate funds. But the letter (endorsing Ramphele's inclusion) was not an endorsement for the IDT to raise loans on the stock market through the issue of bonds. The issue of bonds and loans . . . will undermine financial sanctions which remain the most effective pillar of the sanctions campaign against apartheid."

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J P Morgan is the first US bank to support an SA capital raising exercise since President George Bush repealed federal sanctions laws.

The IDT, which had canvassed and received the support of ANC president Nelson Mandela, then issued the joint statement with J P Morgan in which it said the ANC's disapproval was based on a misunderstanding which would be resolved when the IDT delegation returned to SA.

Confusion reigned yesterday as the statement was rejected by the ANC's London office as "bogus" and later confirmed by Sisulu — but not before a US news service reported J P Morgan had, in the meantime, withdrawn its support.

Steyn said from Frankfurt yesterday he was distressed and concerned at the miscommunication within the ANC's ranks and the potential for damage to J P Morgan, the IDT and the ANC leadership.

"The IDT would never have embarked on an international bond issue of this kind without the support of the leaders of all concerned parties. Support was explicitly canvassed and received from Nelson Mandela, Chief Minister Mangosuthu Buthelezi and President F W de Klerk."

● See Page 3
● Comment: Page 10

VALUE-ADDED TAX

Informal secror endgame

The VAT stick which is being used to beat government also looks set to give the low-income housing market a pasting. Even without this, the sector — regarded as a priority for those who envisage the future SA as a property-owning democracy — is all but crumbling at the foundations.

DP MP Tony Leon points out that at Khayelitsha in the Cape Peninsula, for example, which he visited recently, there were 12 homebuilders in the market a year ago; but now there are only two. The significance of the withdrawals is that they were pre-VAT. Given the volatile situation, the tax will make things even more difficult.

He comments: "Without a satisfactory solution at the bottom end of the market, we just won't be able to build high enough walls around top-end homes to make them safe."

According to Independent Development Trust Finance Corp figures, there is a 1,2m black housing backlog with an additional 1,1m homes needed this decade. That translates into an annual demand for the construction of 174 000 houses between 1990 and 2000. But only about 25 000 dwellings are being built each year.

To cap it all, says Gavin Hardy, chairman of the National Association of Home Build-

ers (NAHB) and head of Murray & Roberts Housing, VAT is adding another nail to the coffin of the housing industry — both from a contractor's viewpoint and for the country's estimated 7m shack dwellers.

Ironically, he says, measures taken to ease the building and property markets into the VAT era through a gradual phasing in have created a virtually unworkable situation for contractors. "Inland Revenue has provided guidelines on the phasing. But it is so complex that we, as a large organisation with the resources to do it, have qualified chartered accountants employed to decipher them — I don't know how smaller companies are managing. An unworkable number of permutations can be worked out from the matrix.

"VAT may well be a better system of tax collection but if the methods introduced to facilitate this are impractical it all comes to naught," he says.

But if VAT makes things difficult for home-builders, M & R Housing's Noel Ayres believes it makes home ownership well nigh impossible for the country's millions of shack dwellers, euphemistically known as the informal housing sector.

Based on an Eskom survey of 260 households at the Orange Farm settlement outside Johannesburg, the approximate household income is R770 a month. Even at this level, Ayres explains, home ownership, coming to an average of around R5 000 a dwelling, needs to be financed. Prior to the introduction of VAT, this required a deposit of R750 or less with monthly instalments of just over R148 over four years.

He estimates: "VAT will add nearly R15 to these costs — which may not seem much. However, when one considers that this is roughly 2% of the take-home pay and many households are already living beyond their means (see cost of living table)."

The cost of living for these families is also being pushed up by VAT.

Leon stresses that he doesn't want to bash government over VAT. Zero-rating housing would not wipe out antagonism to VAT, he feels: "There are people looking for a cause of war to maintain mass mobilisation and protest. Government, through VAT, has unwittingly handed them the ammunition. "

Nevertheless, he's convinced that the country's first priority is the provision of affordable housing. This should be reflected in fiscal policies.

Leon adds: "Government identified export-driven growth as a priority — hence the treatment of VAT on capital goods. That was making an economic policy and giving it physical effect. It must try the same with housing if it hopes to establish the commendable goal of a property-owning democracy in SA. To do so, it must tailor all other considerations, fiscal policy included."

While Hardy and Leon may well be pleading for special interest groups, there is little doubt that the low-cost housing is a political flashpoint which needs addressing along with other critical political and economic issues. ■

Shaky foundations

There are seven million shack dwellers in SA
Each shares his home with six to nine others
Total income per shack averages R800 a month
which is spent as follows:

MONTHLY BUDGET	R	VAT could add 5%
Taxi, bus and train	200	15
Food (R1 a person a day)	300	15
Repayment on house over four years	163	15
Clothes	50	-1,32
Drinks, tobacco and sundry	50	-1,32
School fees and related costs	15	1,50
Fuel, coal and gas	45	-1,19
Doctors' bills	10	1
Church donation	5	-
Stokvels/Funeral	20	-
	858	43,67

Region well placed to cash in on growth

B/Day 21/10/91

CAPE Town and the western Cape economy is well placed to take advantage of growth strategies adopted by government, says Western Cape Growth Organisation (Wesgro) executive director David Bridgman.

He says a mix of strategies, including redistribution and export promotion, will be necessary to stimulate growth, and the western Cape's economy straddles both areas.

"On the one hand, the region's traditional strengths in agriculture, fishing and food processing, coupled to its strength in clothing, footwear and furniture, result in it supplying those products in demand by poorer people as they become better off.

"On the other hand, the region's traditional base in trade, coupled with its emphasis on light manufacture and value added products which can absorb the cost of transport up to the PWV market, mean it produces goods more easily exported.

"Many local producers will recount that it is cheaper to transport their products to Europe or South East Asia than to Johannesburg," Bridgman says.

Artisan labour also has the skills needed for a quality conscious export market.

"On top of all this, the region enjoys an opportunity to sell a broad range of its products and services not easily exported through its growing tourism sector."



DAVID BRIDGMAN

Bridgman says the effects of this scenario have already been felt, leading to the better performance of the metropolitan Cape economy compared to other SA cities.

"Many believe the diversity of the Cape economy and its ability to serve SA's twin economic imperatives of redistribution and exports will cause the regional economy to outperform that of the nation during the '90s."

Housing backlog is cause for concern

B/Day 21/10/91 (339)

HUGE backlogs in housing for the lower to middle income groups in the coloured community are not being addressed because of the exclusive attention being given to squatter housing, says Cape Town City Council's housing committee chairman Neil Ross says.

"People are streaming into Cape Town from the Ciskei and Transkei and they tend to get preferential treatment in terms of housing, whereas people who have been established here for a lifetime are not getting the treatment that is necessary," Ross says.

"The need for housing in the coloured community is enormous, but because coloured people don't live in squatter camps, this need is not being addressed.

"Yet in every housing estate there is a squatter settlement within the housing estate itself. People are living in shacks in the backyards."

The waiting list for council houses — only a rough indicator of demand — is running at about 40 000.

The situation has become so hopeless that people don't even bother to put their names down on on a list which requires a waiting period of about eight to 10 years.

This year the council asked the state for R67m for housing, but only received R17m and has only built about 200 houses.

Last year, R54m was granted.

The council's application for finance in terms of the IDT's R750m capital subisidy scheme was unsuccessful.

Ross says another sad aspect of the housing situation is the failure to build rented accommodation.

Poorer people need rented accommodation, rather than owning their own, he says.

TOWNSHIP DEVEL

PROPERTY AT DURBAN



Straw bricks for housing

THEO RAWANA

HOUSES built of straw have been proposed as a solution to the urbanisation crisis in SA.

An entrant in the Audi Innovators for the Environment programme, Len Bestele, has told organisers he has devised a way of using waste products such as straw, sawdust and maize stalks to produce strong, lightweight bricks and paneling.

Audi says in a statement the invention involves waste materials being bonded with cement and compressed to form bricks, panels and even window frames.

"Waste found on site can be used and the process does not require skilled labour.

"Pyrosil bricks have been successfully tested and approved for thermal conductivity, fire resistance and compression strength by the CSIR and SABS," says the statement.

The Pyrosil building system has already been used in family homes in Mauritius.

The house parts can be packed into containers and assembled in five days, Audi adds.

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arks fly
:r low
:ctricity
:ounts

:ANN van RENSBURG
:porter

TOWN City Council will :e only send estimated :ity accounts in excep- cases after a wave of aints about huge bills fol- "artificially low" esti-

:re estimates would be scientific, said deputy lectrical engineer Mr :i Munro.

:ial offices have been set Mitchell's Plain and Ath- :ctricity depots to help r queries arising from ost recent round of ac- The offices are connect- ectly by computer to cen- :counting for on-the-spot :rs.

: service is to explain to that, because of the wet :r which prevented me- aders going around on estimated readings had taken over a period of onths," said council PRO :d Doman.

SUMMER

estimates were based on mmer reading which the amount was artifi- low. People could make ries by telephone or di- at either of the electric- pots, Mr Doman said.

:h case would be treated :it and in "a professional understanding manner", deputy city treasurer Mr Lever.

ut 70 people came to the hell's Plain depot with laints on Monday and left satisfied, he said. asked to pay off the ac- and no one was refused :onnected.

: offices are open from m until 6pm during the and on Saturday morn- Each depot is manned by information officers and remain in operation as as demand exists.

Clampdown on finrand system

Argus Correspondent

ANNESBURG. — The De- :ment of Finance has un- a new clampdown on the :ial rand system.

:nceforth immigrants will llowed an increased set- in allowance up to a max- of R500 000 via the fin-

Construction workers to get 20pc pay rise

By DAVID YUTAR
Staff Reporter

BUILDING workers' pay packets will swell by more than 20 percent as a result of wage talks that have ended after a month of deadlock.

The Building Workers' Union originally demanded increases of about 40 percent.

Basic pay for general workers is up by 19,4 percent from R2,93 to R3,50 an hour. Artisans' hourly pay goes up 15 percent from R7,15 to R8,35.

But the 25c travelling allowance, previously shown separately, is to be added. For general workers this means R3,75 an hour and for artisans R8,60.

Overtime and holiday pay as well as sick pay contributions will increase accordingly.

Pension contributions will in future be based on a 52 week year rather than 49 weeks as in the past.

Employees and employers have agreed to continue negotiating on the issues in respect of which no agreement has yet been reached.

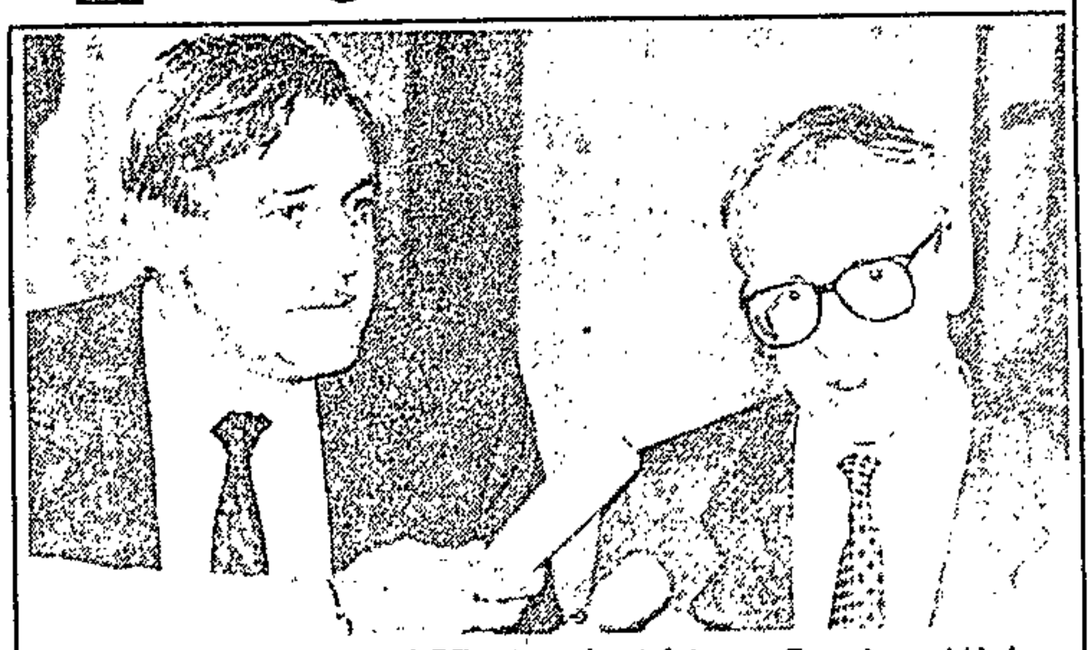
One of the most important of these is the so-called productivity criteria which applies to specific trade tests and which is regarded as crucial.

A spokesman for the Industrial Council for the Building Industry WP said that it was not possible to say when the changes would take effect but that it was hoped it would be by November.

The unions in the negotiations were the Building Workers' Union, the South African Woodworkers' Union, the Amalgamated Society of Woodworkers, the Amalgamated Union of Building Trade Workers and the South African Operative Masons Society.

Representing employers in the industry were the Master Builders Association, Cape Peninsula, the Master Masons and the Quarry Owners.

Mr Robert Simmonds, general secretary of the Building Workers Union, described the negotiations leading to the agreement as "very difficult", saying that agreement was reached "only after the third meeting after a dispute was declared".



PRESS CONFERENCE: South African Foreign Minister Mr Pik Botha, left, and US Assistant Secretary of State Mr Herman Cohen in Pretoria yesterday.

End to sanctions nearer — Cohen

The Argus Correspondent

PRETORIA. — South Africa was close to meeting all the requirements for the lifting of US sanctions, the US Assistant Secretary of State, Mr Herman Cohen, said.

Addressing a news conference at the Union Buildings yesterday after a meeting with Foreign Minister Mr Pik Botha, Mr Cohen said: "I think it is very close."

Procedures had been established for releasing political prisoners, and this should happen in the relatively near future.

"The lifting of the state of emergency has taken place in every province, except Natal.

FULFILLED

"I am working under the assumption that as soon as the violence abates, that this will happen in Natal as well. At which point the prerequisites of the legislation would be fulfilled," Mr Cohen said.

Since arriving in the country on Sunday, Mr Cohen has met several cabinet ministers, including Finance Minister Mr Barend du Plessis, Justice Minister Mr Kobie Coetsee and Constitutional Development Minister Dr Gerritt Viljoen, as well as African National Congress representatives.

He leaves for Windhoek today where he will attend a Joint Monitoring Commission meeting.

He was also scheduled to meet President De Klerk last night.

The progress towards the dismantling of apartheid was coming on "nicely" but the US government was troubled by the increase in violence, he said.

FIRST HAND

Mr Cohen said President Bush, members of Congress and the American public would like to get a first hand account of Mr De Klerk's vision for the country's future.

"They would want to hear from him personally that the dismantling of apartheid is irreversible. They would want to get to know the man," Mr Cohen said.

Mr Botha said their meeting concentrated almost exclusively on Mr De Klerk's visit to the US on September 24.

Mr Cohen said ideas were exchanged on what the two presidents would be discussings and items on the agenda.

'Jaws' used to

Immunity appeal for Harri expected

ANC guests set to 'help build new SA'

DAVE LOURENS

THE US Democracy Now Tour arrived in Johannesburg yesterday morning for a whirlwind three-day visit to SA as guests of the ANC.

Tour leader and veteran anti-apartheid activist Randall Robinson said the US group was "ready and able to help build a new SA".

Others in the delegation include former Wimbledon and SA Open champion Arthur Ashe and National Council of Negro Women president Dorothy Height.

The 33-strong US delegation was welcomed to SA by ANC leaders Nelson Mandela, Oliver Tambo, Cyril Ramaphosa and Oliver Tambo.

Mandela said he was confident the visit would enable the delegation to persuade US opinion-makers to maintain pressure on SA until the desired democratic changes had been achieved.

Robinson reaffirmed the solidarity of black Americans and South Africans.

"All of us in the US grew up under harsh segregation and discrimination. We have known the pain of exclusion."

The delegation is to meet representatives of the business, labour, sports, cultural and education sectors, but there are no plans to meet government representatives.

Robinson said the delegates were in SA to listen and to learn, and would defer to their hosts to set their schedule and determine the parameters of discussions.

● Picture: Page 3

Foreign capital vital for growth — IDT

B/Day 23/10/91 339

LINDA ENSOR

CAPE TOWN — It was essential that capital flows be secured from abroad to create flexibility in the development process, Independent Development Trust (IDT) chairman Jan Steyn said yesterday.

There was not sufficient local capital to provide this flexibility, he told the SA Association of Consulting Engineers' annual meeting in Somerset West.

"The IDT, other non-government organisations, parastatals and the state itself must have the resource availability to move rapidly and on scale once the initial preparatory work has been done. We still do not have this necessary resource availability."

Capital and appropriate technology had to be available in principle at the initial stages of development projects so that planning and community involvement could proceed without the danger of expectations being disappointed.

"The cost of capital is high in SA at the moment. We cannot meet the legitimate needs of communities on scale without running the risk of curtailing normal job creation or contributing to high interest rates. These needs cannot be met without flows of foreign funding."

Foreign Affairs director-general Neil van Heerden stressed the need for political leaders to reach unanimity on key aspects of future economic policy as soon as posible.

"Confidence is vital for economic growth. Investors in Europe and elsewhere will not invest in a country unless they are assured of its stability and economic potential and viability. Investors are less interested in which government is in power" than in that government's economic policy.

SA business was well placed to help meet sub-Saharan Africa's main needs, Sacob technology committee chairman Ted Adlard said.

Priorities were to increase agricultural production, supply clean water and sanitation, beneficiate mining and minerals, and to develop infrastructure.

"In practically every area of need we can offer or develop appropriate technology and services. The challenge for South Africans will be to identify opportunities at an early stage and to live with the projects they develop."

Providing a home for every urban worker

Soweton 24/10/91

By JOSHUA RABOROKO

THE black-owned Mepco building and construction company started, solely with the low income group in mind, tries to make every employed urban dweller a homeowner.

Managing director Mr Mtshali says his company places special emphasis on providing affordable, secured and high quality homes.

It is concerned with the 86 percent of the black population that is looking for affordable homes while financial institutions regard them as an "economic risk."

Mtshali has appealed to State President FW de Klerk and the African National Congress and people with research knowledge to plan a new strategy to overcome the housing shortage.

A great deal of money lies fallow in provident funds. It could be used to help people acquire a home.

Mtshali wants that small builders should be given a chance to prove themselves. Black and white builders should unite, he says, adding, white builders have the capital and the expertise while blacks have the labour.

He stresses that training and education is vital. Institutions should concentrate on courses for builders, which look at the practical side of running the industry.

He wants more land to be made available to black developers.

"This could ensure more houses for less money in the low income group."

Violence and uprisings in black areas has greatly affected the building industry, he said.

A builder from Sebokeng is not allowed to build in Soweto, for example, he said, and that restricts them in their work.

For more information on Mepco contact 333-3232 or 333-3234.

Housing trust needs funds

LESLEY LAMBERT

THE South African Housing Trust (SAHT) is looking for new funding sources to replenish the initial R400m the state provided when it was established in 1987.

The SAHT, which built 11 604 new homes valued at R196m and approved 4 772 valued at R83m during the past financial year to June 1991, would have to raise new funds if it was to sustain its past growth pattern, MD Wallie Conradie said yesterday.

Spokesmen for the SAHT's financial divisions said the trust would approach government and financial institutions for additional funding. BTday 25/10/91

It was hoped that government, which had undertaken to guarantee loans valued at R800m at the SAHT's inception, would provide the "soft" loans required to subsidise ordinary bank loans.

The financial institutions would only become substantially involved in the low cost housing market if the political and non-repayment risks associated with the market were minimised, the spokesmen said.

Apart from the SA Perm, the other financial institutions continued to steer clear of the market because of these risks, they said.

Ben Pieters, manager of Khayalethu Home Loans, the trust's long-term financing division, conceded that the trust's debtors book had been affected by bond boycotts and that current levels of bad debt in the low income market were "worrying". Conradie added, however, that they were still controllable. (339)

It was still too early to expect foreign funding, Pieters said.

Potential foreign investors were being scared off by the continuing political instability and threats of nationalisation and wealth redistribution.

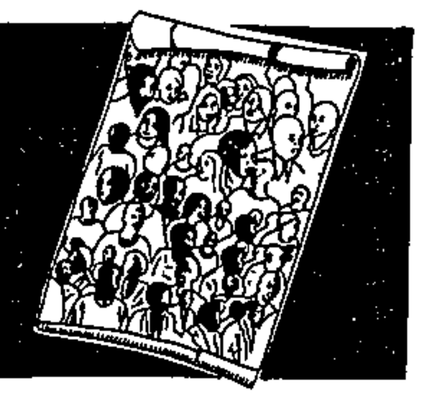
Since its inception the SAHT has facilitated the building of 29 000 homes and the servicing of 40 000 residential sites.

Its board has approved projects to the value of R1,4bn which will result in the construction of 67 000 houses and the provision of 68 000 serviced stands.

Last year, the trust facilitated the construction of about 40% of the homes provided nationally for low-income communities. Khayalethu Home Loans has granted 20 000 home loans, worth R402m, to low-income families.

By the 1991/1992 financial year, 2 100 labourers had worked their way through the trust's local builder-development programme.

POLICY



HOUSING 1

New Nation (Housing Nation) 339
25/10 – 31/10/91.

As you read this article, thousands of working class residents are fighting a determined struggle around housing. In the Transvaal in particular, as many as 50 townships are involved in rent and service charges boycotts. A number of these struggles started after the defiance campaign of 1989. Even then, they were picking up struggles started in the period 1984-1986. In fact, some of the present struggles have continued uninterrupted since 1984.

When we talk about 'housing' many people think of houses with brick walls, proper floors, roofs, doors and windows, with bathrooms and toilets and electricity, hot and cold water, and so on. It is clear if we use a definition like this, that the majority of the working class in South Africa do not have housing. Only a small minority of the black working class live in 'houses'. Even then, these 'houses' are made from the cheapest possible building materials. They are badly made, damp and overcrowded, with outside toilets and no bathroom. Very few of them have electricity. Meanwhile, the overwhelming majority of the black working class in South Africa live in conditions which are poorer still, in shacks or squatter camps. So when we talk about housing, we see that it means something very different for the black working class. And it is this very different experience of 'housing' that has been the reason why the working class has struggled so intensely around this question.

The present situation is clear - workers earn low wages and so cannot afford to buy houses that are built and sold for profit. A reasonably well-built three-bedroomed house today costs at least R40 000. Very few workers can afford to buy houses at that price. In fact, large sections of the middle class also suffer a housing crisis because housing is so expensive. If we look at most capitalist countries, we will find that workers there face a housing crisis.

THE BACKGROUND TO THE HOUSING CRISIS

There are two things that have made the housing crisis in South Africa particularly bad. The first is the particular way in which capitalism developed in this country. Capitalism in South Africa developed very suddenly with the discovery of gold. Gold mining needed lots of cheap labour to be profitable. African migrant labour was the answer to this need for cheap labour. How could these labourers be housed at minimal cost to the capitalists? The answer to this question is the 'compound' or hostel system, which came to be the standard of what the African working class could expect for its 'housing'.

When the manufacturing industry developed, the capitalists needed a large black working class in the big towns. It was only at this point (1940s) that the state started building houses for African workers. But the same principle of spending as little money as possible still applied.

As the urban population increased, the presence of a large black working class in the big 'white' towns became a political danger for apartheid capitalism. The answer to this was the locations. These were built far away from the white residential areas and in such a way that they could easily be surrounded and controlled.

The pass laws and influx control were used to control the numbers of Africans moving into the towns. These laws were simply a continuation of policies that were in place decades before, whereby 'the native should only be allowed to enter the urban areas, which are essentially the White man's creation, when he is willing to enter and minister to the needs of the White man, and should depart therefrom when he ceases so to minister.'

(Stallard Commission, 1922. To "minister" means to attend to)

This quote, put next to the pass laws and influx control, shows for just how long a time the Capitalists have managed to ignore the working class' need for proper and permanent housing.

From the start, the locations did not accommodate everybody living there. Also, the pass laws and influx control could not stop the desperate need for people to move to the towns in search of work. The result of both these problems was shacks and squatter camps. So although the compounds and the locations became the standard of African working class housing, the majority of the working class have always had to make do with even less than these atrocious 'standards'.

BUILDING INDUSTRY MONOPOLIES

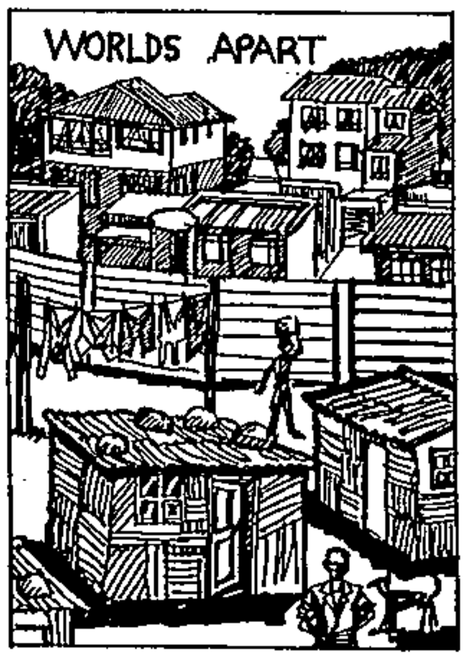
Another reason why the housing crisis has been so bad is because of the monopoly nature of the apartheid capitalist economy. Throughout the world today, capitalism is marked by this monopoly nature. But in South Africa it is extreme. Only four companies own 80% of the country's wealth. When we look at the building industry, we see the same tendency there. The finance companies and building societies that give housing loans are all owned by or tied to the Big Four companies. The biggest construction companies are also owned by the Big four.

Only two companies manufacture cement in South Africa and they both belong to the Big Four. These two companies have come together to form a cartel. In other words, they have come together to agree on the price they will sell their cement at. Because they have no competition, they can put up their prices all the time and make record profits. It is the same in the brick industry, where only one company has a complete monopoly over the whole brick industry. So it can get any price that it wants.

It is clear that the effect of high building costs, together with the freezing of new housing projects by the state since 1982 has caused a crisis of major proportions, for which the state and the building monopolies must be held responsible.

HOW THE HOUSING STRUGGLE BECAME POLITICISED

The struggle around housing in recent years goes back to before 1984. The late 1970s saw the beginning of many housing struggles around the country. These struggles gave rise to the formation of civic organisations in the townships. In the early days of the housing struggles, demands were often that the state should carry out its responsibility for maintaining township houses and that rents should be affordable. At that time, the state tried to sell the township houses to residents. Residents demanded that the state should give the houses to them free, because they had already paid for the houses with years of rent payments.



After the 1976 attacks on the Bantu Administration Boards in the townships, the government introduced the community councils. In 1982, these councils were given a large say in the running of the townships, and they quickly fell in with the Tricameral parliamentary system. In spite of their co-option, they got very little money from the government and could run the townships only by increasing rents.

In 1984, Vaal residents began their struggle against high rents. They also demanded that all community councillors in the Reef townships should resign. From 1984 - 1986 this last, political demand for an end to puppet structures quickly became the focus of all the township struggles around the country.

"ONE CITY, ONE TAX BASE"

The housing struggles of the past few years have not only demanded the resignation of councillors and lower rents, but also called for 'One city, one tax base'. For many reasons, this call goes right to the heart of apartheid housing. To this day, townships have a different tax base from the cities and towns to which they are attached. Apartheid capitalism has forced blacks to set up businesses and shops in their own areas, and blacks are forced to commute into the white cities and towns to shop for items unavailable in the townships. Cheaper prices and better stocks in the large city stores play a major part in attracting black consumers. So much so that a large percentage of the shops and businesses in the towns owe their existence to black consumers. But the rates and taxes which these shops and businesses pay go straight to white city or town councils. This money is then used to maintain and upgrade white residential areas. Industrial areas are likewise always zoned in such a way as to pay their taxes to, say, Johannesburg rather than Soweto. The result? Black residential areas are deprived of essential services like sewerage and electricity, while the 'white' cities squander money on fancy pavements, retarring good roads, and many other extravagances. If towns and adjoining townships had a single tax base, it would be possible to start correcting this imbalance at the local level.

So far, we have looked at the basic elements of the housing crisis, as well as at the responses and struggles of the working class. Next week we look at the state housing strategy, and the kinds of solutions that are being proposed for South Africa.

Proposals for building of new houses are spelt out

Sowetan 28/10/91

339

THE executive director of the Building Industries Federation of South Africa, Mr Neil Fraser, has spelt out clearly what a national housing programme will mean to the construction industry in South Africa - and this is likely to provoke serious discussion in Government and building circles.

By JOSHUA RABOROKO

He said this when he presented a detailed "reply" to the Nedcor/Old Mutual proposal for a housing-oriented kick-start to the economy at the recent BIFSA congress.

One of the solutions proposed for the current recession by Nedcor/Old Mutual is that 200 000 low-cost house a year be built for three years - and that 400 000 plots be serviced and a million houses electrified annually for the same period.

Fraser based his analysis on a typical house of 42,25sq metres. This would have two bedrooms, a living room/kitchen and a bathroom. The roof would be pitched and could be covered with a variety of roof finishings, dependent on the ultimate cost level being targeted.

He said that, while such a house was too sophisticated for all income earners, it was within the affordable levels of many and represented an average demand.

Operator

The analysis included a complete programme for the operation, based on completing 80 houses country-wide each working hour.

Bifsa has programmed the building of a single house at 18 days, exclusive of site clearing and electrical reticulation.

One of the most impressive aspects of the programme is the large number of people to whom it will give employment.

The BIFSA analysis shows that some 55 000 people would be employed as supervisors, skilled operators, semi-skilled and unskilled workers to provide the services and civil engineering facilities.

In addition, a total force of more than 90 000 people, including 4 000 supervisors, would be employed on the building work.

The majority of the workforce would be semi-skilled.

At least 800 small companies could be established as a result of the programme.

He pointed out that the manufacturer of the materials required would provide many thousands of more jobs and promote small businesses.

For example, Fraser said 286 million concrete blocks required could be almost entirely produced by "dozens" of labour-intensive small entrepreneurs.

Indaba focus put on 'shelter for all'

339

Sowetan 28/10/91

By JOSHUA RABOROKO

THE Institute for Housing of Southern Africa is hold an Indaba 2000 at the Elangeni Hotel, Durban from November 4 to 6 and will focus on the future of housing provision in South Africa.

The meeting, whose theme is "Shelter for All", comes at a time when South Africa is poised either for a collapse or an ascent into the heights as far as the housing delivery system is concerned.

Among the speakers at the conference will be a member of the ANC national executive committee, Mr Thozamile Botha; the Minister of Planning, Provincial and National Housing, Mr Leon Wessels; the chairman of the Multiparty Democracy, Dr Oscar Dhlomo; the chief executive officer of the Development bank of Southern Africa, Dr Simon Brand; and Zimbabwe's representative of Physical Planning, Mr Jaya Appalraju.

Message

In a message, IHSA's president, Mr AF Erasmus, said the mould that would be struck in the next 24 months would either see housing provision degenerate into unthinkable chaos - far worse than could be imagined - or it would reach heights that none in the industry believed possible.

"We need to see the deflation of the political football called housing, and see housing become a concerned action programme aimed at benefiting South Africa as a whole by benefiting the individual and the community.

"Shelter for all is no longer an elusive dream. The resources of the world are now opening up to us. But the tragedy is that, even if billions of rands were to be poured into South Africa right now, the conduits for channelling it to the end-users are either blocked or not yet in place."

He was not disputing that small projects could be immediately implemented, but the overall contribution these would make on the whole scenario would be insignificant.

To remove the blockages would require all parties involved in shaping the future to agree to depoliticise housing provision, the creation of a single housing ministry with obtainable short- and long-term objectives, and the assignment of all but the most critical bureaucratic requirements to file N 13.

'Socio-economic aid must not deprive other sectors

B/Day 29/10/91 339

SHARON WOOD

SA COULD not grow more than 2,5% on its current level of net savings available for productive investment and socio-economic expenditure, special economic adviser to the Finance Minister Japie Jacobs said yesterday.

He told delegates at an Economic Society seminar in Johannesburg on funding options to fight poverty that SA's growth rate could be even lower if it decided to force more resources into socio-economic projects.

The answer to the savings problem did not lie in forcing contractual savings institutions to invest in housing through prescribed investments.

The popular view was to impose prescribed investments on contractual savings institutions to force them to provide R5bn to R6bn a year for low-income housing, he said.

He said he had serious reservations about whether it was feasible to spend this amount on such housing.

"The danger is that too large a share of our resources may be channelled into socio-economic upliftment programmes to the detriment of sustainable economic growth supported by productive investment."

If SA wanted to spend more of its savings on housing, it would have to spend less in other areas.

Sankorp strategic research head Peet Strydom said monetary policy was an inefficient and ineffective means of redistributing wealth.

Fiscal policy and the wealth-creating growth process had be used to fund poverty. Privatisation was a means of generating funds outside the tax system.

"The way we are doing it (privatising) is not the problem but the way we are spending the proceeds is."

Privatisation proceeds ought to be used to provide blacks with subsidised farm land or to generate employment-creating projects.

Unisa head of economics Phillip Mohr said the problem in SA was a low investment rate or demand for investment, which had resulted in low economic growth. "The symptom of this is low savings."

There had always been pools of funds in different areas of the economy which could have been tapped for investment but were not used, he said. There was no guarantee that total savings would rise if there was no demand for investment, even if taxes were reduced and interest rates were increased.

...ce or colour.

IDT seeks alternative to outdated hostels

PRETORIA — The Independent Development Trust (IDT) and several other development agencies are negotiating with "stakeholders" in the hope of providing an alternative to the controversial single men's hostel system, IDT chairman Jan Steyn said yesterday.

He said it was clear that the continued existence of the hostels, after the scrapping of influx control, was an anachronism.

"They are seedbeds of tension. Indeed it is clearly appropriate to replace hostels with more humane and normal opportunities for accommodation.

"The IDT has a formidable task to launch special development projects in an environment of quite frightening political complexity."

Steyn said a set of circumstances and problems made the launching of a development project a very delicate task.

The tensions and stresses surrounding the hostel system had made it impossible to act quickly and effectively to reform the system.

Steyn said some hostel dwellers were defending their inferior accommodation with determination and passion.

"At this stage the process holds great promise but it is time consuming and progress is slow and agreements are fragile."

The IDT was determined to achieve its objective despite opposition from left and right.

Steyn said the IDT was also accelerating its "housing actions".

"The IDT is implementing plans in terms of which we will make the development of more than 100 000 serviced erven in less wealthy black areas available with a payment of a R7 500 subsidy per owner."

Steyn said there was a need for additional resources in the form of access to external loan funds, credit and development aid. — Sapa.

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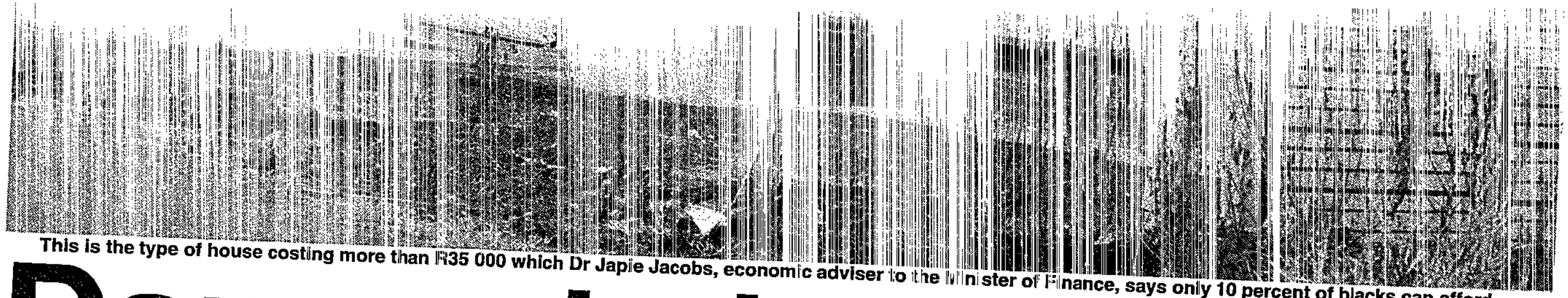

This is the type of house costing more than R35 000 which Dr Japie Jacobs, economic adviser to the Minister of Finance, says only 10 percent of blacks can afford.

Danger in housing plan, expert warns

'Most blacks cannot afford'

Sowetan 31/10/91

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THE belief of many businessman that the large-scale provision of housing for blacks could set the economy on a growth path has been challenged by a top economist.

Dr Japie Jacobs, special economic adviser to the Minister of Finance, told the Johannesburg branch of the Economics Society yesterday that heavy investment in black housing could in fact slow down the economic recovery.

"If we want to spend a greater share of our savings on housing we will have to spend less in other areas and particularly less on private consumption expenditure," he said.

Net savings available for productive investment and the financing of socio-economic infrastructure were inadequate to finance a growth rate higher than 2,5 percent a year.

"This rate may be even lower if we opt to force a growing share of our resources into socio-economic projects."

His remarks follow a call last week by the Building Industries Federation for a R3 billion a year programme to build 200 000 houses annually for the next three years.

Jacobs contended that the failure to provide black houses was not the result of a shortage of money, but of the inability of blacks to afford housing.

He cited a number of schemes, which provided finance for low-cost housing.

He said the Urban Foundation managed a home loan guarantee scheme for low-income homeowners earning less than R1 000 a month.

Diverted

Contractual savings institutions diverted large amounts of their funds to deposit-taking institutions for extending credit for various purposes.

These savings institutions were also prepared to invest in credit instruments issued by the specialist financial institutions such as the Development Bank, the Small Business Development Corporation, the South African Housing Trust and the Independent Development Trust.

But in spite of all these facilities, little progress had been made on reducing the existing backlog.

Jacobs said there were a number of factors responsible for the so-called failure of the market to address these socio-economic needs.

They included the lack of adequate urban land, the rent and bond boycotts, the violence in black urban areas and the fact that most potential houseowners could not afford any form of conventional housing.

About 10 percent of urban blacks could afford a conventional house costing above R35 000 and hence had access to traditional mortgage finance.

A further 40 percent could afford starter homes, priced between R12 500 and R35 000, while the remaining 50 percent could afford only basic homes.

He said there had been calls for financial institutions to be forced to invest between R5 billion a year in housing and for the State to give guarantees against the loss of this money.

Apart from the effects this would have on interest rates and Government budgets, Jacobs said he had serious reservations about whether it was feasible to spend R5 billion a year on housing for lower-income households.

There was a danger that too large a share of SA's resources could be channelled into socio-economic upliftment to the detriment of sustainable economic growth supported by productive investment. - *Sowetan Correspondent.*

SOWETAN
Building the Nation

Focus on PROPERTY



URBANISATION



With the establishment of formal towns for informal settlement, the TPA is creating an opportunity to allow people to own land and to improve it according to their means — this man is doing just that.

WHAT IS A SQUATTER?

A SQUATTER is regarded as somebody who occupies land and property unlawfully.

According to the Prevention of Illegal Squatting Act, 1951 (Act 52 of 1951), illegal squatting is prohibited.

Furthermore, no person may enter, or remain on or in any land or building without the permission of the owner or the lawful occupier of such land or building, whether such land is enclosed or not.

Backyard dwelling is not in itself regarded as unlawful.

Informal residential areas or settlements that were officially approved and where residents occupy informal houses on allocated sites, are not regarded as squatting areas.

Squatter areas consist mostly of poor families who are seeking better living conditions.

In the development of formal towns for informal settlement, the Government is addressing the needs of the poor in providing erven with affordable services where the people may upgrade their homes and the standard of services in the course of time.

Government policy

SQUATTING as a worldwide phenomenon has become synonymous with accelerating urbanisation.

The period after 1986 is characterised by the presence of larger numbers of people in urban areas. It is believed that a large intra-urban movement of people is taking place and that the majority of the people who are now visible, were already staying in the areas.

According to the latest sources, 56 percent of the black community are already urbanised and it is expected that 75 percent will be urbanised by the year 2000.

This means that more than 10 million people will have to be provided with living space in the near future

This figure reflects the magnitude of the problem and the enormous demand it will place on the country and its resources.

In order to manage and deal with squatting efficiently, it is necessary that the Government's policy be stated clearly.

The objective of the Government is to manage urbanisation effectively to prevent squatting. In striving to achieve this objective, the Government accepted the following policy positions:

* that a landowner's rights be respected and that these rights be protected against any unlawful infringement;

* that land be designated to accommodate squatters lawfully in an orderly fashion — this mainly entails the provision or erven with a basic services infrastructure in the area, where an individual may erect his own structure according to his needs and means; and

* that where illegal settlement occurs, orderly resettlement be undertaken after consultation with those involved.

The prevention of squatting is not only the responsibility of the central and provincial authorities. Local authorities must accept that land has to be made available for low-cost housing to prevent squatting.

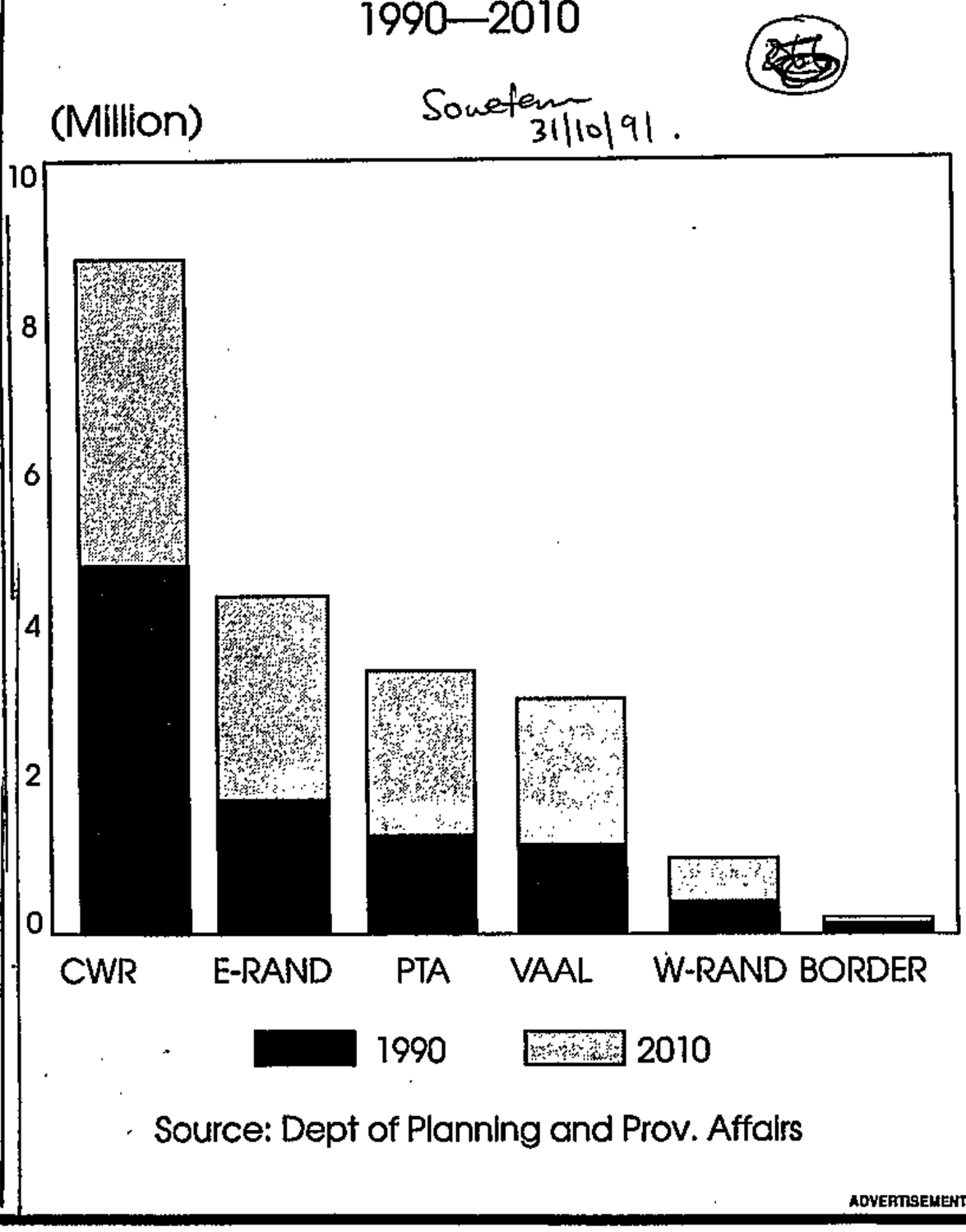
Local authorities are called upon to share the responsibility for the provision of land and the rendering of services to low-income settlements with the other authorities in future.

It is also believed that the private sector has an important role to fulfil by also providing for the needs of the lower income groups in the different communities.

Co-operation between the Transvaal Provincial Administration and the private sector may enhance the Transvaal's ability to address its housing need.

This may also serve to be to the advantage of the country as a whole.

POPULATION OF THE PWV-COMPLEX 1990—2010



Source: Dept of Planning and Prov. Affairs

ADVERTISEMENT

URBANISATION

Man's basic desire

Sowetan 31/10/91

ONE of the main reasons for rapidly increasing urbanisation and, consequently, the squatter problem, may be attributed to man's basic desire to improve his living conditions.

Unplanned urbanisation, or squatting, as it is generally called, is a worldwide phenomenon, and even such highly developed countries as Britain and the United States have been unable to escape it.

Orderly urbanisation is of the utmost importance for the sake of, for example, rendering services, planned upgrading, and the protection of property owner's rights and interests.

The biggest problem regarding the process of urbanisation, is the fact that simply not enough erven are available to meet the enormous demand for housing.

It should be stated clearly, however, that the so-called squatter is not necessarily a pauper. People should not be judged by the fact that they are squatting. Not all of them are unemployed or destitute. They may be living in squatter conditions only because no erven are available.

It is interesting to note that about 90 percent of the people living in squatting conditions are found within black residential areas, mainly in the backyards of built-up erven (some 204 000 million).

This can create problems if these people move out of the backyards and to open spaces to make themselves visible in order to acquire stands.



An example of how people can improve their living conditions — after initially living in an informal dwelling, this man proudly stands in front of his new house in a formal town that was developed by the Transvaal Provincial Administration.

Homes of straw are a reality

Sowetan 31/10/91.

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HOUSES built of straw are not limited to the realm of fairytales but could provide a practical solution to the housing crisis in South Africa.

A local innovator, Mr Len Bestle, has devised a way of using waste products such as sawdust, straw and maize stalks to produce strong, lightweight bricks and panelling.

Waste products are bonded with cement and compressed to form bricks, panels and even window frames. Waste found on site can be used and the process does not require skilled labour.

Pyrosil bricks and panels have been successfully tested and approved for thermal conductivity, fire resistance and compression stregth by the CSIR and the SABS and have been entered in the Audi Innovators for Environment programme.

By JOSHUA RABOROKO

The pyrosil building system has already been used to build family homes in Mauritius. Three houses are packed into two containers and can be assembled in five days.

Existing buildings can be strengthened and insulated by painting and walls with a Pyrosil coating.

"Many homes in this country are insufficiently insulated and require excessive energy to heat them, leading to wasted resources and air pollution," he said.

House plan would boost jobs

Sowetan 31/10/91

By JOSHUA RABOROKO

THE executive director of the Building Industries Federation of South Africa, Mr Neil Fraser, has spelt out clearly what the housing programme would mean to the construction industry in South Africa.

This is likely to provoke serious discussion in Government and building circles.

He said this when he presented a detailed "reply" to the Nedcor/Old Mutual proposal for a housing orientated kick-start to the economy at the Bifsa's congress this week.

Solutions

One of the solutions proposed for the current recession by Nedcor/Old Mutual is that 200 000 low cost houses be built a year for three years - and that 400 000 plots be serviced and one million houses electrified annually for the same period.

Fraser based his analysis on a typical house of 42,25sq m. This would have two bedrooms, a living room/kitchen and a bathroom. The roof would be pitched and could be covered with a variety of roof finishings, dependent on the ultimate cost level being targeted.

He said that while such a house was too sophisticated for the very income earners, it was within the affordable levels of many others and represented an average demand.

The analysis included a complete programme for the operation, based on completing 80 houses country-wide each working hour. Bifsa have programmed the building of single houses at 18 days a house, exclusive of site clearing and electrical reticulation.

One of the most impressive aspects of the envisaged programme is the large number of people to whom it would give employment. The Bifsa analysis shows that some 55 000 people would be employed as supervisor, skilled operators, semi-skilled and unskilled workers to provide the services and civil engineering facilities.

Force

In addition, a total labour force of over 90 000 people, including 4 000 supervisors, would be employed on the building work. The majority of the workforce would be semi-skilled. At least 800 small companies could be established as a result of the programme.

He pointed out that the manufacturer of the materials required would provide many thousands of more jobs and promote small businesses.

URBAN AFRICANS — GENERAL

1991

NOV. — DEC.

HOUSING 2

New Nation (Learning Nation)

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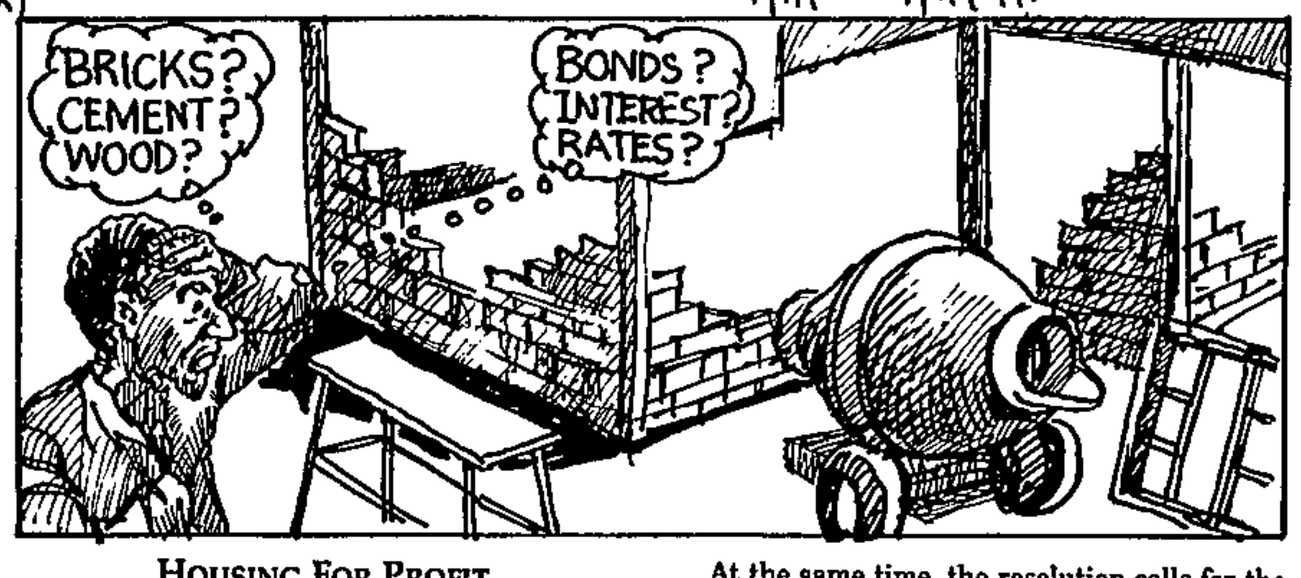
1/11 – 7/11/91.

Last week, we looked at the fact that the majority of the working class in South Africa do not have access to proper housing. We observed that workers' wages do not enable them to buy proper houses at market prices. From this, we drew the conclusion that capitalists are not likely to have any interest in building proper houses for the working class in the foreseeable future. We saw that the government too does not want to build houses for the working class. The result? - a huge housing shortage, estimated by the Urban Foundation to be 1,8 million.

This week we will look at what the state and the capitalists are doing about the housing crisis. We will also look at Cosatu's proposed solution to the housing crisis. Finally, we will raise some additional problems that will need to be tackled if the housing crisis is to be solved in a 'new' South Africa.



STATE STRATEGY AROUND HOUSING

The state first involved itself in working class housing in the 1940s, when the manufacturing industry was growing rapidly. Throughout the 1950s and into the 1960s, many townships were built, to house a growing black 'labour force'. But, by 1968, the state had stopped building townships in 'white' South Africa and was building townships only in the 'homelands' - as part of an emerging 'homelands' strategy aimed at exploiting workers but getting rid of the 'evidence'. Since the 1980s, the state has been trying to get the capitalists to build houses in the urban townships, and to sell rented township houses to residents.

The present strategy of the state is a continuation of the policy started in the 1980s. Instead of actively trying to solve the housing crisis by building more houses for the working class, **the state is in fact moving away from building any houses at all. It is leaving this entirely to building companies and private 'developers'.**

This is not to say that the state now has nothing to do with housing. Its present strategy includes:

- selling existing township houses to residents at a discount.
- making land available for 'development' by building companies.
- providing infrastructures and services through the Regional Services Councils.
- giving direct subsidies to state employees and to first homeowners who buy houses costing less than R65 000.
- giving tax reductions to companies that have housing schemes.
- providing site and service where 'orderly' squatting has occurred.
- the involvement of the Development Bank, together with black local authorities, in housing - through the extension of credit at a reduced rate of interest for housing.
- the establishment of an Independent Development Trust (IDT) with R2 billion for 'development', including housing.

What is most obviously missing from this list is the actual building of houses.

HOUSING FOR PROFIT

The capitalist building companies have been building houses in the townships. None of these houses cost under R35 000 and therefore they have only been sold to the better-off sections of the middle class. Loans and bonds for buying these houses have come from private banks and building societies. The capitalists have therefore been involved in township housing through

- bonds and loans given by the financial institutions and
- The provision of market-priced housing - built by the building companies on a pure profit basis.

These initiatives have catered only for sections of the black middle class and have done nothing to solve the crisis faced by the working class.

SITE AND SERVICE

The state and the bosses are both very keen on and proud of the site and service approach. Yet all that this means is that a small number of working class families will end up with a tiny plot of land, some services such as running water and sewerage, but ..... no house! So, we see that this much-applauded solution of the state and the bosses means that, in order to solve the housing crisis, the state and the bosses will build no houses! Workers will again build their own 'houses'; in other words, they will end up in shacks again.

COSATU'S SOLUTION TO THE HOUSING CRISIS

At its fourth congress in July this year, Cosatu adopted a (composite) resolution on land, housing and hostels. The resolution notes that the present housing crisis is the direct result of the apartheid capitalist system. It goes on to say that it is the state that has overall responsibility for the provision of housing, and spells out how this should be done.

The Cosatu resolution is weakened by its composite nature, that is, by trying to combine different affiliates' resolutions on the question. The result is that while the resolution clearly recognises that housing is the overall responsibility of the state, it still goes on to direct its demands at both the **state** and the **bosses**. Thus, the resolution is not clear on **whose responsibility it is to solve the housing crisis.**

For example, there is one clause which demands of both state and the bosses that they initiate housing programmes. Yet we have already seen that the bosses only build houses for profit.

At the same time, the resolution calls for the elimination of profiteering from housing. But if you eliminate profiteering, then there will be less and less reason for bosses to build houses. It is therefore clear that, on its own, this resolution won't help matters.

Another clause calls for the state to underwrite and/or subsidise any provident fund investments in low cost housing. But, if housing is a state responsibility, as Cosatu is calling for it to be, then there is no reason why workers' money should be used to build houses.

Yet another clause calls for measures 'to force financial institutions to make small loans available to all citizens .....' Once again, if the state is building houses on a non-profit basis, than why should a person need to apply for a loan to get proper housing?

In spite of these criticisms, aspects of the Cosatu resolution can at least serve as a starting point for solving the housing crisis. This applies particularly to the following two clauses from the resolution, namely that:

- the land and housing markets be regulated to eliminate profiteering and speculation;
- the cost of building materials be substantially reduced either through subsidies, state control of this market and/or nationalisation of this sector.

These points both go to the heart of the housing crisis. **The fact that housing is built for profit creates the huge housing shortage for a working class which cannot afford to buy houses.** Secondly, monopoly control over the building materials industry makes housing particularly expensive, even for the state. So, it is only when the profit motive is taken away from the provision of housing, and the control of monopolies over the building materials industry is broken, that the housing crisis can be solved for the working class.

What do these things mean practically? The only way for profiteering and speculation to be removed from housing is for the **state to take responsibility for housing**. It would be pointless to make housing a state responsibility and then leave the building material monopolies in place. These would simply continue to make high profits, except that the money would now be paid by the state out of workers' taxes. Secondly, the cost of building materials would remain high and this would definitely limit how many and what quality houses the state could build.

So, not only must the provision of housing be made a state responsibility, but **the building materials cartels must also be broken**, with laws passed that regulate the price of building materials. It is with combined strategies of this nature that progress can be made in addressing the housing crisis.

Masterbond directors, have not yet been brought under the curators' wing. ■

IDT BOND ISSUE

Next round

The ANC and Independent Development Trust (IDT) were due to meet on Thursday to discuss the IDT's projected US$100m Eurobond issue. This was confirmed by Thabo Mbeki, the ANC's head of international affairs, as the *FM* went to press.

In September, the IDT announced its plan to raise funds to build schools and provide clinics and clean water for rural communities. Director Jan Steyn believed the project had the backing of the ANC. However, on October 16, the ANC dissociated itself from the project because the issue would be backed by government.

The ANC put out a press release disclaiming the "bogus ANC-IDT statement." The press release said ANC secretary-general

Cyril Ramaphosa "had already advised the IDT that it was opposed to the raising of loans on financial markets." This statement was forwarded, said the ANC, to investment bank J P Morgan, which was to act as lead banker for the issue.

Last week, ANC deputy president Walter Sisulu announced that the ANC had held discussions with the IDT and was "satisfied that a misunderstanding had arisen." The statement said: "The ANC has instructed all its offices, including those in London and New York, accordingly. In the circumstances the IDT will continue with its presentations in Frankfurt and Zurich."

Thursday's meeting is expected to resolve remaining problems and an announcement is expected on Friday.

□ Mbeki was speaking after a World Economic Forum meeting in Geneva to discuss the economic future of southern Africa. Delegates and speakers included Minister of Economic Co-operation & Public Enterprises Dawie de Villiers, Treasury Director-General Gerhard Croeser, Mozambican Finance Minister Eneas Comche, Namibian Minister of Trade & Industry Ben Amathila, Botswana's Minister of Commerce & Industry Ponatshego Kedilikwe, and Isaac Sam, head of the southern African department at the World Bank.

Participants included ANC executive Trevor Manuel, Gavin Woods from Inkatha, African Development Bank vice-president Adewale Sangowawa, NP secretary-general Stoffel van der Merwe, Old Mutual chairman Mike Levett and other businessmen and academics. ■

De Klerk welcomes interim human rights report

Star 4/11/91

By Peter Fabricius
Political Correspondent

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President de Klerk has welcomed the South African Law Commission's Interim Report on Group and Human rights — especially its rejection of the ANC approach to "affirmative action".

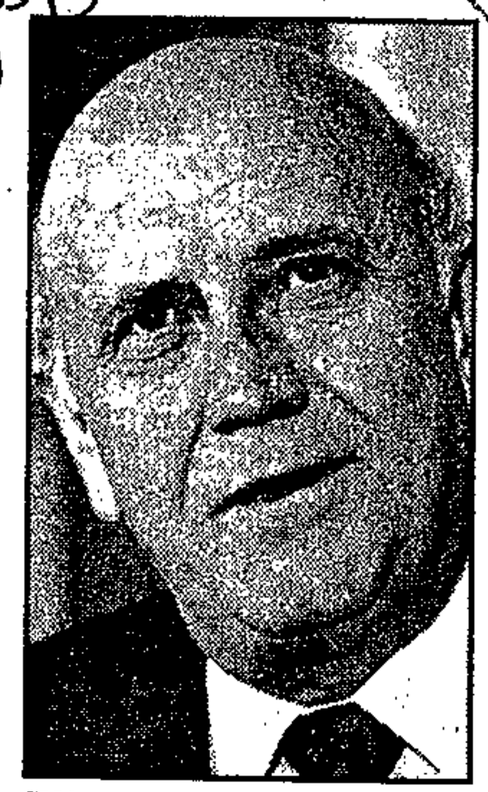
The report published this weekend proposes a deeply-entrenched bill of individual rights enforced by a Constitutional Court at appelate division level.

These include the right to vote and a prohibition on discrimination by the State.

The Bill may only be amended by a two-thirds vote of all directly-elected representatives and a two-thirds vote of the voting population in a referendum.

The report accepts the need for affirmative action in the sense of more State funding in areas such as black housing and education to give blacks an equal chance.

But it says affirmative action as envisaged by the ANC in its draft Bill of Rights is too wide and could sanction reverse discrimination or retribution, which the commission rejects.



FW de Klerk . . . socialism would not be entrenched.



Mr Justice Olivier . . . chief author of the report.

It warns against the "misuse" of affirmative action to justify nationalising land or redistributing land, minerals or other assets.

In a statement last night, Mr de Klerk associated himself with these views and said that affirmative action should consist of "a real programme of upliftment and the institution of equal opportunities", which he said had begun. The commission said that to include "second generation" rights, such as the right to a job and education, in a Bill of Rights — as proposed by the ANC — could cause a constitutional crisis if the State could not afford to honour these rights.

Mr de Klerk said socialism should not be entrenched in the constitution.

Other proposals in the report are:

- The right to life should be protected.
- Property rights should be protected and the state may only expropriate property if it provides compensation as determined by the courts.

Mr Justice Pierre Olivier, chief author of the report, said the commission rejected the view in the ANC draft Bill of Rights that property could be expropriated without compensation. This was nationalisation.

- No educational or other institution may receive state funding if it discriminates on racial grounds. But on the principle of freedom of association, these institutions, if privately funded, cannot be prevented from discriminating racially.
- Group rights cannot be

● To Page 2

FW welcomes interim human rights report

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● From Page 1

protected as such in a Bill of Rights but only through protecting collective values such as religion, culture and language.

- But individuals should have the right to go to court on behalf of a class of persons to defend collective values.
- The right to choose mother-tongue education.
- Detention without trial should be limited to 48 hours, or the following court day, after which the arrested person should be brought to court and charged or informed in writing of the reason for detention — or released.
- A state of emergency may be declared only under strict conditions, for a maximum of six months and must be ratified within three weeks by a two-thirds majority in the highest legislative body.

Mr de Klerk said the Government would proceed with its reform of security legislation to bring it into line with "norms generally reflected in bills of rights".

- The right to a safe environment — a so-called "third generation" right — should be is protected.

Mr de Klerk said the commission's proposal to introduce an interim Bill of Rights before a new constitution was written would be approached "with an open mind".

Negotiate on housing: ANC

THE ANC announced yesterday it is trying to establish a national housing and development negotiating forum.

ANC National Executive Committee member Mr Thozamile Botha, at a housing conference in Durban, called on the Government to commit itself to discussion on the matter without preconditions.

He did not supply further details on the proposed forum.

Botha said the ANC believed that the Government had to stop privatising State-owned land during the country's transition. Instead this land should be transferred to a democratically controlled land or housing trust or be held by the State until agreement was reached on a process of land redistribution.

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Land ownership

Sowetan 6/11/91

"It does not make sense for any Government to proclaim housing as a basic right while continuing to completely privatise delivery systems and land ownership," said Botha.

He explained that the ANC was still developing a housing policy, which is to be guided by the Freedom Charter. The organisation may adopt a "mixed housing delivery strategy", he said.

"This could mean public rented accommodation, private sector housing tenure, public/private sector housing tenures, or co-operative housing tenures," Botha said. "The security of tenure will depend on urban land ownership and State housing policy." - *Sapa.*

Minister calls for a new housing policy

DURBAN — SA was in dire need of a uniform non-racial national housing policy, National Housing Minister Leon Wessels said yesterday.

Addressing a housing conference in Durban, Wessels said there was a housing shortage of about 1,2m units with a yearly demand for a further 175 000 houses.

He said the housing problem could be solved only by a partnership between government and the private sector. Government's role should primarily be "facilitative".

"The community must help us identify housing needs and the priorities of these needs," he said.

Wessels said people remained ultimately responsible for their own housing.

"It is not possible for the state to take the responsibility of supplying conventional houses to meet the need for low-cost housing."

He said unconventional solutions were required, such as "informal towns" where services could initially be supplied at an affordable level.

"The residents can erect basic shelter until they can obtain permanent jobs and develop the capacity to consolidate their housing position by saving, using their own initiative and labour."

Wessels said government had instructed the SA Housing Advisory Council to recommend a new housing policy which should ensure as many families as possible had access to at least a residential site, and that the private sector became more involved in providing low-cost houses.

SA was moving towards a housing policy based on affordability: "We can no longer deny a man a shelter merely because he cannot afford to buy or build a house which must comply with ludicrous and inappropriate standards."

An ANC speaker at the conference said the organisation was trying to establish a national housing and development negotiating forum, and it had called on government to commit itself to discussion without preconditions.

ANC national executive committee member Thozamile Botha said the ANC believed government had to stop privatising state-owned land. Instead, this land should be tranferred to a democratically controlled trust, or be held by the state until agreement was reached on land redistribution.

Botha said the ANC was stll developing a housing policy, which would be guided by the Freedom Charter. The organisation might, however, adopt a housing policy based on mixed forms of tenure.

Botha said any housing delivery system would have to be guided by legislated standards. Apartheid housing policies had racially separated communities, and this had to be reversed by identifying land within inner cities for low-cost housing.

Money

Inkatha Freedom Party social research division head Errol Goetsch told the conference that Independent Development Trust money should go directly to poor families.

Goetsch said the state's alternative to directing money to the homeless did not address the problem because "the problem of quantity is being answered by the state with money for quality".

"If the choice is for everyone to have basic shelter, which can be upgraded individually over time, or for the few to have their home ownership kick-started with R7 500, then the IFP is on the side of the masses and the state is siding with the elite," he said.

The money that went furthest in providing houses was money in the hands of buyers.

"It must be emphasised that the best people to solve their own problems are the people themselves." — Sapa.

Universities fear cut in subsidies

TANIA LEVY

UNIVERSITIES were having to "budget in the dark" because they would not know before the end of next month what subsidies they would get from government, Committee of University Principals chief director Jos Grobbelaar said yesterday.

He said universities feared that subsidies would be cut as drastically as they had been last year when the initial subsidy had been 3% lower in real terms. This had later been increased so that the subsidy was the same in nominal terms as the year before.

Grobbelaar said the National Education Department usually let universities know what subsidies they would be receiving by August or September.

The late announcement this year was a great inconvenience to universities because they had deadlines for informing students about fee increases.

These now had to be calculated "in the dark".

Universities estimated budgets could fall short if they miscalculated subsidies. They would then have to cut back on the purchase of equipment or books and maintenance of buildings to make up shortages, Grobbelaar said.

A National Education spokesman said last week universities usually received indications on provisional allocations around September and on final allocations around December.

However, this had not yet happened because representations on provisional guideline amounts for education for 1992/1993 were still being considered by the Cabinet.

R7m battle

1,2-m houses needed: Govt

Sowetan 7/11/91

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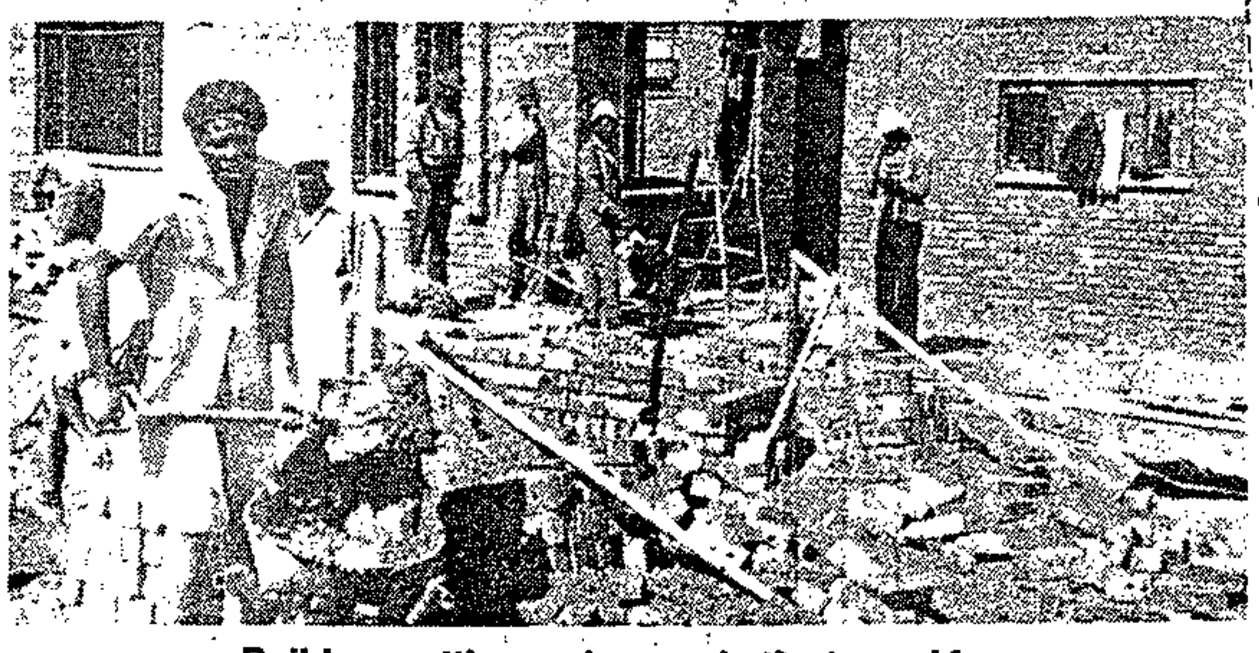
SOUTH Africa is in dire need of a non-racial national housing policy, Government Minister Mr Leon Wessels said yesterday.

Addressing a housing conference in Durban this week, Wessels - Minister of Planning, Provincial Affairs and National Housing - said there was a housing shortage of about 1,2 million units and a yearly demand of a further 175 000 houses.

He said the housing problem could only be addressed by a partnership between the Government and the private sector. The Government's role in addressing the problem should primarily be a "facilitative" one, he said.

"The Government's approach is to approach South Africa's problems pro-actively and constructively with the participation of all interested parties.

"The community must help us to identify the (housing) needs and the priorities of these needs."



Builders putting up houses in the townships.

Wessels said a person remained ultimately responsible for his own housing.

"It is not possible for the State to take the responsibility of supplying conventional houses to meet the need for low-cost housing."

He said unconventional solutions were required such as "informal towns" where services could be supplied initially at an affordable level.

"The residents can erect basic shelter until they can obtain permanent jobs and develop the capacity to consolidate their housing position by saving, using their own initiative and labour".

Wessels explained that the Government had instructed the South African Housing Advisory Council to recommend a new housing policy which would ensure that as many families as possible had access to at least a residential site, and that there was greater involvement by the private sector in providing low-income housing.

He said the council had found that the present proliferation of institutions dealing with housing had a negative impact.

South Africa was moving toward a housing policy based on affordability, he said.

Said Wessels: "We can no longer deny a man a shelter merely because he cannot afford to buy or build a house which must comply with ludicrous and inappropriate standards." - *SA Press Association.*

(c) the formulation and design of possible new or improved product or process alternatives; and

(h) activities, including design and construction engineering, related to the construction, relocation, rearrangement, or start-up of facilities or

Slanging match at housing congress

Sowetan 7/11/91

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Sowetan Correspondent

DRY and didactic discussions at a Durban conference on housing in a new South Africa this week took a lighter turn when two presentations degenerated into a slanging match.

Amused though many delegates at the biennial congress of the Institute for Housing for Southern Africa were by Conservative Party leader Mr Carl Werth's reference to his party as a "burr on the Government's backside", they took exception to his lengthy political tirade which made no mention of housing.

"Doesn't the CP have a housing policy?" numerous delegates shouted.

Werth retorted: "What you should be discussing, rather than future housing for blacks, is your activities in a siege economy."

A red-faced Werth then flounced out of the hall, refusing to stay and participate in a question-and-answer session.

PAC housing sub-committee chairman Mr Lucas Sigea also found his speech ill-received.

"You've had it too easy for years . . . it's all wealth accumulated at the expense of the exploited masses . . . you could stand to lose your big cars and houses, let alone your businesses," Sibea said.

"Like hell we will, comrade - just try it and see what happens," one portly gentleman with an Afrikaans accent shouted angrily.

And Sibea's comments about lazy white farmers who wasted their land didn't go down too well either.

"At least they grow more than just mealies and dagga," one delegate muttered.

Give money to home buyers says Inkatha

Sowetan 7/11/91

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MONEY for mass housing in South Africa should be placed directly in the hands of the buyers or future owners rather than developers.

Mr Errol Goetsch, the head of socio-economic research at the Inkatha Institute, said buyers would prove to be the most effective spenders of available resources.

In a practical and hard-hitting speech which won the most applause of the morning at the Institute for Housing for Southern Africa's biennial congress in Durban this week, Goetsch argued that the best people to solve the mass housing problems in South Africa were those people who were directly affected - the buyers.

"The buyer will watch costs infinitely more carefully than will the developer, whose habits, contacts and standards were established in more comfortable times," Goetsch said.

"As far as possible, the buyer would substitute his or her own labour, contacts and materials for the more expensive professionals a developer would use.

"The buyer would build according to his or her own time, according to the estimation of the needs of the family... money in the hands of developers means mass units, the hallmarks of apartheid, whereas money in the hands of the buyers and builders themselves means homes.

"It will also mean the mistakes which the building fraternity continue to make will end - repeating First World housing in a Third World context."

He said problems of tagging money, to ensure that it was spent for housing, were technical and could be solved.

Goetsch said Independent Development Trust money, as should all national funding, should go directly to each family as the most efficient spenders of resources.

He said problems of tagging the money, to ensure that it was spent for housing, were technical and could be solved.

State alternatives only created more problems because instead of concentrating on housing quantity, they offered housing quality - a First World approach.

"If the choice is for everyone to have basic shelter, which can be upgraded individually over time, or for quality housing for a few 100 000 people, then the IFP is on the side of the masses, and the State is siding with the elite," he said. - *Sowetan Correspondent.*

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HOUSING FM 8/11/91

A time to reflect

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A further indication of poor trading conditions in low-cost housing is Time Housing's decision to cut operations by about 20%.

The company, which forms part of the Time property and insurance group, has announced its withdrawal from what it calls marginal areas — including Bloemfontein, Port Elizabeth, Witbank, Harrismith and Ladysmith — and consolidation in the main metropolitan areas of Cape Town, Durban and the PWV.

Operations in the Ciskei-Border area and Botswana are not affected by the rationalisation. The Botswana company has just concluded a deal to build 400 houses for the government at Kgale Hill south-west of Gaborone.

The cutbacks, which entail laying off about 40 people, will reduce overheads and turnover. Nevertheless, Time expects to have completed about 2 200 houses by the end of the year and hopes to build more homes in 1992 — though it doubts there will be any major improvement next year, looking back on the 4 500-odd dwellings built annually by Time Housing in the mid-Eighties.

Vibrant business

Time Holding financial director Neil Carter comments: "It is still a vibrant business though it is beset with problems such as bond finance and the reluctance by most institutions — with the exception of Saambou, First National Bank, Natal Building Society and the Standard Bank — to provide housing finance because of the problems of repossession and bond boycotts.

"We'll take it on the chin and hang in. Then we'll be there when the market picks up again."

Time Housing's activities extend from houses built through the Urban Foundation's loan guarantee scheme at the lower end, to lower-cost homes (R75 000 to R100 000) in traditionally white areas.

Carter is encouraged by Reserve Bank Governor Chris Stals' comment at the *FM* Investment Conference last week that the rate of inflation could fall to 12% by the end of next year. "That would imply a prime of about 16% to 17%. There's a good housing market at those interest rates but it is killed when they rise above 18% as they are now."

He adds that the rationalisation decision relates solely to reducing exposure and risk in the housing market and denies any connection between the housing decision and tough trading conditions in the office property market where Time is also active through Time Properties.

Carter concedes that Time Properties owns headleases on two buildings with substantial vacancies — Lynton Hall, and Powerlines House in Braamfontein. However, he emphatically denies that either is a problem. "Both are roughly 50% vacant at present but we are on the point of signing a lease agreement on Lynton Hall, Though these headleases may be costing us a little at present the deficit will be wiped out by profits when the vacant space is let." So he is optimistic.

The other headlease owned by Time Properties is the Lohnro building in Girton Road, Parktown, Johannesburg, and Carter says this is fully let and Time makes a profit on the building.

"The commercial property division continues to trade very satisfactorily and should post record profits for the year," says Carter. ■

IDT BOND ISSUE

Mulberry bush

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FM 8/11/91

The Independent Development Trust's projected $100m Eurobond issue appears to be in limbo. No announcement followed last week's meeting with the ANC and neither side was prepared to comment.

The reluctance to comment and the fact that no further meeting is scheduled suggests that differences have not been resolved.

The issue was announced by the IDT's Jan Steyn in September. Soon afterwards, an ANC press release repudiated what it described as "the bogus ANC-IDT statement."

The ANC said it had advised the IDT that it opposed raising loans (though not grants) on financial markets. This was followed by another ANC statement which created the impression that obstacles had been removed. And in the week of October 14-18, the IDT made presentations in London, Zurich and Frankfurt.

The problem now is that lead banker J P Morgan is not prepared to settle for just a neutral stance on the part of the ANC. The bank is not willing to go ahead without the explicit backing of the ANC — which is not prepared to go so far.

In the circumstances, Steyn might have been tempted to publish a letter from ANC president Nelson Mandela which initially led him to believe the ANC would back the issue. But it seems likely that he will refrain in the interest of future good relations.

There is no immediate pressure on the IDT to follow its presentations with a launch. Now that contact has been established with potential investors, an issue can be initiated in weeks. But eventually, if no way out of the impasse is found, the IDT will have to make new plans and possibly step back in the queue of would-be foreign borrowers. ■

Education, rather than housing, is top spending priority

B/Day 11/11/91

STUART JONES

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SA's RELATIVELY small tax base and rapidly growing population make for difficult decisions over the proportion of the national income that should be directed to social welfare, and the distribution of this proportion to the various social services.

It will not be possible to meet all the claims upon the state for assistance. Many worthy causes will have to be refused financial assistance; others may have to have less than they would like to have. Some form of rationing is inevitable

In particular, the state cannot afford to get involved in the housing market. Housing conditions in Russia were worse than in 1914. And today, the worst housing conditions in Western Europe are in states that became directly involved in building houses.

Britain is the classic case. Acres of dismal and depressing housing estates were succeeded by even more hideous acres of council flats. Barren and dehumanising, these stand witness to the folly of socialism and the evil that planners can do. Not only did they take money out of the market for their construction, but they now requtre further funds from the taxpayer for their demolition.

The persons responsible for this folly were very similar both to those in the ANC who now advocate an enlarged role for the state in the housing market, and to those white liberals who have emerged from the ranks of business and support them in this respect.

Insofar as the Urban Foundation has used state funds to build houses, it has been in danger of falling into this trap. Architects of the Nedbank-Perm scenario and JCI economist Ronnie Bethlehem, with their proposals for a huge state-subsidised housing programme, are similarly mistaken.

Although possibly on a grander scale, such programmes are in many ways similar to the philanthropic projects of many 19th-century charitable foundations. And they all failed to make any significant impact upon the problem. Further, money going to house-building via the state may well be money taken from health and education.

Housing is a demand-side problem, not a supply-side problem, notwithstanding the past restrictions placed upon residential accommodation by NP governments. The supply can almost always be met, if it is left to the market. Witness the number of houses built in the former West Germany since 1945.

There are too many people with inadequate incomes to be able to afford to build, or rent, houses that meet traditional urban standards. It is foolish and irresponsible to pretend that persons without skills can hope to own a house. Subsidised loans are the most that can be reasonably expected, and even these are of questionable long-term benefit. The provision of below market cost loans in one place will push up the cost of loans elsewhere.

Helping people to pay for their own accommodation is the correct long-term solution. In the short-term we are going to have to live with the growth of slums and squatters around all the major urban centres of the country. This would have happened earlier but for influx control. It has happened in every African country that does not have influx control laws.

The employment of the state's scarce resources should be directed to long-term goals. And these long-term goals should be focused upon helping people to increase their earning power. This immediately tells us that education and health should have priority. If bodies and minds are looked after adequately, the individual will then be in a position to look after himself. The housing problem will be solved on the demand side by the market, and the efficiency of resource allocation and utilisation improved.

All subsidies that interfere with the working of the market inflict long-term damage upon the economy in return for short-term benefits. The provision of housing subsidies is one of the most deadly of these. It is harmful to wages and harmful to the taxpayer. The direct provision of housing is even more deadly, because of the type of mentality it encourages, both in the occupants of state-owned housing and in the bureaucrats who allocate them.

The new SA will have to pay interest on the national debt, already very large as a result of more than a decade of fiscal irresponsibility on the part of Pretoria.

It will have to pay for the basic services required of all governments: the army, the police, the administration of justice, the collection of taxes and so on.

Money will be required for infrastructure: the provision of roads, water, sanitation and electricity. State corporations such as the railways and the Post Office are likely to require subsidising into the foreseeable future. Only after all these claims have been met will the state be able to turn its attention to social services.

Education should come first, with special attention being given to secondary education. This is the area that is crucial to the economy and which is now in the biggest mess.

Given the extent of the population explosion it will not be possible to provide all people between the ages of 12 and 18 with secondary education. Already the burden of unequal education is placing great strains on the economy — proportionately we spend three times more than does Australia. This is going to increase still further, but not sufficiently to provide free secondary education for all. Some form of rationing is inevitable.

Rationing requires some form of selection. This may be examination, as with the eleven plus in England, by price as in 19th-century and modern India, or by bureaucratic fiat as in many of the communist states. None are ideal. Rationing by price with scholarships for the poor is probably the best, and it is time the politicians recognised this and stopped pussyfooting around giving the impression that everyone will be catered for.

It is also very important that the growth of secondary and tertiary education does not proceed at a faster pace than the growth of the economy. Building up expectations, without providing jobs for the school and college leavers, is not only immoral; it is downright stupid. India has been doing this for decades in Bengal and thereby created its most ungovernable province. Zimbabwe is already following along the same lines.

Closer to home, the University of the Witwatersrand is also accepting too many students who are unlikely to graduate, particularly in the arts faculty, which has such flexible admission requirements.

The main conclusions to be drawn from this analysis are that, in an underdeveloped economy, wealth creation is more important than wealth distribution. It is vital. And wealth creation should be the function of the market, not of the government. In the various demands upon the scarce resources, preference should be given to those social services that will lead to wealth creation and an increase in individuals' earning potential. Housing does not fall within this category — as directing money in that direction is in effect treating the symptoms rather than the disease.

The East Asian tigers South Korea, Taiwan and even Japan learned this lesson early and placed their money in those areas where its investment would be likely to lead to productivity growth. We should learn from them and not from the socialist planners who have left such a blight upon the landscape of England and Russia.

☐ **Jones is a senior lecturer in economic history at Wits University.**

LETTERS

PROPE

Homeless pose a problem for SA

B|Day 13|11|91

Reports by
PETER GALLI

IT WOULD be unrealistic to look forward to a stable and peaceful new SA in an environment of widespread homelessness, Institute for Multi-Party Democracy executive chairman Oscar Dhlomo said at the national congress of the SA Institute for Housing in Durban recently.

"The future SA will be required to facilitate and promote — not hinder — people's access to education, health care and housing. No post-apartheid government that remained quiet or was indifferent about these issues, would win a future election," he said.

The principle of wealth-creation advocated by the free enterprise system normally started with the ability of citizens to own property.

"It is therefore true to argue that if the policy of the future government is the economic empowerment of the deprived masses, then wealth creation through property ownership will have to be part of that policy," he said.

The future government needed to look carefully at ways of making more land readily available for housing and the bureaucratic red tape, accompanied by sheer inefficiency in some cases, characterising the entire process of acquiring and developing land for housing, needed to be done away with, he said.

Speaking at the same conference, SA Development Bank and SA Housing Trust chairman Simon Brand said private sector institutions had yet to adjust on the financial and construction sides to the changing pattern and demand in SA housing.

"After some tentative financial sallies into the lower to middle income market, there had been almost a complete withdrawal. In a new SA, considerable further adjustment will be required in national housing policy, and it will be desirable to have the widest possible support."

It was clear that the housing standards set in the past for a limited section of the population under artificial policy conditions were not sustainable under the new policy and market conditions.

"Given the extended scope of national housing objectives, important adjustments in housing technology and design will be required, in addition to adjustments in the financial and construction sectors if the housing needs and demands of the new SA are to be adequately met," Brand said.

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ERTY

New look needed at capital subsidy scheme

THE proposed capital subsidy scheme in SA should be re-evaluated in the light of international experience as subsidy design is crucial to achieving national housing goals, Murray & Roberts Construction executive director of housing Gavin Hardy says.

The principle of capital subsidies is unacceptable as scarce state resources cannot be maximally geared in this way. Unless accompanied by equity from the participant, capital subsidies are inherently socialistic, unsustainable and therefore discriminatory, he says.

"The De Loor inquiry into housing will most likely recommend a capital subsidy unless alternatives present themselves," Hardy says.

Endorsing some of the key findings on housing subsidies of the May 1991 World Bank Reconnaissance Mission, Hardy says the repeal of legislation and regulation and the freeing up of land and financial markets are not enough to undo the distortion of apartheid.

It would require what was referred to by the World Bank as "aggressive strategies to achieve satisfaction levels of integration".

"In this regard, Murray & Roberts' views converge with the World Bank's reservations about current proposals to kick-start the economy through massive subsidisation of the housing industry," Hardy says.

A workable alternative is to encourage private sector financial institutions to provide mortgage financing to well-located housing for the upper end of the black market and to foster broad participation in collateralised funds for lending to the mass market, he adds.

"M & R urges that the proposed capital subsidy scheme be re-evaluated and that state assistance for the severely disadvantaged be explored as well as the provision of an interest subsidy on a total mortgage package up to R75 000."

Ampros's Finance House Building 60% let

ANGLO American Property Services (Ampros) Finance House Building in the Bruma Lake Office Park — officially opened last week — is about 60% let and designed for tenants providing financial and related services, Ampros Bruma leasing executive Stan Davies says.

The office block accommodates tenants such as First National Bank, Standard Bank, Nedbank and the Perm, as well as travel agencies and airlines.

"They are serving the surrounding office buildings and shoppers and tenants from Fisherman's Village across the lake," he adds.

□ Due to an editing error, Business Day reported last week that the Bruma Lake Office Park was being developed by Old Mutual Properties. The building is being developed exclusively by Ampros.

For all your Industrial and
Commercial Properties

Low-cost housing: the real challenge

Star 13/11/91 339

As every schoolboy ought to know, low-cost housing is an urgent South African priority.

And that is almost to understate the case.

The huge housing problem, however, is being tackled by the public and private sectors, the latter taking an active part in the design, development and construction of low-cost housing aimed at the urban areas and, to a lesser extent, the rural market.

The challenge lies not only in the building of economical housing, but also in the provision of affordable electrification, lighting fixtures and plumbing for low cost housing.

Commitment

East London-based light fitting manufacturer, Datco, as part of their continuing commitment to the orderly development of a new South Africa, has developed a range of low-priced vandal-resistant bulkhead fittings, decorative bulkheads and floodlights.

To meet the need for easy-to-maintain, functional products, these are weatherproof and can be used indoors or outside, giving useful interior illumination and exterior safety and security.

All Datco products are engineered to accommodate low wattage fluorescent tubes and, in the case of floodlights, energy-saving mercury vapour and high pressure sodium lamps, as well as proven tungsten halogen tubes.

Absolute

Cyril Berman, Datco marketing manager, says: "Our commitment to the future of South Africa is absolute and next year we'll be introducing yet more products to assist the less privileged to realise some of their aspirations, in keeping with government policy to provide affordable electricity for everyone."

SOWETAN BUSINESS

Peace key to development

339

By JOSHUA RABOROKO

URBAN Foundation chairman Mr Mike Rosholt yesterday said the declining economy and high levels of violence had negative effects on South Africa's development.

Addressing the UF's annual meeting, he said all international signs showed that the chances of success were better if economic growth was high and violence low, preferably non-existent.

However, he was optimistic that "positive features would emerge after it had been realised that agreements had to be negotiated and accepted by many parties if the national challenges were to be met."

He said: "These negotiations are far-reaching, ranging from those between a rural village and an organisation able to assist with providing drinkable water for the first time, to the negotiations about a new constitution."

Indeed, he said, "the idea of a need for voluntary, negotiated accords - such as the National Peace Accord - is moving all our lives."

Rosholt said the basic reality was that people must develop themselves and, through co-operation, develop their own communities.

No-one could, he said, "develop" someone who simply remained passive, waiting to be developed.

"Another reality is that development is necessary in many fields: health, housing, business, education and others. This, in turn, means that people have to acquire the skills and learning that will assist them technically in meeting specific requirements."

He said in South Africa, three types of institutions exist to help people with development: private, Government, and those created specifically to assist in development. Sowetan 15/11/91.

He was impressed that among developments taking place in South Africa was the formation of a national negotiating forum on housing and the hostels.

"And one hears that talks have begun on the possibility of an education forum too. Hopefully such forums will in due course provide an agreement on how to develop a democratic society and this will be confirmed later by constitutional agreement," he said.

The UF believed that reactionary legislation inhibiting development must be removed and replaced with policies encouraging development. It also believed it necessary to establish and support new institutions motivating skilled people into development.

However, there were people who held other views, he said. Too few politicians devoted anything but lip-service to development.

"Their concentration appears to be entirely focused on political and power issues."

SOWETAN
Building the Nation
PROPERTY FOCUS

Cheap bricks for low-cost housing

Sowetan 14/11/91.

SEEMINGLY South Africa has seven million insufficiently housed black people with four million squatters on the Witwatersrand and in the vicinity of Durban alone.

For these people to be properly housed, the country will need to build 1,9 millions homes - right now and not later.

But the main actors in the building scenario - the Urban Foundation, the South African Housing Trust and the Independent Development Trust - have only touched the tip of the iceberg by building slightly more than 13 000 homes.

Judging at that rate it will take 138 years to clear the critical housing shortage that has caused disease and violence in the so-called changing South Africa.

As aptly put by one observer: "South Africa is tackling the legal institutions, financial and land ownership issues - all prerequisites in meeting affordable homes."

The situation is becoming catastrophic. However, a former financier and now a low cost-housing entrepreneur, Mr David Herbstein, says the situation is not disastrous - it is challenging.

He believes the country can do it - given the will. It certainly has the technology. But he does acknowledge that the picture is bleak.

"While I appreciate that building homes will gain momentum only when land is available, we could be moving much faster with the actual building of homes," he said.

Tens of thousands of people already have land but they cannot afford to build because prices have gone through the roof. Finding ways to make cheap, but durable, bricks is therefore absolutely essential.

The tragedy is that they are available but people do not know it.

Hebstein is determined to provide a solution to the housing shortage. He has developed a new brick machine - a boon for squatters. He put all his capital into developing a machine that makes high-quality bricks.

The cost of the bricks needed for one house is around R450, he explains, saying that is five times cheaper than normal. With unskilled workers, it is possible to turn out enough for two houses a day.

What is good about the machine is the fact that it can be towed - and it makes bricks on the spot by using subsoil dug from the house's own foundation.

The bricks are six times bigger than the conventional housebrick; it takes 700 to build a 34sq m house.

He believes that the squatter community could be helped to buy these machines and also create employment for many. He has suggested this notion to many companies and a few have responded.

He was unable to hide his irritation when talking of the disparity between what squatters are expected to pay for bricks and what they "really need to pay".

A tiny four-roomed core house - one that can easily be added to - would cost only R2 500, he adds.

He was perturbed about the national debate aimed at developing strategies for dealing with the housing problem.

"A more positive and vigorous approach has to be taken soon, otherwise the next century would see us still faced with a huge problem," he said.

PROPERTY

Sound guidance needed for potential property owners

B/Day 13/11/91

Reports by
PETER GALLI

THE low level of exposure to property ownership of the majority of consumers has created a large gap in the knowledge of the benefits and obligation of property ownership, which seriously needs to be addressed, says SA Housing Trust corporate communications head Mike Fowlds.

"There is a direct correlation between the willingness of the individual to accept his financial and other commitments and his understanding of all aspects pertaining to property ownership," he says.

Research conducted by the trust among low-income homeowners who had fallen into arrears with their bond repayments showed a lack of knowledge about and the understanding of the housing delivery process and their ownership obligations, he says.

The need for an information programme and controlling forum is quite obvious, particularly if estimates that SA will have a backlog of about 1,8-million new houses by 2000 are taken into account, Fowlds says.

"Of this, probably more than 90% have previously not been subject to the regular financial discipline of monthly bond repayments.

"A significant number of the 1,8-million new entrants into the housing market need information relating to housing to ensure their long-term enjoyment of secure accommodation and orderly community development," he adds.

Sound guidance in property ownership holds some clear advantages for many people and organisations involved in attempting to solve the SA housing crisis. This will lead to more trust in and acceptance of products and services.

Financial institutions have long cited the need for their clients to be guided in their decision to obtain property, which will greatly reduce its long-term risks, he says.

"Employers can also benefit from increased productivity levels and greater stability from a workforce that is housed according to its needs and understand their responsibilities as homeowners."

A careful guidance process will contribute to a secondary market in affordable homes. This, in turn, will not only have a positive influence on property values, but also create an environment where property owners will experience the real benefits of home ownership.

"A well-informed property owner will enhance community stability in SA and future economic growth," he says.

The establishment of a controlling forum and its activities needs to be approved by representative structures operating within the community. Such a forum cannot dictate and must consult on a widespread basis, with its approval by the community it hopes to serve mandatory to give it establishment and acceptance.

Development plans must focus on uplifting the poor

B|Day 14|11|91. **MIKE ROSHOLT** 339

FORTY years of apartheid have brought with them a long series of failed policies. As a result, our institutions now face the necessity of fundamental reconstruction. The changes we need can no longer be achieved by merely modifying or tinkering with the basic systems we have in such fields as health, housing and education.

These systems — and society as a whole — will have to be rebuilt. This will involve restructuring and even the total elimination of many institutions and the creation of new ones at virtually every level.

And the efforts of those institutions will to be very much concerned with the poorer sectors of the community. Development which is not targeted at them will tend only to increase the welfare of those who already have wealth and power. This would exacerbate our most serious gulf — that between the "haves" and the "have nots" — and benefit only the tiny portion of the society which is already better off in skills, technology and knowledge. That kind of development, alone, would in fact actually make our situation worse.

In addition to increasing the flow of assistance to the poor, reconstruction must also enable the poor to keep many of the benefits of development within themselves, their institutions and their communities, so they can then develop the capacity to sustain the improvements.

This will not happen spontaneously. In the past, many people believed economic development alone would ensure the success of other types of development. If sufficient wealth was generated in the society, then an upward movement of people's living standards and abilities would follow, stimulated by better employment opportunities and earnings.

Experience has shown it is not nearly as simple as that. Overall economic growth is certainly a very necessary condition for development. But on its own it is not enough. Growth must take place within policies and activities that focus specifically on the poor; increase opportunities for the poor; keep the benefits of development within the community so that ongoing development is sustainable; are broadly supported; and release undiscovered talent within people as individuals.

The Urban Foundation firmly believes there is another fundamental: negotiated agreements hammered out in broadly representative forums. Such "accords" or "social compacts" are being widely discussed today, especially since the signing of the national peace accord. One very encouraging example was the creation earlier this month of a national negotiating forum on housing and hostels. Talks have begun on the possibility of an education forum too.

Hopefully such forums will provide the web of agreement on how to develop a democratic society, and this will be confirmed later by a constitutional agreement.

The foundation believes there are three basics that reconstruction should cover. Firstly, the remaining legislation of the past which inhibits development must be removed and replaced with policies that positively permit and encourage people to develop themselves.

This is not to say the state does not have a very important direct role to play too. There must, for instance, be an acceptable level of state welfare provision for senior citizens and the disabled. It must provide avenues by which society as a whole can gladly and freely help these groups. It must continue to provide basic services and structures such as health and education, using resources gathered from the community as a whole. But in many areas of life previously regulated by the state, freedom should be created and space provided for people to show initiative, co-operation and commitment to themselves and society in the process of development. This can occur only within a framework of enabling policy.

The second basic revolves around one of the foundation's fundamental objectives to establish and support new institutions which motivate people with resources and skills to go into development activities and to assist poor communities to achieve the improvements in their quality of life which they have identified as priorities. This calls for sensitivity and commitment. It calls for the sort of investment in the community which will create rising standards of living.



☐ ROSHOLT

This permanence or sustainability of development can be achieved only if institutions — non-government organisations, schools, clinics, companies and individual projects — are built up in partnership with communities and are adapted to the needs of those communities. The ultimate objective is that all institutions created with the help of development agencies should become independent and viable in their own right, and yet continue to co-operate to avoid duplication of effort and waste of resources.

The final basic is that a far greater proportion of SA's resources is directed towards the poor — both individuals and communities. Linked with the intrinsic energy and commitment of the communities themselves, the application of adequate resources will enable people to become motivated to grow and to develop with their own efforts.

How can the foundation and similar non-government organisations participate? To answer this question, it is necessary to go back in history.

The necessity for reconstruction has arisen because of the serious social, political and personal injustices arising from past policies which have created critical problems in virtually all communities. Added to this is the fact that many of the organisations which normally might have assisted in development, such as local authorities, have either ceased to exist or now lack legitimacy.

It follows that non-government organisations and, to an extent, the private sector itself, have to play a much more fundamental role in reconstruction than would be the case under more normal circumstances.

Of course, all this sounds fine in theory. But can it work in reality? Without underestimating the difficulties involved, we believe it can — if, unfortunately, over a longer period than we would like because there are certainly no shortcuts or quick fixes available. Fifteen years of experience in SA support this view. And the successes of other development agencies here and elsewhere do too. But to achieve these goals, the foundation must continue its process of change; working to become more representative at all levels; further strengthen relations with all communities, work more purposefully to gain knowledge and experience from wherever it is available.

Not everyone agrees with these views. There are other theories of development, which focus on the growth and power of the state. There are a few people who oppose development altogether. There are many who try to direct the fruits of development solely towards themselves.

There is another overriding concern which might affect the speed of development. That is that too few of our politicians are devoting anything but lip-service to the critical, urgent development needs in our country. Their concentration appears to be focused entirely on political and power issues. They appear to be making the cardinal error of believing they can find political solutions which will work without a concurrent and significant improvement in the quality of life of the people of SA. It will not.

What we need is a wholehearted co-ordinated drive on poverty.

☐ This is an edited extract of Rosholt's chairman's address to the Urban Foundation AGM yesterday.

SOWETAN
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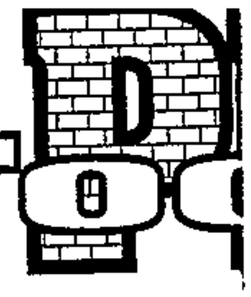

Property market set for recovery

Sowetan 14/11/91

By JOSHUA RABOROKO

THE property market is poised for an economic boom which can mean or even preceed that of the overall economic recovery, according to experts in the market.

They say adverse political and economic factors are still bringing strong influence to bear on buyer confidence.

Camdon's group MD Mr Scott MacRae says: "Nonetheless the fundamentals for an upturn are in place.

"The economy has bottomed out, there is pent-up demand for all types of housing, inflation continues to bring "buy now" pressure to bear and the governor of the Reserve bank, Dr Chris Stals, has indicated the need to kick-start the economy.

Upheaval

"Negative influences are the continued high bond rates, the erosion of buying power because of inflation and political upheaval," MacRae says.

He adds: "Without doubt the biggest disincentive for property investment right now is the high bond rates. We have seen worse. In 1985/86, they were touching 23 percent."

If the situation is interpreted in terms of recent Government statements however, there is a possibility that rates will be lowered next year.

He says: "There is even some indication that the battle against inflation is beginning to bear fruit, although the moot question is whether this has not been at the expense of severe damage to the economy."

The average homeowner is already severely pressed merely to keep up with his existing bond repayments and any relaxation of interest rates would go a long way towards improving his lot - and provide a psychological boost at the same time.

Those who were encouraged to take on bonds at 13 percent have seen their bond repayments virtually double, placing an enormous strain on household budgets.

The results are a creeping incidence of repossessions - figures indicate this is still not a major factor but the institutions should be aware that they cannot indefinitely increase rates and expect the market to simply absorb them.

On balance however, barring major political or economic catastrophe, industrialists would expect the positive influences winning through in 1992. The stage is therefore set for a recovery of the market.

New call to builders to be realistic

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14/11/91

By JOSHUA RABOROKO

A NUMBER of developers have "responded positively" to a call for more realistically priced property projects.

The response is timely in that the cluster homes and sectional title market has become more discerning and overpriced developments are not selling.

Overpriced

Developers are faced with overpriced land for such projects and sellers of land must now also be more realistic.

A projects manager for a leading firm of developers, Mr Jonathan Watchman, says two of the main elements of a cluster project - the developer's profit and building costs - leave very little room for manoeuvre.

If, in addition, land costs are at a premium, the overall project becomes simply overpriced in terms of current market acceptability.

"There is still tremendous demand for cluster homes for reasons of their security, aesthetics and financial practicalities of owning the land on a freehold basis," he says.

Eskom brightens up Elandskraal

w\mail 15|11 - 21|11|91

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By FERIAL HAFFAJEE

PROOF, if proof were needed, that progress and electricity go hand in hand, is the dramatic change that electrification has brought to the community of Elandskraal near Pretoria.

Business has boomed and the standard of living of almost all its residents has improved.

After successful negotiations between Eskom and the South African Development Trust Corporation (SADT) the area was electrified by December 1989 in a record two months.

The SADT established a number of small businesses at the community's request. Among the them were a dairy, motor spares shop, butchery, hair salon, cinema, herbal shop, pharmacy and hardware store.

A recent survey "revealed dramatic increases in the monthly turnover of these businesses, ranging from 38 to 100 percent in the first year of electrification", reports Eskom.

Additional ripple effects of electrification included the use of local labour for building projects and an increased demand for electrical appliances.

Out of a sample of 149 customers for such goods from shops in the area, almost a third more had bought television sets, 64 percent more had bought hi-fi sets, and almost 50 percent of people had bought stoves for the first time.

Energy expenses also plummeted.

"High-income earners who were paying an average of R291 a month for gas, paraffin and coal are now paying in the region of R68 a month for electricity, while low-income earners have decreased their expenditure by more than a R100 to R48 a month," according to Eskom.

Eskom adds: "The project can serve as a role model for the development of both urban and rural underdeveloped towns where residents are empowered to participate in the identification, decision-making and planning of development priorities."

Elandskraal is a fine example of the development potential of electricity in South Africa. It is also a rare example. Twenty million people still don't know the luxury of hot water, of reading under an electric light or of electric heating.

According to Eskom, there are 208 townships in South Africa where 70 percent or more of the households are without electricity.

Of 259 townships recently surveyed, only nine had been fully electrified.

In the Cape Province, 68 out of 89 townships had less than 10 percent electrification, while in Natal the figure was 15 out of 20 townships and in the Transvaal, 63 out of 70 townships.

RESS

Work starts on first IDT scheme house

339

Sunday Times (Business) 17/11/91

17/11/91

Business Times Reporter

WORK started this week on the first house to be financed by the Independent Development Trust for low-wage earners.

Emily Ntsasa and her family began building their simple home on 240m² of land in the Free State township of Thabong. They knew as they worked that this time it was for keeps.

On Friday Mrs Ntsasa became the first person to take transfer of a serviced site in terms of the Independent Development Trust's R7 500 capital subsidy scheme. She now owns the land in full, defensible title.

Negotiation

The cost to her was R300. The balance — R7 500 — was paid to the developer, Blomanda Housing Corporation, by transferring attorneys acting for the IDT.

Mrs Ntsasa's site has a tap and waterborne sewerage system, linked to a clay-brick outside toilet, and is reached by a network of gravel and tarred roads that lead to nearby Welkom.

Mrs Ntsasa and 15 other families acquired their land through carefully structured negotiation between the Thabong Civic Association and the developers.

Within two weeks, 40 families will take possession of their sites. By July next year, the number will have grown to 1 898, supported by R14-million from the IDT.

The Blomanda development is one of 108 proposals across SA approved in principle by the IDT earlier this year. The scheme will provide land ownership to 100 000 individuals who earn less than R1 000 a month and have families to support.

In all, about 700 000 people will live on the sites.

IDT housing director Ben van der Ross is pleased with progress. But his forehead furrows as he contemplates SA's total housing needs.

Mr Van der Ross says: "We are acutely conscious that we are addressing no more than 10% of the needs of the very poor, let alone the demand for people earning upwards of R1 000 a month.

Solution

"It is essential for the Government to follow up with complementary commitments so that the provisions of subsidies to poor people can be extended immediately.

"This is how the allocation in Thabong — even though only 14 000 people out of a population of 200 000 will benefit immediately — can become a beacon of hope.

"There must also be some commitment to those who can afford simple formal housing.

"If shacks are the entry point, they must lead to opportunities for upgraded homes."

The Thabong families come from a nearby squatter camp called Freedom Square. In August last year, the squatters invaded land owned by Blomanda, a division of the Innova utility company.

Negotiations between the Thabong Civic Association (TCA) and Blomanda to find a solution followed.

A joint application was made to the IDT — and succeeded.

The allocation of sites is made by an organisation consisting of Thabong Civic Association street committees and the TCA executive. So far it has gone without a hitch.

Urbanisation pressure

Star 20/11/91

Rapid urbanisation is placing increasing pressure on water supply networks, and engineers are hard pressed to keep pace. 339

"White population demand is at around zero, but urbanised black areas are growing at close to 10 percent a year," says WLPU partner Rob Williamson.

"In many cases the original water supply installations were designed during the days of influx control, and make no allowances for the urbanisation process."

The primary problem, Mr Williamson points out, is the question of who pays for the service.

"The pressure is huge, but there is no money. Lack of funds, together with the high pressure of demands, makes it impossible to go by the rule book — engineering solutions have to be inventive. When one is working to Third World standards one must be prepared to tolerate a higher level of risk than would be acceptable in a First World situation."



Rob Williamson

PROPERTY

Call for social upliftment forum

B1 Day 20/11/91 (339)



● TEN KROODEN

Reports by PETER GALLI

THE time is right for a forum on social upliftment, in which communities could meet professionals to discuss their needs and how they could help one another, says André ten Krooden, a partner at consulting quantity surveyors Walker Mare.

"There should be a forum where communities can make their needs known. Then professional bodies can assist them in formulating these requirements, and take the suggestions further," says Ten Krooden, a member of the SA Quantity Surveyors' public relations committee.

In this way community needs could be translated into appropriate development projects.

Consultants with specialised skills in the construction industry could assist in such an upliftment programme, which would offer business opportunities in many fields.

Quantity surveyors could assume the role of project managers, to mobilise the unemployed in contracts within their own communities. Some form of training could be given at the same time, thereby contributing to general upliftment.

"However, this road tends to be more expensive and very time-consuming for consultants, and the projects could take longer to complete. In this regard, government could offer a tax incentive of some sort, to encourage developers and institutions to undertake labour-intensive projects, encouraging local communities to undertake the work afforded them in their own areas.".

Roads and bulk services could be handled on a labour-only sub-contract basis, using labour instead of machinery.

The Development Bank of SA is investigating how such projects could be implemented, he says.

In addition, more innovative systems involving low-cost housing were needed. These should not be systems that employed less people, but rather systems which made maximum use of unskilled labour.

Professionals needed to look beyond the profit motive and combine their skills with projects to provide employment and the upliftment of the poor.

Concerned professionals also needed an avenue through which they could inform communities about assistance they could provide. Communities could look also at the possibility of drafting a register of their people's skills.

Ten Krooden believes the future does not lie in sophisticated industry systems using large machinery, but in the use of hand labour, which will have the spin-off of creating pride and responsibility in the community concerned.

"Quantity surveyors can play a role in keeping checks on money to be spent. Consultants can be responsible for this, and sub-contract to workers from the community where the particular development is situated.

"While this is more expensive when it comes to professional fees, it is essential for the growth in housing development and employment."

The "process of awareness" could be started at university or technikon level. Students in quantity surveying, architecture and engineering could be required, as part of their courses, to spend six months in the field helping communities with housing and related projects.

To supervise the process, a resources centre could be established at the university, under the supervision of a body of professionals who would take turns in manning it.

Quantity surveyors and other professionals would, to some extent, need to "unlearn" what they knew, and become more development-minded and not just commercially oriented for such a scheme to succeed.

The establishment of a forum and the employment of local people in projects initiated for their benefit would also need the support of trade unions and community leaders, he says.

The building business is fraught with problems, but taking the labour intensive route could be effective.

"Perhaps this is the price SA should pay to address the unemployment problem," says Ten Krooden.

Leslie Social Sciences Students' Council

SOWETAN
Building the Nation

DRUM FOCUS

Buyers benefit as prices are frozen

Sowetan 21/11/91

THE R25 million Delmore Gardens Development project started in January has frozen prices until the end of this December.

By JOSHUA RABOROKO

Basil Read Homes director, Mr Servaas van Gils, said that "with the introduction of Value Added Tax, we have managed to negotiate with builders and suppliers to freeze prices until December, making our house prices most competitive."

Because large numbers of clients are first time home buyers, the company ensures that bond applications, registrations, transfers, local authority deposits and connection fees are taken care of and included in the package price.

The price of the houses, including land and costs, starts at about R57 000. As an added bonus, the company is offering free wall-to-wall carpets with every house sold until December.

This development is attractive to black buyers as it is 2km from the central business district of Boksburg and Germiston and has easy access to two railway stations.

Affordable quality homes needed



By JOSHUA RABOROKO

AFFORDABILITY is the key factor in the present property market and developers will have to adjust to demands for quality homes at prices which the average hard-pressed South African can cope with.

Competition for the available market is hotting up and developers are seeing for the first time the mass housing builders moving into the market for individual homes with their ability to shave margins to the bone and provide a reasonably prieed quality product.

People would prefer to buy a home rather than rent one. The suppliers of housing therefore have to make it possible to do precisely that by providing housing at prices that are closely comparable with the cost of rented accommodation.

These are the views of black and white developers, who warn that the nature of the market has changed.

Mepco developers' managing director Mr JC Mtshali said developers must realise that goalposts have shifted. The volume of sales were now at the middle to lower end of the market and they have to provide for that need accordingly.

Another developer said the danger was that in the process, South African property development would evolve into a series of dreadfully uninteresting, tacky little box-like homes, with dre[illegible]

SOWETAN
Building the Nation

Consider all options when buying a home for the very first time

Sowetan 21/11/91

THE SA Housing Trust spells out factors to consider when buying a house and takes an in-depth look at home loans. (1388) (339)

When buying a home make certain you know as much about the housing market and house prices.

When buying a house look at all the options available. Use your weekends to look at new houses and travel to as many areas as possible. Talk to people in new houses and get an idea of prices.

Find out about municipal and others services in the different areas. Find out how much the town council charges for these services.

When you have decided to buy a house consider the following factors:

●How far is the area from your workplace? (Extra transport costs influences your budget).

●Are there schools in the area or are they planning to build new schools?

●How far are you from shopping centres, clinics, etc?

●Are there transport routes close to the area?

●Is it a neat neighbourhood and are the houses well looked after?

●Are there other facilities close by, like churches, sportsgrounds and parks?

Should you consider all these factors, the chances are good that the value of your property will increase in the next few years.

To get a good idea of what houses are available, read your local newspaper, contact builders in the area, look at showhouses, contact estate agents and speak to existing homeowners in the area.

Home loan

After you have decided that you would like to have a home of your own, you'll need to speak to a builder to determine how much money you'll need to buy the house. Then you can go to any bank, building society or Khayalethu Home Loans and ask them to lend you enough money, so that you can buy a house. This is called a home loan.

Improve

During the application procedure you will be asked to sign documentation which will give the financial institution the authority to register a bond on your house.

Financial institutions charge interest on bonds. Interest is the money that you pay when borrowing money.

The interest rate can change from time to time. If the interest rate is, for example 21 percent a year, then for every R10 you pay R2,10 at the end of the year for borrowing the R10.

When the interest rate changes, it will make a difference to your monthly instalment. Normally, financial institutions will try to keep your interest rate as steady as possible. However, when there are changes, they will let you know what the changes are and what your new monthly instalment is going to be.

Every financial institution has its own criteria when it comes to the repayment period. When you reach a certain age, the repayment period of the bond will be shortened depending on the retirement date the financial institution prefers to use.

Monthly instalment

●Capital repayment (repayment of the amount which you have borrowed) and interest.

●Homeowners Insurance: financial institutions take out insurance on the structure of your

* To page 24

P. T.O.

SOWETAN
Building the Nation

DRC FOCUS

Trust provides shelter for over 29 000 families

Sowetan 21/11/91

339

MORE than 29 000 families have secured homes through developers and contractors working with the South African Trust Ltd, providing shelter for about 190 000 people.

By JOSHUA RABOROKO

In its annual report, the trust says the building of these houses was underpinned by the provision of some 40 000 serviced stands in close co-operation with local community representatives.

The trust, through its subsidiary Khayalethu Home Loans, as a lender of last resort, was compelled by market forces to make long term finance available to buyers of houses built by the private sector.

Over the same period, 20 000 loans were granted through Khayalethu Homes to individuals at an average loan value of R22 000 - an investment of R400 million. The average amount of subsidies for home owners during this time amounted to about R40 million.

Employment

The report said that by providing the required long-term finances, the trust was able to ensure continued building activity for 44 developers (excluding small builders), providing employment for more than 10 000 people.

In the report, the trust's chairman, Dr Simon Brand, said he believed that financial institutions had been reluctant to enter the low-cost housing market because of repayment boycotts and other civic action.

In addition, he said, extremely limited funds were available from the Government to support first-time home owners with subsidies.

The allocation of the subsidy to developers of defined projects created islands of privilege.

"Confusion and political tension is bound to be created in certain areas.

The practical complexities surrounding existing squatter settlements will make use of the subsidy very difficult in many cases," he said.

"The country faces a crisis which is in large measure the consequence of unsatisfactory living conditions experienced by the vast majority of its people," he said.

From the trust's point of view there was a pressing need to make progress in areas such as: real growth, an environment conducive to upliftment; acceptable transitional measures and co-ordinated approach.

New hotel is not

PROPERTY

Black developers are being ignored - claim

(339)

By JOSHUA RABOROKO

BLACK property developers are being ignored in the allocation of stands and finance in the townships despite an increasing housing shortage that is reaching alarming proportions.

They claim that sites and land are normally allocated to white developers who are then able to take advantage of the large scale housing crisis estimated at 800 000, especially in the low-cost area. Sowetan 21/11/91

Institutions like the South African Housing Trust and the Independent Housing Trust claim to be doing something for low-cost housing but the process was "too slow", a developer said.

The director of Mepco Housing and Developers, Mr JC Mtshali, said the time was ripe that white developers should stop taking advantage of the black housing shortage to enrich themselves.

He said housing was a major problem - especially among blacks - and there was a great need for unity and co-operation between different role players, readily available financing and depoliticisation of the issue.

"This is what we need to achieve if we are going to solve the crucial shortage of houses," Mtshali said.

Many developers saw the R7 500 allocation from the IDT as inadequate to provide a serviced stand. However, he believed that one could provide a site with rudimentary services for around R2 500, leaving R2 500 with which to construct a reasonable home.

His company had been operating in the low-cost housing market since 1986 and experience has clearly shown that it could be done.

One of the major obstacles hampering the provision of affordable homes, he added, was the lack of funds. He strongly felt that companies should allow their employees to use their provident or pension fund contributions.

He is a strong proponent of the idea that the money that was available for the creation of affordable homes should be channelled through to black builders who knew more about the problem.

"We know what our people want and we cater for their individual needs, unlike some of the larger companies who provide homes for the people without consulting them."

His company, in conjunction with other black developers, was continuously involved in discussions with the Government and political organisations regarding the housing crisis.

Looking at the violence in the townships, Mtshali said black builders were not in the same position.

LOW-COST HOUSING

The wrong targets

There's little room for complacency among housing agencies. While they bicker over subsidies homeless people ruefully refer to millions of rands as ghost money — often heard but never seen.

At the centre of the controversy is Jan Steyn's Independent Development Trust, criticised by some for the high-handed manner in which it has dished out funds, and hailed by others for boldly stepping in where government and the institutions fear to tread.

Among its sternest critics is Development Bank and SA Housing Trust chairman Simon Brand. The antagonism surfaced in the Housing Trust's recently released annual report. Brand used it as a platform to slam the IDT for the way it has allocated R750m in capital subsidies which will allow 100 000 families to become owners of serviced sites.

He claims the IDT is creating islands of privilege which effectively block neighbouring developments indefinitely.

To date, the IDT has approved in principle 108 schemes for subsidies. Of these, 37% are public sector schemes, 34% community trusts, 20% utility companies and 9% for private developers.

Though Brand actually welcomes the IDT's allocation of finance to the lower end of the market, he contends that it has jeopardised investments in serviced sites by other developers anywhere near IDT-approved projects.

"To avoid selling these stands at significant losses in the short term, these service sites will have to be retained at high holding costs for an indefinite period until government enters the market with, hopefully, a comparable subsidy scheme."

The allocation of these subsidies, he maintains, results in confusion and political tension. Government, in formulating a national standard subsidy scheme, must also find ways of relieving the negative consequences of the IDT's scheme in its current form and extent.

In contrast the Urban Foundation, Steyn's former bailiwick, has pinned its colours very firmly to the IDT's mast.

Foundation chairman Mike Rosholt points out that government has expressed support in principle for the capital subsidy concept but failed to allocate the resources.

"This (the IDT subsidy) has been a breakthrough. It has opened the way towards the more appropriate use of State housing funds and it is vital that the IDT scheme continues.

"If the housing crisis is to be overcome there must be a government commitment to provide adequate regular funding for the next five years. This will enable at least 150 000 low-income families a year to enter the housing process by acquiring serviced sites."

The IDT's Jolyon Nuttall concurs: "The IDT scheme can meet only 10% of the needs of the very poor. It is essential for complementary commitments from government and others so that subsidies on serviced sites can be extended to the poor immediately."

Furthermore, he adds, there is regular liasion between Steyn and Brand on matters of common concern between the IDT and SAHT.

However, SA Housing Trust's Kayahaletu Home Loans GM Ben Pieters bolsters Brand's argument. He points out that the IDT's subsidy provides only a stand, not retail finance to build a home, so the lucky owner becomes a squatter on his own land.

"In the meantime, because we have about 21 000 serviced stands across SA which are effectively sterilised because of the IDT subsidy, we have to curtail our development. There's no point in putting a home on the market at about R26 000 which includes R8 000 for the cost of the stand while right next door is an IDT property, where the owner gets the land free, so his home will cost only R18 000.

SA Housing Trust GM Johan de Ridder adds a survey shows that, excluding serviced sites provided by the provincial authorities, there are about 25 000 serviced stands in the sub-R7 500 market sitting vacant which have to date not qualified for the IDT subsidy. Many of these are next to IDT schemes and so have had to be withdrawn from the market."

He criticises the subsidy for offering buyers limited freedom of choice about where they acquire property. He is also critical of the sudden cut-off point which bars anyone earning more than R1 000 a month from qualifying for subsidised land.

"If there were, for example, a first-time home buyer's interest-based subsidy where the capital subsidy ends then there would be greater continuity," maintains De Ridder.

In the meantime, squatters, huddled in makeshift, damp and uncomfortable plastic shelters, dream of a waterproof roof over their heads and dry floors underfoot. There is a lot of co-operation between the agencies but the most they can hope for are phantom homes as long as the empire building and brinkmanship continue. ■

DEVELOPMENTS

Fairway drive

JCI Properties has teed off to a cracking start with Dainfern, its integrated golf course, country club and residential estate near Fourways, north-west of Johannesburg.

The developer still needs formal proclamation of the estate but says 70%, representing 108 stands, of the first phase has been sold. Of these 18 have been sold since the official launch at the beginning of September. There was expected to be a noticeable decline in buying after the introduction of VAT but, according to JCI, this has not happened.

cont —>

TIDE COMES IN AT SEA POINT

Sanlam Properties has given visual perspective to what it plans for its R250m President Hotel site redevelopment at Sea Point in Cape Town. The property has been described as one of the most splendid and valuable development sites in the country.



As well as a R100m luxury hotel on Cape Town's beachfront; the project will also include three blocks of luxury apartments.

Sanlam Properties says it is negotiating with local and international operators to run the hotel.

The old hotel will be demolished in March.

House prices show drop in real terms

B/Day 22/11/91

PETER GALLI

SINCE the end of 1983 house prices have fallen in real terms by an annualised average of 7,5% every quarter. This is disclosed in the latest Absa quarterly housing review released yesterday.

The price of medium-sized houses rose by a year-on-year 14% to about R120 900 during the third quarter of 1991 from a year ago, which translates into a year-on-year fall of about 1,5% in real terms, it says.

Smaller and larger house prices both rose by 13% to R100 300 and R167 000 respectively. However, the increase in building costs has been slowing since the beginning of the year, rising by 12,9% during the third quarter compared with a year ago.

"This compares well with the average rate of 20,5% during 1990. This trend is also reflected in the 3% decline in the year-on-year average price of new houses during the latest quarter," the review says.

With inflation remaining in excess of 15% and "bound to increase" over the short term due to VAT, there is little likelihood of interest rates coming off before the end of 1991, it says.

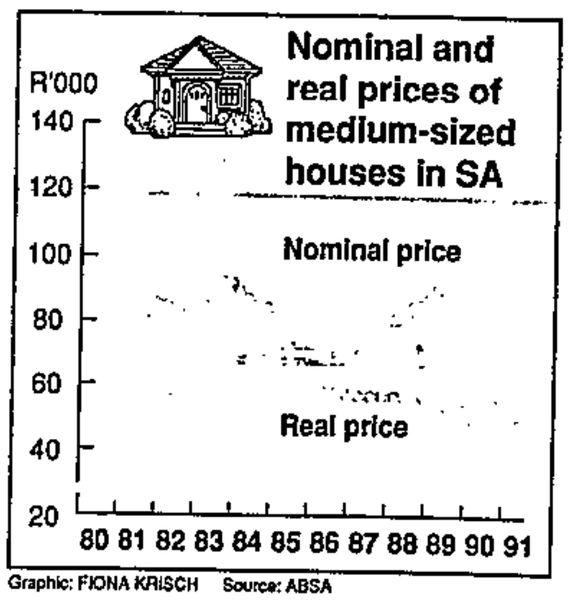
Provided inflation is brought under control during 1992, the Bank rate could be lowered by about two percentage points, with mortgage rates about 18% by the end of 1992.

The price of medium-sized houses in the Free State/northern Cape rose by 6% between the second and third quarters of 1991, by 5% in the western Cape and Durban-Pinetown areas, by 4% in the rest of Natal, by 3% in the Johannesburg, West Rand, Pretoria and Eastern Cape regions and by 2% on the East Rand.

"Prices in the rest of the Transvaal remained unchanged, while those in the Vaal Triangle fell by 2%," the review says.

Activity in the residential market can be expected to remain depressed for a few more months as the changeover to VAT takes effect and recessionary conditions persist.

"However, market conditions are bound to improve by the second quarter of 1992 in line with the general economic recovery expected to emerge from then on," it concludes.



Graphic: FIONA KRISCH Source: ABSA

House prices fall 7,5 pc a year in real terms

STAR 26/11/91

By Frank Jeans

The price of medium-size houses rose 14 percent to average about R120 900 in the third quarter of this year, says the Quarterly Housing Review of the country's biggest home lender, Absa.

The prices of smaller and larger houses rose 13 percent to R100 300 and R167 000 respectively.

The review says: "The increase in the price of medium-size homes represents a year-on-year drop of about 1,5 percent in real terms, which means that house prices have been falling in real terms since the end of 1983 by an average of 7,5 percent (annualised) every quarter."

While Absa sees little chance of a bond rate reduction before the end of the year, it is hopeful of some relief in 1992.

With inflation remaining high — above 15 percent — and bound to increase in the short-term owing to the effect of VAT, a drop in mortgage rates cannot be expected.

"However, a relatively stable rand, a strong decline in credit demand and a healthier foreign exchange reserve position could motivate a lowering of interest rates in the first half of next year.

"Provided inflation is brought under control during 1992, the bank rate could be lowered by some 2 percentage points, which implies that mortgage rates could reach about 18 percent by the end of next year."

year.

the last four weeks, Kardol said.

John Russell, who will remain as Pro- are offices in Durban, Cape Town and Johannesburg.

Rabie abandons black housing to go upmarket

B10 cny 27/11/91

WILLIAM GILFILLAN

RABIE Holdings had cut back the number of houses it built in the black market to 30 a month from its peak of about 300 a month a few years ago, finance director Ken Maggs said yesterday.

The group, which was previously one of the largest black housing developers, was now heavily involved in the upmarket residential market in Cape Town, he added.

Following this direction change, the group had enjoyed "phenomenal success" with its R100m Dolphin Beach development and R21m Sea Glade development.

Eighty percent of the 150 units at Dolphin Beach — on the shores of Table Bay — had been sold before construction started.

Three-quarters of the 71-unit Sea Glade development, at Hout Bay, had been sold before building began.

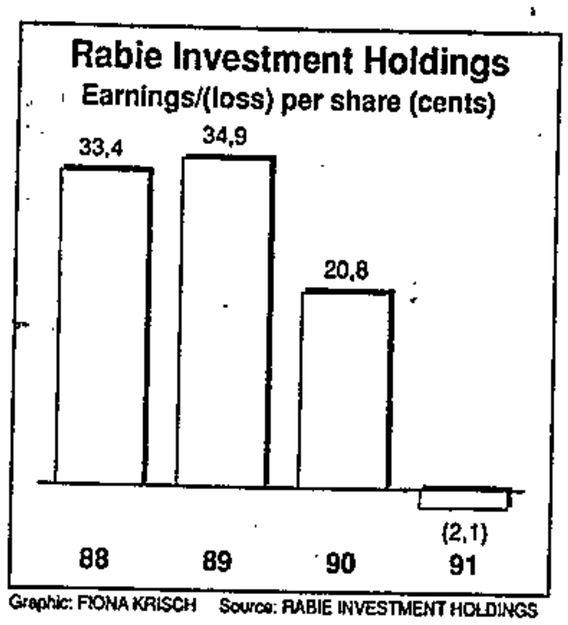
Rabie had drastically reduced its exposure in the black housing market after a R708 000 operating loss for the year to June. (Last year a R5,7m operating profit was earned.)

Although the group remained exposed to this market in the Transvaal, it had withdrawn from it in Natal and the Cape. The group was continuing in the Transvaal because it still had some land holdings to develop there, Maggs said.

An industry source said he believed the black housing market to be dead. "Financial institutions have curtailed their lending and reassessed the risk in this market. Also, with high unemployment and high interest rates, only a few people are in this market."

But Rabie remained exposed to the low-income housing market through its 40% holding in Kwikspace, which included the Zozo, Portacamp and CI Park Homes businesses.

In the 1991 annual report, chairman John Rabie said the real need in the low-income housing market was "in the area of shelter and below a cost of R10 000".



Graphic: FIONA KRISCH Source: RABIE INVESTMENT HOLDINGS

Beare shows sales growth

B10 cny 27/11/91

MARICA KLEIN

PREFCOR's furniture subsidiary Beare Group seems to be defying poor trading conditions in the furniture industry, says Beare Group chairman Hymie Sibul.

Recently released figures show that sales in the furniture and appliances sector grew by 3% in October over the same month last year, but Beare has shown a 27% growth, he says.

Not only has the 200-store chain kept its sales up during the recession, but Sibul claims it is also one of SA's most active furniture and appliance retailers.

Beare has embarked on a major expansion programme. Growing markets have been identified in neighbouring countries.

Sibul says although trading conditions are certainly tough, "we are doing things a little different", and Beare's aggressive consumer-oriented marketing programmes have seen it gain market share.

He attributes this to Beare's intimate knowledge of the market, looking after its staff, careful credit control and selective organic growth.

There has been some increase in sales over the past week to 10 days, "which is pleasing in the current climate", he says.

Building blues as real estate takes a tumble

Sowetan 28/11/91

339

By JOSHUA RABOROKO

BUILDING activity and real estate sales volumes have declined, although prices of houses have not been as adversely affected as expected during the current recession.

In its quarterly housing review, the Association of Banks of South Africa says these trends are reflected in the 11 percent and 18 percent declines respectively in the number of house plans passed or completed during the first half of this year.

The report says price levels in the residential property market can be expected to remain depressed for a few more months as the changeover to VAT takes effect and recessionary conditions in the economy persist.

However, market conditions are bound to improve by the second quarter of next year, in line with the general economic recovery that is expected to emerge from that point onwards.

Between the second and third quarters of 1991, the price of medium-sized houses increased by six percent in the Free State/Northern Cape; five percent in the Western Cape and Durban-Pinetown areas; 4 percent in the rest of Natal; 3 percent in Johannesburg, West Rand, Pretoria and Eastern Cape regions; and 2 percent on the East Rand.

Prices in the rest of the Transvaal remained unchanged, while those in the Vaal Triangle fell by 2 percent.

With inflation remaining high - in excess of 15 percent and bound to increase over the short term owing to the introduction of VAT - there is little likelihood that interest rates will be lowered before the end of this year.

However, a relatively stable rand, a strong decline in credit demand and a healthier foreign exchange reserve position could motivate a lowering of interest rates during the first half of next year, Absa said.

Provided inflation is brought under control during 1992, the bank rate could be lowered by about two percentage points, which implies the rate could be 18 percent by the end of 1992.



Innovative tiles solve high-cost roof problems

Sowetan 339

Property Reporter 28/11/91

WHAT's new, beautiful, tough and available?

Thanks to the innovative Symo corporation, it's Spantile, the new sheet-metal roofing option that cuts out expensive, up-market tiles and corrugated iron - combining the aesthetic appeal of tiles with the solid good sense of metal roofing.

With the strong new decor trend towards metal roofing, Spantile is rapidly becoming the most popular choice for both new buildings and re-roofing. It can also cover old iron or tiles with prepainted Iscor Chromadek colours.

Dr Roy Marcus, former dean of Wits University's engineering faculty, says: "Steel roofing tiles have become the accepted norm in South Africa.

"After years of extensive trials the technology has been perfected and Symo are now manufacturing Spantile, which offers an attractive and robust solution to roofing problems in South Africa - with a notable saving on time and timer requirements."

Spantile has already been used in the country for houses, a community centre, churches, office blocks, warehouses and there have been inquiries for shopping centres.

Says Spantile general manager Mr Tony Phillips: "When we discovered the project, now widely used in Europe, we immediately realised it would complement Symo's extensive range of roofing products. It had all the toughness of steel with the beauty of tiles.

SOWETAN
Building the Nation
PROPERTY FOCUS

Fabcos to build 1-million houses

339

Sowetan 28/11/91.

By JOSHUA RABOROKO

IN a major move towards alleviating the acute housing shortage the Foundation for African Business and Consumer Services has vowed to build more than a million low-cost housing within two years.

Fabcos has identified poor housing standards and the general housing shortage as the most pressing socio-economic problem facing South Africa.

Marketing director Mr Jabu Mabuza told a media conference in Pretoria yesterday that, given the land and other resources, they would attempt to solve the problem.

He was speaking at a function where Fabcos and giant paper manufacturing company, Sappi, announced a massive finance scheme for affordable housing, especially aimed at squatters on the Reef.

He said: "It is well known that an urgent need for basic housing in this country exists. It needs to be addressed immediately."

Official estimates are that more than one million families are homeless - thus at least seven million people are without a roof of their own over their heads.

"These families include shack dwellers, living in unacceptable socio-economic conditions. We need not remind you about the ever increasing squatter camps throughout the country." he said.

Growing urbanisation, particularly in the Pretoria-Witwatersrand-Vereniging area and around Durban, demanded immediate attention.

Only 40 464 houses were built for the poor in 1990 - 30 911 by the private sector, 7 897 through self help loans and a paltry 1 665 by the Government.

Sappi Ltd, one of the major players in the South African economy, has offered to support Fabcos with massive financial backing.

Sappi's chief officer, Mr Ian Heron, said there would be no peace in South Africa until all squatters were properly housed and employed.

He identified housing as one of the major problem facing the country at the moment, and he warned even if political power was gained, it would be useless without sufficient housing.



JABU MABUZA

OFFSHORE FUNDING

339

FM 29/11/91

The Independent Development Trust (IDT) has decided to postpone its US$100m Eurobond issue until "an appropriate time" next year after the withdrawal of ANC support. Lead banker J P Morgan was reportedly reluctant to proceed without this. The IDT is to apply R300m in existing funds to the National School Building Trust.

Meanwhile, electricity producer Eskom is to seek R700m offshore (after raising R464m in 1991). Its total programme of R2,4bn for 1992 is modest, compared with R1,6bn raised during 1991 and R4,3bn in 1990.

Foreign bond redemptions in 1992 total only R450m. Other overseas borrowings will have to be repaid on a substantial scale, including export credit finance and direct loans from banks. Extended credit facilities (essentially for the import of capital equipment) remain at much the same levels as during 1991, at R284m budgeted for 1992.

Eskom's Mick Davis says the local capital market will be the source of R1,3bn. Liquidity has been further assured through domestic "pre-funding activities," which have already raised about R600m, at an average rate below 16%.

Delay in IDT loan bid raises eyebrows

339
STAR 30/11/91.

POLITICAL STAFF

THE Independent Development Trust's surprise postponement of its Eurobond issue to help fund a national school and clinic building programme has raised eyebrows in international banking circles — and prompted questions about the African National Congress's "reliability".

The IDT this week announced it was calling off until next year a bid for a $100 million loan because it appeared that the ANC had at the last minute withdrawn its support for the venture.

Observers said that if there was not unanimous support in South Africa for the loan, it could make potential investors wary of showing interest next time around.

Saturday Star understands that the IDT decision — announced in newspaper advertisements this week — represents the failure of a 10-month-long process of consultation and preparation.

The IDT, headed by former judge Jan Steyn, said this week that "explicit support" for the venture had been sought — and received — from key political leaders before the loan bid was made.

Statement

These leaders included President de Klerk, Inkatha Freedom Party leader Chief Mangosuthu Buthelezi and ANC president Nelson Mandela.

The IDT said shortly before it was to make its first presentation in London in mid-October that the ANC had suddenly issued a statement "claiming that its support (for IDT fund-raising efforts) was confined to grant-funding, not to the raising of loan finance".

It is understood that the ANC decided that the IDT proposal, if successful, would constitute a breach of financial sanctions — a policy it still adheres to.

Mr Mandela is believed to have said his initial support was due to a misunderstanding of the implications of the ANC's sanctions policy.

The IDT said the ANC's October statement was "insupportable". It had gone ahead with its presentation on the basis that whatever "misunderstandings" had arisen would be resolved after its delegation's return from London.

"It appears that despite the support originally given to the venture, the ANC now regards the inflow of loan funds for a national school-building programme ... as being in conflict with its policy on financial sanctions," said the trust.

Cheap housing goes on show

FABCOS and timber company Sappi have joined forces to find house designs which can help solve the housing backlog, the two organisations announced in Pretoria this week.

Fabcos chief executive officer Jabu Mabuza told a press briefing at the organisation's offices in Pretoria West that the houses on display ranged in price from R1 500 to R4 500, which could be paid over five years.

Four houses, with two and three rooms, with tiled roofs and walls built with hardboard and asbestos, were on display.

Mabuza said it was surprising that most squatters chose a flat-roofed hardboard house costing R3 500, instead of a stronger one roofed with ceramic tiles.

He said Fabcos and Sappi, which also deals with building materials, took into account that there was a growing number of squatters, especially in the PWV and Durban areas, "because of the acute shortage of housing in the black community".

"If we are to address the backlog, we will have to provide 1,8 million families with houses now and build 400 000 units every year for the next 10 years." – Sapa

NEWS IN BRIEF

IDT grants R185m

THE Independent Development Trust (IDT) will grant R185m to 16,6-million "forgotten people" in rural areas next year.

Health and community development director Len Karlsson and communications director Jolyon Nuttall said R50m would go towards providing clean water.

B Idem 4/12/91

Business as usual not possible in SA

Business as usual is already impossible in South Africa, especially in black communities.

By JOSHUA RABOROKO

According to Mr Ben Pieters, head of Khayalethu Home Loans (Pty), attached to SA Housing Trust, a totally new approach is needed - such as a joint venture involving low-income communities themselves, the private sector and the Government.

Such a partnership could at least trigger renewed funding for low cost housing and funding for attendant social infrastructure in low-income communities.

Pieters said he believed that the timing was right for such a joint venture.

Funding

South Africa's reintegration in the world community would encourage access to funding models and innovations tried in similar markets. Many of these models involve government intervention and private enterprise participation.

But the key, Pieters said, lay within black communities themselves. Failure to counteract rampant instability was tantamount to pressing the self-destruct button.

Khayalethu continually interacts with all potential participants in the suggested joint venture. It is regularly consulted by Government agencies and tries to attract private sector finance to low cost housing. It also educates low-income communities to the importance of a stable environment.

He said: "Ultimately, the business and the black communities have to form a joint venture. Maybe we'll have to play middleman for a few years. The important thing is to make a start.

"Communities which fail to honour commitments and seek confrontation on every conceivable issue will fall behind communities which genuinely seek development. Investment funds will go to the stable environment."

He believes that the Government and the private sector could establish their credentials inside black communities by showing their commitment to seeking innovative solutions to the housing crisis and the lack of social infrastructure.

Simultaneously, specific black communities could establish their good faith by taking steps to reintroduce stability to their areas.

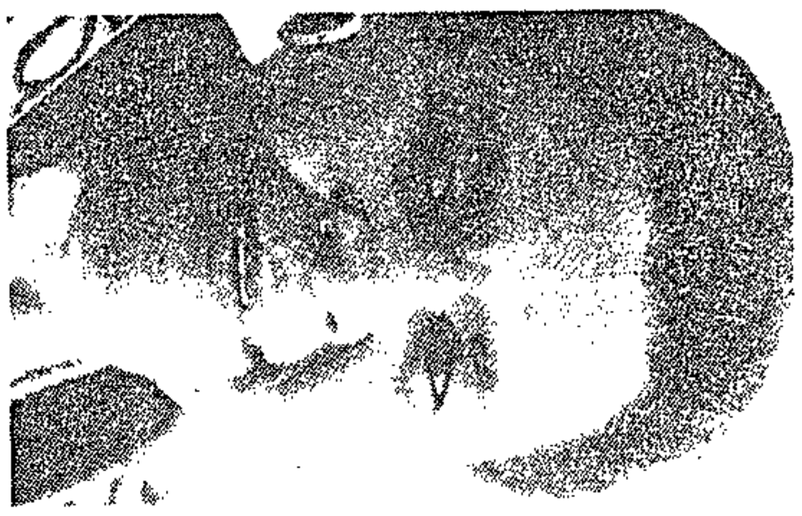
He believed the Government had to shoulder responsibility for basic shelter at the lowest end of the scale, and an equitable subsidy system needed to be put in place as soon as was practical.

He added: "The Government's role in encouraging investment in housing and infrastructure will come increasingly under the spotlight. The business community should look at various instruments now so it can advise and co-operate. Time is running out."

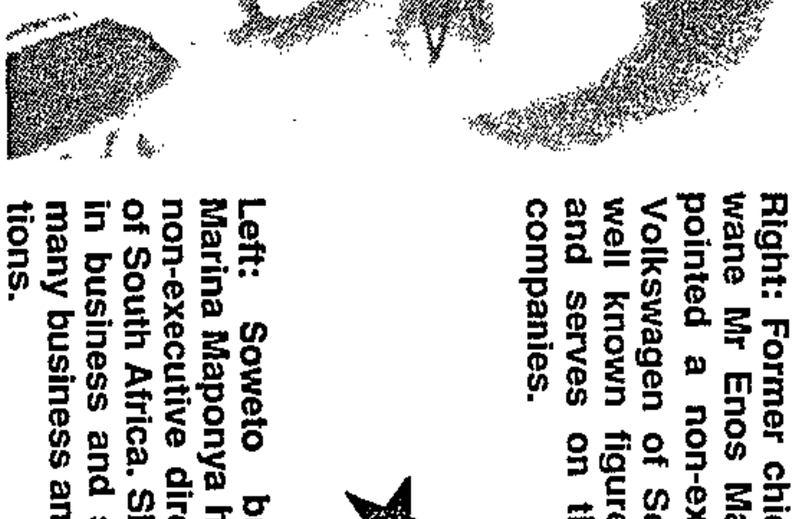
Studies

According to him, the United Nations Centre for Human Settlements has made in-depth studies of financial resource mobilisation for low-income groups. Its findings might be adapted in South Africa.

He said the situation was serious, but certainly not hopeless. Innovation and change will make a difference. But lip-service to peace had to cease in black communities just as it had to stop in upliftment of in some other quarters, he said, adding, "it is time for action."



Right: Former chief minister of KangwaneMr Enos Mabuza has been appointed a non-executive director of Volkswagen of South Africa. He is a well known figure in political circles and serves on the boards of many companies.



Left: Soweto businesswoman Mrs Marina Maponya has been appointed a non-executive director of Volkswagen of South Africa. She is a popular figure in business and serves on boards of many business and women's organisations.

PROPERTY

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Y

Housing advice group in action

Sowetan 5/12/91

By JOSHUA RABOROKO

HOUSING Advice Centre, a legal aid voluntary association specilising in housing, has been launched in Johannesburg.

Under the leadership of a leading attorney, Mr Brian Leveson, the centre aims to help improve consumer protection in the lower income home ownership market.

It also aims to:

● Take legal reasonable steps to educate the public about the legal and financial implications of home ownership and associated matters;

● Help the lower income community with their legal problems of a home ownership or associated nature by offering legal advice and assistance including proceeding with litigation.

They can be contacted at Room 404-407, 4th floor, Gloucester House, 66 Rissik Street, Johannesburg. Tel (011) 333 2476/7.

Fabcos gets a big praise

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Sowetan 5/12/91

By JOSHUA RABOROKO

THE Azanian Students Convention has welcomed the Foundation of African Business and Consumer Service's involvement in low cost housing.

Azasco's deputy president, Mr Vusi Hlongwa, said his organisation applauded the timely move by Fabcos to intervene on behalf of the toiling black people by pledging to assist in building affordable houses for the poor.

He said: "The white Government has failed with its moral obligations to provide housing. White companies and multinationals took advantage of the plight of black people by reaping super profits out of the housing problem.

"This failure has led to the mushrooming of squatter camps countrywide, which are fertile ground for being a killing machine, evidenced by current massacres of our people."

He was responding to a major move towards alleviating the acute housing shortage taken by Fabcos to build more than a million low-cost housing within two years.

Fabcos has identified poor housing standards and the general housing shortage as the most pressing socio-economic problem facing South Africa.

Black property market takes dip

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Soweto 5/12/91

THE property market is heading for rough times which could result in cutbacks on a number of houses supposed to be built for blacks.

By JOSHUA RABOROKO

The main factors that could lead to this situation are financial institutions' reluctance to offer home loans and the escalating violence that has reached alarming proportions in the townships.

Banks and building societies are refusing to give loans because of non-payment of bonds caused by townships boycotts and violence.

Rabie Holdings has cut back on the number of houses it is building in black areas to 30 a month from its peak of about 300 a month a few years ago, the company's finance director, Mr Ken Maggs, said in Cape Town this week.

The group, which was previously one of the largest black housing developers, was now heavily involved in the upmarket residential market in Cape Town.

This trend is likely to be followed by other developers at a time when there is an acute shortage of houses for blacks resulting in the mushrooming of squatter camps.

Sources in the industry have indicated that there are many obstacles although they are optimistic that things will change in the so-called new South Africa.

Maggs said that Rabie had drastically reduced the exposure in the black housing market after a R708 000 operating loss for the year to June - last year a R5,7 million operating profit was earned.

However, he added, although the company remained exposed to the market in the Transvaal, it had withdrawn in Natal and the Cape.

"The group is continuing in the Transvaal - in areas such as Soweto and Tembisa - because it still has some land holdings to develop," he said.

Rabie still remained committed to the affordable homes market through their 40 percent holding in Kwikspace, which included the Zozo, Portacamp and CI Park Homes businesses.

Sources in the building industry said they believed the black housing market was dead.

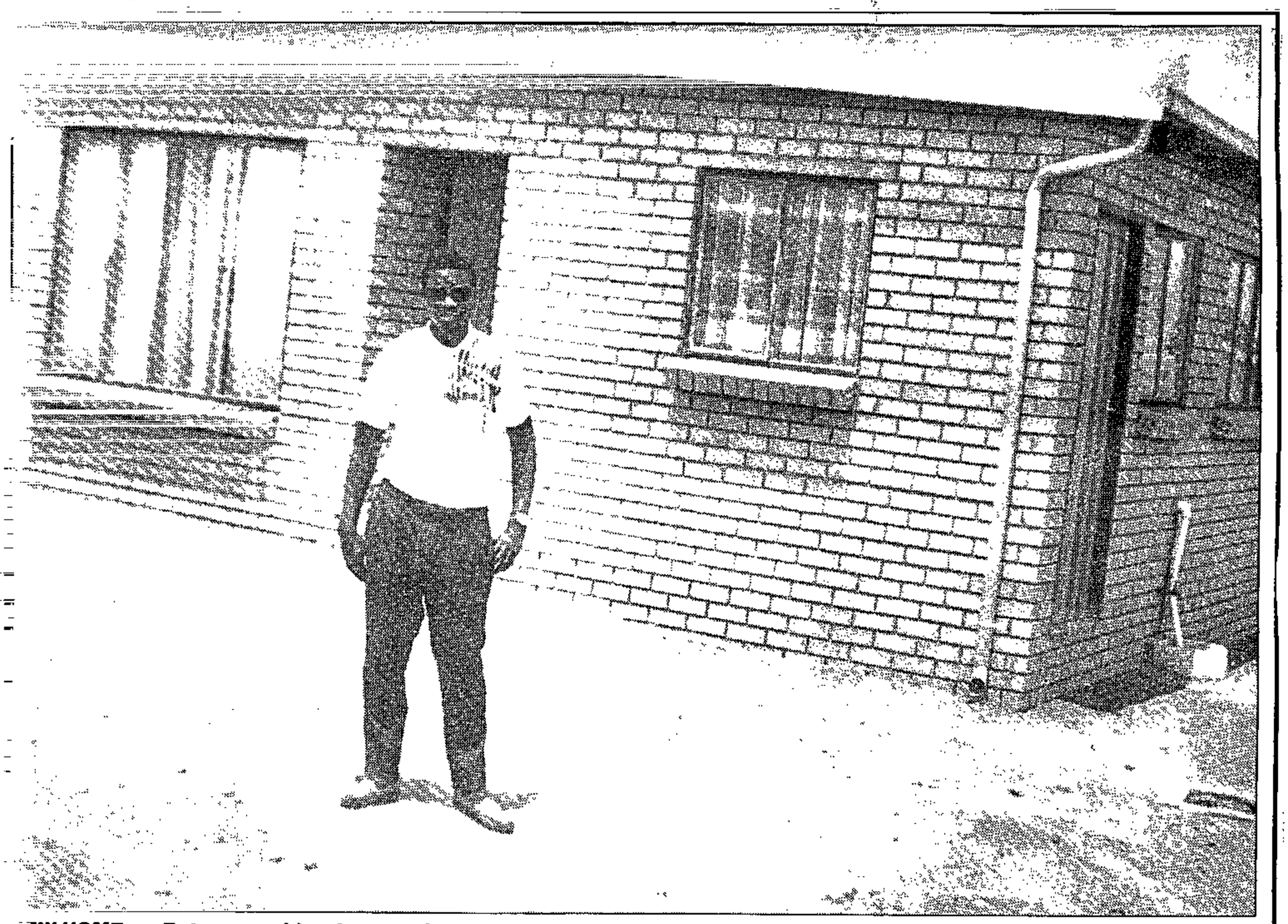
In his chairman's report Dr Simon Brand of the South African Housing Trust said financial institutions were reluctant to enter the low-income market in any meaningful way.

In addition, extremely limited funds were available from the Government to support first-time owners with interest subsidies.

"It follows clearly that new and innovative ways will have to be found to address socio-economic development in South Africa during the period of political transition.

"To achieve this we will require the commitment of all concerned to increasing the momentum of development," he said.

Director of Mepco Construction and Developers Mr JC Mtshali said financial institutions had throttled their lending.



NEW HOME . . . But you could wait up to nine years for one if you invest in a venture capital scheme. One such scheme is run by Afprop, whose director Sargent Magaretsa is seen here with one of the houses. The schemes work like giant stokvels.

■ Pic: EVANS MBOWENI

Housing investments at risk

Cape 17 8/12/91 339

THOUSANDS of people could lose the money they have invested in venture capital schemes which promise to build houses in black townships for shareholders.

Hundreds of thousands of rands have been invested by people desperate for houses in Reef townships.

The schemes target low-income buyers who do not qualify for bank and building society loans.

The schemes operate like a giant stokvel, with members paying a joining fee and a monthly sum while waiting for a house to be built.

Serviced sites, with or without houses, are promised on a first-come-first-served basis, to encourage people to join immediately and wait in line for a house.

According to contracts signed by investors in some schemes operating in Johannesburg and Reef townships, the wait could be up to nine years.

During this time they would have to pay monthly instalments of R225.

The Business Practices Committee of the Department of Trade is conducting an investigation into the schemes to establish whether they constitute a harmful business practice.

If the committee finds these businesses are harmful, the Minister of Trade has the power to ban them.

Committee chairman Prof Louise Tager has warned the public their investments in these schemes are not secure.

"We appreciate how people desperate for housing are drawn to these schemes, but must warn the public that such schemes will not guarantee them land or houses.

"People should be very wary of schemes which sound too good to be true – they are just not viable," said Tager.

Housing Advice Centre attorney Brian Leveson advises people not to join such schemes and for existing shareholders to stop paying instalments and seek legal advice.

"These schemes are simply unworkable. There is no guarantee people at the back of the queue will get a house.

"Even if they are given occupation of the site or house, buyers cannot take transfer of the land, so they have no security whatsoever.

"In the schemes we have investigated, the companies do not even own the land they are getting people to invest in.

"In my opinion, these schemes are not only harmful, they are downright dangerous.

"The people who run these schemes are a disgrace and should be stopped," said Leveson.

Housing scheme on shaky ground

VENTURE capital housing scheme African Property Development Company (Afprop) has taken money from thousands of people but given them no guarantee they will get sites or houses in the company's development at Tsakane Extension 11 near Brakpan.

Afprop's scheme is designed to appeal to desperate homeseekers, especially those who do not qualify for building society loans.

Three-bedroomed, face brick houses in Extension 11 are selling for R22 500, with no interest or fluctuating bond rates.

The initial payment is R950, then R225 a month for eight years until the full price of R22 500 is paid.

The contract states that Afprop undertakes to build a house within 100 months – that's eight years and four months. People could be on the waiting list for this time while paying R225 every month.

Afprop promotes itself as a company "building houses for the people by the people" and boasts nine black directors. However, investigations by City Press reveal the main shareholder is Brakpan businessman Frans Badenhorst.

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Informed sources claim Badenhorst was a former business associate of Brakpan satanist moneylender Lucifer van Zyl, and was involved in Van Zyl's now-banned debt-broking businesses Novio and Reficul.

Badenhorst refused to answer any questions from City Press.

Afprop director Nimrod Luti referred all inquiries to Badenhorst.

Further investigations reveal:

- Afprop claims to have 2 300 shareholders but has built only 78 houses in Tsakane Ext 11 since 1990.
- Afprop bought 450 Ext 11 sites from township developers Township Realtors, but its clients cannot take transfer of their land because Afprop has not met Transvaal Provincial Administration requirements.
- The TPA's regulations require Afprop to put in all the services stipulated in the services agreement with the Tsakane Town Council or to lodge several hundred thousand rand with the council to guarantee installation of these services. Reliable sources say Afprop cannot afford to instal the services or put up the guarantees.
- Afprop has installed some services, including water and sewerage, but not electricity, tarred roads or street lights.

Township Realtors MD Dr Alf Levine told City Press people could rest assured the land was still registered in his company's name. He said Township Realtors planned to take over the services agreement from Afprop when it expired in May 1992 if the company had not completed the services by then.

Levine called on Afprop clients to immediately stop paying instalments and to occupy their Ext 11 sites.

"People who have paid money to Afprop for these sites should occupy them, even if it means putting up a shack in the meantime. After May next year, they can negotiate directly with Township Realtors for the services and houses," he said.

Levine said it would be impossible for Township Realtors to offer houses for the R22 500 Afprop was selling them for, but undertook to negotiate with buyers and assist wherever possible.

Afprop is one of the schemes being investigated by the Business Practices Committee.

City Press is investigating a number of similar schemes from which people have paid hundreds of thousands of rands in the last two years.

Community must provide housing

Sowetan 12/12/91

339

Property Reporter

OLD Mutual recognises the need for investment in so-called socio-economic development and believes this is the responsibility of the whole community.

Speaking at the 146th general meeting of the company, the chief operating officer, Mr Gerhard van Niekerk said the company could make funds available for low-cost housing and other socially desirable investments, but this would have to fall within its broad responsibility towards members.

Security

He said: "Money entrusted to Old Mutual are investments which require proper security and market-related returns. Our two million members are ordinary people - many do not even pay tax because they fall below the minimum income threshold.

"So for risky loan investment, the risk must be borne by the whole community, not by our members."

In his address chairman Mr Mike Levett said one way of achieving this would be for the Government to guarantee the payment of capital and interest of such investments.

In this way the entire community would take responsibility.

"In providing guarantees, the Government should satisfy itself that projects are suitable and deserve the use of scarce capital. Such loans would in effect be off-balance sheet borrowing by the Government and could well be considered as an extension to the budget."

Levett said assurers were not organised to manage large numbers of small investments such as home loans or small-scale entrepreneurial developments.

Services

"There are, of course, many organisations to provide such services, such as banks, building societies, Development Bank of SA, IDT, Urban Foundation and the SBDC."

These were agencies which should be looked at for channelling available finance, he said.

Thousands of homes imperative

Soweto on Sea 12/12/91 (339)

AT least 150 000 low-income homes a year will have to be built in the next five years if the housing crisis is to be overcome, according to the Urban Foundation.

In an annual report, Urban Foundation chairman Dr Mike Rosholt said there must be a Government commitment to provide adequate and regular funding during that period.

He said: "There is a view in certain quarters that the Independent Development Trust's capital subsidy scheme should be replaced with a points-based coupon system along the lines adopted in Chile.

Key role

"Such a scheme would dissipate demand, making it extremely difficult for developers to operate on scale and it would also inhibit the degree to which community organisations can perform the key role they are now playing in the present scheme," he said.

At the same time, it was essential that lessons were learnt from the IDT's first exercise so that improvements could be made on the basis of practical experience, he said.

Rosholt urged the indepth examination of the Land Reform Bills, which the Government drew up as it repealed the Group Areas Act and Land Acts.

Courageous decision

"While we welcome the courageous decision by the Government to repeal these cornerstones of discrimination, the foundation was concerned that an opportunity was being lost to formulate much-needed new urban and rural development strategies through widespread consultation and participation."

Detailed submissions were made to the Parliamentary Joint Committee on all five Bills, and while the foundations's proposals were only partly successful, it was pleasing to note the Government's willingness to amend its proposals in response to alternative views put forward, he said.

By JOSHUA RABOROKO

Serious difficulties continued in the housing industry during the past year. The drying up of mortgage finance, violence, high interest rates and land invasion all contributed to trading losses being incurred in the foundation's housing activities.

It was reported in last year's review that a restructuring of the foundation's housing utility companies was planned. This has now been completed and the utility companies have been merged into one self-standing company with a focus on developing serviced sites in terms of the IDT's capital subsidy scheme.

He said the new company has been provided with adequate capital by a number of private sector companies, the IDT and UF itself.

Complex project

The in-situ upgrading of the informal settlement known as Bester's Camp on the outskirts of Durban made good progress during the year. Encompassing some 8 000 households, this is the largest and most complex housing project ever undertaken by the foundation.

"Negotiations are under way for the foundation to act as project managers for two similar projects: Soweto-on-Sea near Port Elizabeth (11 000 households) and Freedom Square in Bloemfontein (4 000 households)," he said.

He added: "If it can be demonstrated that, through a community-driven upgrading process, informal settlements can be transformed into acceptable environments where health and safety have been secured and where families enjoy security of tenure, it will provide a future of hope for the millions of South Africans."

Rosholt also said the foundation has recommended the establishment of a national education forum.

In addition, the foundation has involved itself with the development of business in the informal sector.

R15-bn scheme for development

Sowetan 19/12/91

A DRIVE to create a R15 billion scheme for development is currently being spearheaded by top ANC officials including Mr Nelson Mandela and Mr Thabo Mbeki, with the project possibly coming into existence next year.

To be called the South African Trust for Equity and Development, it would allocate large amounts of money for housing, education and other socio-economic projects.

Sources said it was designed to level the playing field by allowing the African National Congress similar patronage that is currently available to the National Party through the Government in the run-up to constituent assembly elections.

Mandela said in an interview yesterday that the scheme had in the past fortnight received favourable response from leaders of the G7 group of industrial countries, including US President George Bush, Germany's Helmut Kohl and British Prime Minister John Major.

Full details were still being worked out, Mandela said.

"This trust would operate once we have installed an interim government of national unity. And it will be possible to achieve that (the installation of an interim government) much sooner than many people think.

"Once an interim government of national unity is installed, we wouldn't call for sanctions against ourselves," he added.

"The SA Trust for Equity and Development will not handle the whole problem of socio-economic development in South Africa. There have been distortions of the economy on a wide scale over the past 300 years.

"It would take much more than SATED to rectify these problems," Mandela said.

Head of the local technical committee overseeing the trust fund is University of Transkei rector Professor Wiseman Nkuhlu. - *Sapa.*

FNB supports scheme to secure home loans

339 WILSON ZWANE

ONE of SA's leading banks yesterday indicated it would back the plan by the National Stokvels Association of SA (Nasasa) to invest stokvel funds into unit trusts, to serve as collateral for home loans.

FNB senior GM Jimmy McKenzie said yesterday the plan was excellent and his bank supported it. The bank would "certainly consider accepting unit trust certificates as collateral for home loans", he said.

Should the scheme get off the ground, it would make people in the low-income category "bankable" by enabling them to acquire assets and build up a track record of payment, McKenzie said.

SA Perm housing GM Denis Creighton said he had no "informed comment" as the building society was still looking into the matter.

Wesbank senior GM Neville Nightingale, whose bank is financing minibus taxis by using stokvels, was not available for comment yesterday.

Nasasa president Andrew Lukhele said this week his association planned to alleviate the black housing crisis by diverting a sizeable proportion of stokvel money from commercial banks to unit trusts.
Trust certificates could be used as collateral.

A key feature of the unit trust concept was that the financial risk would be taken away from the bank and assumed by the stokvel. "The bank will be lending money to the stokvel rather than individuals. Stokvel members will then ensure loan repayments by means of peer pressure," he said. BD 20/12/91

The scheme is the brainchild of Nasasa and Tremsen Brokers Services — a private company rendering financial advice to the informal sector.

Lukhele said financial institutions were reluctant to lend money to township residents, citing violence and non-payment as reasons.

Repeat of poor property market forecast for 1992

S/Times (Buss) 22/12/91 (334)

By TERRY BETTY

THE OUTLOOK for property in 1992 seems as bad as 1991 turned out to be.

The upturn is expected to begin in earnest only in 1993.

Camdon's Group managing director Scott McRae says property has endured the toughest year since the 1976 Soweto riots.

Mr McRae believes that house prices will move sideways next year and possibly fall even further because sales will be low.

Pressure

Negative factors influencing the market include VAT on sales of houses by developers, rising building costs, the depressed business climate and falling disposable income caused by inflaton and heavy taxation. These factors place home-owning beyond the reach of many.

"Above all, high interest rates are the crippling factor militating against a recovery of the market," says Mr McRae.

"Under the pressure of these influences the property marketing business is going through major structural adjustments. This is shown by pressure on commissions, repossessions, rationalisation of both numbers of agents and branches and a 'rush for cover' into bigger groupings such as referrals and franchise networks."

In spite of all this gloom, there is still room for optimism.

Mr McRae says prices have softened but have not gone into free fall as might have been expected.

Factors underpinning the market include inflation, growing foreign interest in SA and the realisation by South Africans that property remains the soundest long-term investment.

Real Estate Surveys property economist Erwin Rode says the residential sector is the only one still alive and kicking. Flat rents and house prices are generally rising in line with inflation.

The exception is upper-priced houses (above R300 000) where the growth rate is slowing down relative to the middle- and lower-priced market. This is expected to continue next year.

Mr Rode says this is probably caused by a correction. In the previous economic upswing upper-priced houses far outperformed the other two categories.

But this trend has been reversed. Middle- and lower-priced houses show the greatest strength, in many cases outstripping inflation.

Mr Rode says flat rents are expected to grow at the same rate as inflation next year because they generally move in tandem with house prices.

Rents are buoyed by the lack of accommodation and little building of flats. Most flats have been sold on sectional title.

Mr Rode says rents should be double what they are now. They are at present levels because of decreased demand arising from the fact that many employees receive subsidised bonds.

The shortage of rentable accomodation will continue until it becomes profitable to build flats. That can happen only when demand rises.

Mr Rode says this will happen once it is acknowledged that it is better to receive a cash payment than a housing subsidy.

Mr Rode expects this trend to emerge in the next few years because fringe benefit tax has been fully phased in on subsidised bonds.

the user's home. The advantage of the system was that the user bought only as much electricity as he could afford.

Municipalities were making use of this system, and in Durban a plan had been

The publication noted that the Johannesburg City Council had convened a group of 10 officials to advise hawkers on a one-to-one basis, and intended to expand this programme into other areas at a later stage.

Eskom to connect 160 000 households

ROBERT LAING 24|12|91

ESKOM has committed itself to increase the number of households connected next year to 160 000 from this year's 40 000.

At a recent electrification conference in Germiston, Eskom said this rate would enable it to connect all households in its area of supply by 1996. The utility estimated 700 000 homes in its domain had no electricity.

This left 2,3-million unconnected houses which fall under other supply authorities such as homelands and municipalities.

An Eskom spokesman said the estimated R6bn cost of the Electricity for All programme was calculated by using an average connecting cost of R2 000 per household and a figure of 3-million unelectrified homes within reach of its grid.

The power utility had already allocated the required resources, including funding, to meet its 1992 target of 160 000 homes.

Eskom would not increase its work force, instead using consulting engineers and contractors to supplement its staff. Whenever possible, Eskom and contractors would use local labour.

Contractors were invited to introduce themselves to their nearest Eskom district to keep informed about opportunities and bid for projects.

According to a study by Prof Geert de Wet of Pretoria University, the electrification of 1-million households over five years could create 270 000 jobs and add 5% to SA's GDP.

Schemes to bring light to everyone

BDay 24/12/91

DAVE LOURENS

ALTHOUGH most South Africans can afford electricity, it remains unavailable to about two-thirds of the population, says the SA Institute of Race Relations.

In its latest Social and Economic Update, the institute noted homes without electricity spent an average of R90 a month on fuel in the form of paraffin, candles and coal, while electricity could be supplied for less than half that cost.

In addition, almost 81% of the Department of Education's 7 845 schools did not have electricity, thus limiting their potential to provide a well-rounded education programme, including audio-visual aids or technical education involving electrical tools.

Card

The Update said both the National Energy Council and Eskom aimed to provide energy to all South Africans, and Eskom hoped to supply 80% of the population with electricity by the year 2000.

The pre-paid meter, known as the budget energy controller, was widely accepted as an alternative means of electricity supply. The system operated with a disposable magnetic card slotted into a meter box in the user's home. The advantage of the system was that the user bought only as much electricity as he could afford.

Municipalities were making use of this system, and in Durban a plan had been introduced to electrify every home within its boundaries, including shacks, within the next five years, using the budget energy controller. It was hoped that by 1996 168 000 homes would be electrified.

Update said one system Eskom was considering to provide electricity to communities in areas without access to the national grid was Remote Area Power Supplies (Raps), which would generate its own electricity by making use of either conventional electricity or a hybrid of energy sources such as solar power, diesel generators, and wind and hydro turbines.

Farmers, rural schools and clinics and individual dwellings were seen as the potential market for Raps.

The publication's business section noted that in March this year government had estimated the informal sector was growing at 8% a year, while further research indicated the number of people involved in the informal sector on a full-time basis had increased by 20,5% between October 1989 and October 1990.

Consequently the job creation possibilities in the informal sector were of increasing importance.

The publication noted that the Johannesburg City Council had convened a group of 10 officials to advise hawkers on a one-to-one basis, and intended to expand this programme into other areas at a later stage.

Eskom to connect 160 000 h

Property

Power of business

Sowetan 27/12/91

339

THE need for investment in black townships cannot be overstated, according to an article in a publication on property.

The article, in the latest edition of *Property Profile* published by Old Mutual properties, says township residents require an infrastructure that will enable them a standard of living that is consistent with the accepted norms of society.

The provision of retail facilities in black towns has a major impact on the daily lives of residents and sets off a chain reaction which has important implications for the potential investor, says the article's author Mr Ian Watt, property investment manager of Old Mutual.

However, the article adds, it is important to realise that the need for retail will only arise once a newly established community has become more settled.

Initially, the need for formal housing and nearby work opportunities are of overriding importance. The provision of retail outlets which will cater for the immediate needs of the community, should follow an evolutionary phase.

By JOSHUA RABOROKO

There are some major forces working against the establishment of a more formal retail sector. Firstly, there is the concern of local traders that they will be unable to compete with national chains.

Yet, national chains are concerned about the success of outlets located in these towns.

Role of violence

A further consideration is the role of violence, intimidation and boycotts and their ability to interrupt service in troubled times.

The success of retailing in black townships depends largely on an attitude of co-operation between national chains and small retailers.

The basic need is retailers capable of attracting mass consumers.

It seems logical then that the collective strength of national chains and small retailers would provide a better chance of success. This means that national chains, particularly supermarkets, have to forego exclusiveness especially when it comes to the business of greengrocer, bakery and butchery

Moving from the obvious need to create a shopping outlet for the consumer, it is also important to examine other advantages of a sound and expanding retail sector in the community.

It has an impact on the whole community because by creating roads to move traffic to and from the area.

In addition, electricity, water and telephone lines, which are essential for businesses, are extended to local residents. Not only that, the rates and taxes paid by businesses go a long way toward financing the infrastructure.

The introduction of retail facilities also creates job opportunities in the town itself. Residents can be self-employed shop owners or work as shop assistants, managers, accountants, security officers, cleaners, and so on.

Black businessmen will always have the advantage of knowing the local market and the consumer. Unfortunately, size is an important consideration for the small retailer.

The only way for small businesses to compete with the national chains is to become big themselves.

"We are already seeing the evolution of small black retailers from one store or more to become local chains. Tomorrow, with success, they will be national chains as the demand for their expertise in catering to these retail communities is recognised.

The role of the developer in creating retail facilities will be facilitated by the working together of big and small retailers to build a strong and vibrant retail community.

The provision of retail facilities, however, is only a starting point which eventually leads to a need for offices and industrial and manufacturing opportunities.

"It is very difficult for a developer to create a need. The consumer creates the need and attracts the attention of the supplier of the service. It is only once the demand for space has been created by the suppliers that the developer enters the picture. To do it any other way is to court disaster."

Red tape adds to house costs

S/Times (Bliss) 29/12/91 339

THE cost of houses could be reduced by as much as 20% if the red tape required for plans to be passed and loans to be granted was abolished or reduced to a minimum, according to the SA Institute of Building (SAIB).

A meeting between Trade, Industry and Tourism Minister Org Marais and members of the Building Industries Federation of SA (Bifsa) and SAIB was told that the cost of housing could be far lower if delays were reduced.

Delays increase the cost of building by adding high interest rates to the project.

SAIB president Johan Viljoen says the need to obtain a local authority's approval for rezoning, proposed developments or designs as well delays in deed offices add to the cost of homes.

Other factors include delays caused by the legal profession, obtaining employers' gaurantees for loans and the time taken by financial institutions to process advances.

Mr Viljoen says: "The tragedy of the situation is that the increased interest rates resulting from these delays hit even the developer who has done his marketing thoroughly and is able to move his buyer into the premises the day he completes them."

Also on the agenda was the protection of the buyer and the builder. This could become a reality when the code for the building industry is drafted by the Business Practices Committee.

Dr Marais supports this proposal, according to Mr Viljoen.

Call for shopping complexes in townships

DEVELOPERS should extend their investment in black areas beyond housing into the creation of retail complexes, Old Mutual Properties investment manager Ian Watt says.

Watt, writing in the SA Property Owners' Association (Sapoa) publication Sapoa News, also advises that the success of retail developments in these areas depends on the collective strength of national chains and small ventures.

He says from small beginnings giant retailers develop, creating jobs which in turn lead to more property development.

"Most developers who have ignored the basic fundamental of any shopping node, that is the need to have retailers capable of attracting

THEO RAWANA

the mass consumer, have experienced failure. The success of small retailers is inhibited by lack of consumer support.

"However, the collective strength of the national chains and small retailers gives a better chance of success," Watt says.

He adds: "National chains, particularly supermarkets, may have to be prepared to forego exclusivities, especially as far as greengrocers, bakers and butchers are concerned."

If developers cannot achieve the combination of big and small retailers providing a viable alternative closer to the consumer (in the townships) "the consumer will use his vote and continue to support retailers who best cater for his needs, whether it be through selection and variety goods, price or the mere fact that they provide credit facilities", Watt warns.

Shopping development also creates other infrastructure through its volume of activity.

"Massing of retail area activity puts pressure on the authorities to provide better roads to move traffic to and from that area. Electricity and water, as well as telephones, are essential for business to function.

"Thus, by creating the need for these facilities, the spinoff is usually that once cables, pipes etc are installed, it becomes easier to extend these services to the local residents," Watt says.

URBAN AFRICANS – GENERAL

1992

DECEMBER

Bold new plan to aid homeless

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Sowetan 16/1/92

By JOSHUA RABOROKO

STOKVELS, which are black informal clubs investing about R170 million annually, are to embark on a business venture to provide housing options for the homeless.

The president of the National Association of Stokvels of SA, Mr Andrew Lukhele, said yesterday that a seminar would be held in Johannesburg on February 7 where details of the project would be explained.

He said the whole Stokvel City Housing Project as a business was dedicated to black economic empowerment in the interests of nation building.

Solving

He said the limitation of the State's housing and local authority policies suggest that other options could be used in the search for stability in the townships.

Research has shown that most blacks stayed in shacks or informal houses which have sprung up in open places either within or adjacent the townships.

In the Pretoria, Witwatersrand, Vaal Triangle townships there are more than 412 000 formal township houses, 422 000 backyard shacks and 635 000 shacks on vacant land, according to research.

Lukhele said stokvels were planning to help alleviate the black housing crisis by diverting millions of savings from banks to unit trusts, which would serve as collateral for housing loans.



ANDREW LUKHELE

The arrangement would allow black savings to be ploughed back into the black communities, rather than having the money loaned to affluent whites.

Catering

The South African financial system had until now been catering for regular earners with assets, fixed abodes and a track record of payment.

He said while that was a proven method of reducing the risk of non-payment, it excluded millions of blacks from formal financial assistance.

It also meant that savings by blacks were largely used as loans to rich whites in the suburbs and "very little or nothing is in turn ploughed back into the black communities who provide it and need it most", Lukhele said.

The acute housing shortage could be reduced if ingenious methods were used by concerned people in South Africa.

Sprung up

Stokvel members could use their unit trust certificates as collateral for home loans from banks.

As a result of reluctance to lend money to blacks because of violence, unrest and boycotts "black self-help" was important to solving the chronic shortage of housing.

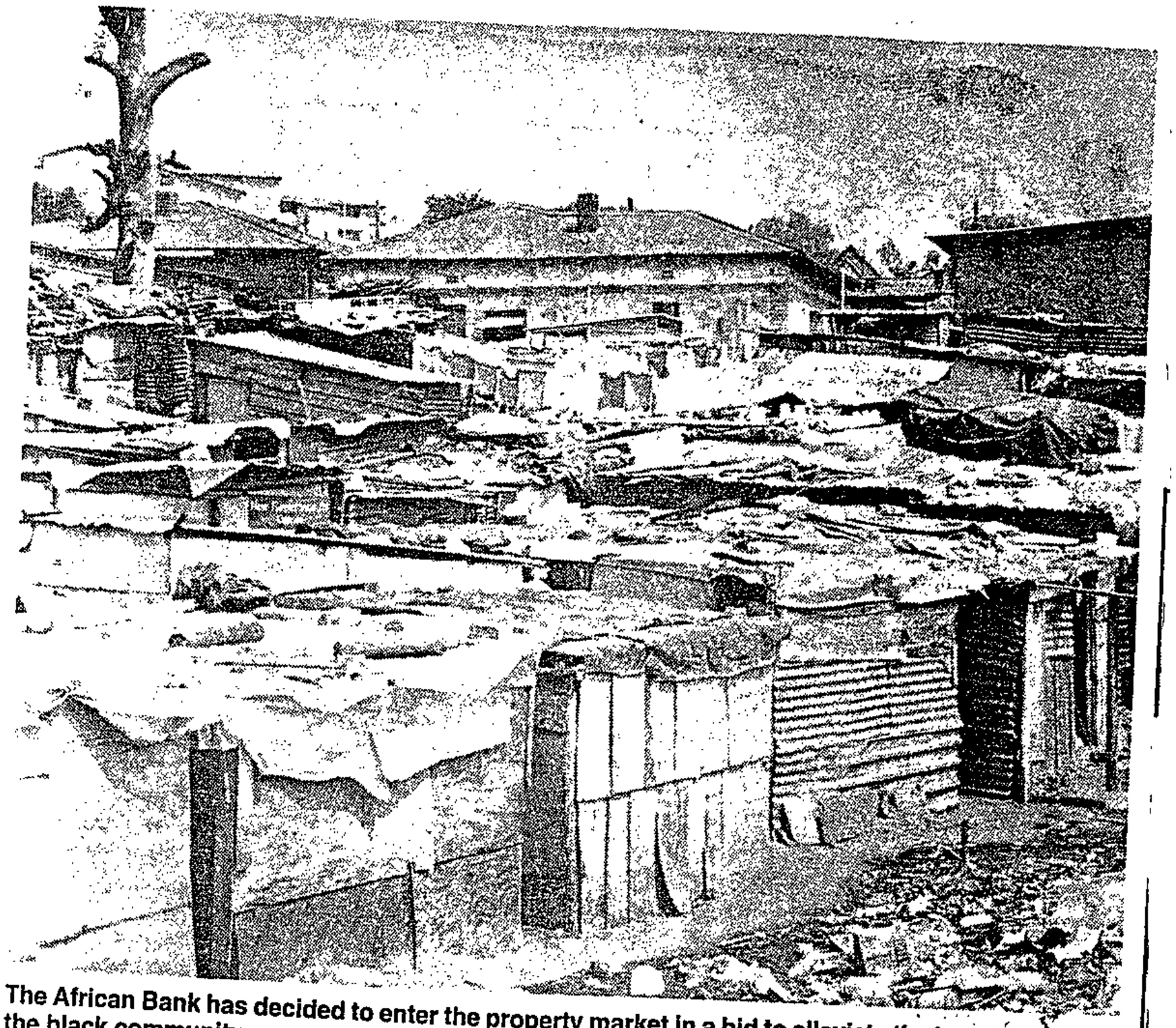
"Members of the stokvel for housing will include people who are members of stokvel groups affiliated to Nasasa and relatives who are owners or tenants in rented township houses.

Venture

It would also be ideal for houses in one street to be taken as a stokvel group because they know each other.

He said one of the first steps to be taken in this venture was for experts in town planning and related research fields to visit "targetted areas" such as Soweto.

"Some of the unique features include the adherence to health standards and kickbacks to tenants other than rents from backyard dwellers," he said.



The African Bank has decided to enter the property market in a bid to alleviate the housing crisis in the black community.

African Bank's new homes plan

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Sunday 23/1/92

THE African Bank has decided to enter the property market to help alleviate the housing crisis.

By JOSHUA RABOROKO

Chief executive officer Mr Jack Theron said the bank was concerned about the housing shortage and it wanted to help poor communities to acquire houses.

The bank, through its Homesavers' Plan, would grant loans to applicants in the normal way in which financial institutions lend money to those needing it.

He said: "We will look at every case and consider its merits and demerits. It is our aim to help poor families find a roof over their heads."

"Most financial institutions have burnt their fingers in the property market by lending money to people who at a later stage failed to pay their bonds. We are prepared to take the risk."

The bank would also look at violence, unrest and other problems that might hamstring the building of houses for blacks.

Theron said the past year had witnessed the establishment of a rising number of squatter settlements throughout the country.

Research has shown that blacks who are unable to find a formal house live in the backyards of friends' and relatives' houses or in the servants' quarters of white homes, or in hostels, compounds, or shacks.

It has also been shown that formal black houses have an average of 13 people living in them. The majority of formal houses are rented.

Shacks are more typically a home to black people than are formal houses, according to research.

In the PWV region for example, there are 412 000 formal houses, 422 000 backyard shacks, and 635 000 shacks on vacant land.

Theron said: "This clearly depicts the worsening problems of poverty and homelessness in the black community.

"Although important efforts were made by both the Government and the private sector, it appears as if these efforts up to now merely represent a drop in the ocean.

"The ultimate solution to this problem lies not so much in charity but more in the provision of employment with adequate remuneration, to enable families and individuals to build or otherwise provide their own accommodation," he said.

Theron said the bank was committed to the economic empowerment of black people and to mobilising and recycling the black community's savings by making them available for improving their economic potential.

OUTLOOK '92

Housing in crisis

By Gavin Hardy
executive director
Murray and Roberts
Construction (Housing)

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Gavin Hardy.

STAR 2/1/92

With 1991 now behind us, it is worth taking stock of developments of the past year and looking forward this new year, which in many ways will be a turning point for the South African housing industry.

Last year's highlights included the repeal of the Group Areas Act, establishment of the Independent Development Trust (IDT), restructuring of the Urban Foundation, a visit by representatives of the World Bank and the mooting of a National Housing Strategy.

These events happened against the backdrop of further economic decline, unprecedented violence, high interest rates, a squeeze on credit and subsidies, increasing politicisation of housing and a severe downturn in the number of business opportunities in the housing industry.

Faced with these problems, many players suffered horrific losses. Others simply withdrew from the housing arena. Those remaining private sector players have increased their support for their association (NAHB) which has redoubled its efforts to develop solutions.

Still, the reality of South Africa today is that fewer and fewer houses are being delivered.

The ravages of inflation, economic stagnation and higher costs as a result of VAT have further battered less fortunate consumers' ability to afford housing.

This scenario appears to have prompted the various industry players to go into stall mode, waiting for the De Loor task group's recommendations for a NHS which, hopefully, will signal the beginnings of an upturn.

What little State money is made available for "urbanisation" increasingly favours Government and quasi-government development organisations at the cost of the private sector.

Partnership

One can only hope that these organisations will soon realise that the housing crisis is too vast and too pressing to be tackled in splendid isolation.

The truth is that the State needs the private sector in order to solve the housing problem, and a mutually satisfactory partnership arrangement is both vital and long overdue.

It is also clear that the housing delivery process is in desperate need of a re-think.

To get the show back on the road requires either immense Government intervention or a radical freeing up of the environment to allow easy and effective participation by the private sector.

Further, the housing delivery process must be de-politicised as a matter of urgency, as a continuation of the present situation will further discourage pragmatic businessmen from becoming involved.

As with sanctions, the politicising of housing is hurting the less fortunate.

There are other major areas of concern that must be addressed through a combined public and private sector effort.

Perhaps the most vexing is the issue of housing affordability. A very large and growing number of South Africans cannot afford to buy a conventional home without a subsidy.

This problem has to be addressed from the point of view of providing financial assistance and developing innovative products to proivde shelter for the needy.

It is worth bearing in mind that no solution to this problem will be forthcoming while disposable income continues to decline, especially at the lower end of the market.

Of major concern is the reluctance of the vast majority of private sector institutions to develop mortgage finance instruments for informal housing (below R12 500), because of perceived risk.

Given that at least 60 percent of blacks cannot afford a conventional home, this state of affairs cannot continue.

Attention must also be given to reducing the bureaucracy that is stifling the housing delivery process, and to formulating an effective, co-ordinated housung policy and strategy.

In this regard we look forward to the publication of the De Loor task group's findings.

Not all recent developments on the housing scene have been negative.

The scrapping of the Group Areas Act and formulation of a concerted housing strategy are among the positive moves, as are the "site-and-service" programmes initiated by the IDT, Transvaal, Natal and Cape provincial administrations, House of Delegates and House of Representatives.

These projects are laudable efforts to assist the poor. However, development agencies must remind themselves of the need to plan for the numerous and diverse needs of the community, not just their immediate need for shelter and the need for a balanced community across a spectrum of affordabilities.

It is unfortunate that more and more government and quasi-government organisations are operating as developers (at a cost to the taxpayer) and to the detriment of the few remaining private sector developers.

PROPERTY

Transnet's home loans for workers

Sowetan 9/11/92

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By JOSHUA RABOROKO

TRANSNET has granted about R230 million housing loans to its employees in a bid to satisfy its workforce.

In his annual report, chairman Dr Marius de Waal says by the end of the financial year 55 percent of the workforce shared housing benefits.

He says loans of up to 100 percent of the purchase price of the properties are granted, while costs such as bond registration and transfer duties are covered by additional loans.

During the financial year under review, various things were achieved like:

● Following a two-year preparation period, a new, more flexible bond scheme was launched.



MARIUS DE WAAL

Formerly, housing units were registered in the company's name and served as its security. Under the new scheme, the property is registered in the employee's name while the company registers a first bond against the property;

● All housing offices country-wide were linked by computer - this increased productivity and improved control and service.

● R400 million for the purchase of homes has been allocated to employees in lower income groups. In the year under review alone, 384 houses were purchased at an average of R24 000 a unit and some 1 500 stands were made available.

De Waal says there were two historical projects launched during the year:

● At Wattville on the East Rand, 223 residential stands were made available. This was the first extension to the town in 35 years; and

● At Doornkop, in Soweto, 1 100 stands were bought. It is expected that 700 houses will be completed by the end of the 1991/92 financial year.

Steyn due to meet World Bank chief

B1 Day 10/11/92 (358) (357) 339

CAPE TOWN — Independent Development Trust (IDT) chairman Jan Steyn will meet World Bank president Lew Preston and the bank's southern African officials next week during a three-day visit to Washington.

Steyn said yesterday he would discuss SA's development needs and priorities with the bank's officials and stressed that his meetings were not a fund-raising exercise for the IDT.

"The visit is exploratory in nature. By an exchange of ideas one could perhaps contribute to the enrichment of the bank's capacity to make informed decisions about SA," Steyn said.

"It is merely an opportunity to talk through the challenges facing development agencies in SA and the possible role the World Bank can play in the country."

The World Bank appears to have modified its criticism of the IDT's R750m capital subsidy scheme to provide serviced sites for about 100 000 people.

In a confidential report issued last month the bank said: "Within the SA context, thinking about subsidies is already quite sophisticated. Programmes such as the IDT's capital subsidy represent in principle a far more appropriate approach to housing subsidy than what is found in most developing countries."

Steyn said in the coming year the IDT would attempt to direct the international investment community's attention towards SA's development needs and try to get development onto the investment agenda.

LINDA ENSOR

The IDT would also attempt to act as a facilitator to draw foreign development funding to SA, not necessarily into the IDT itself, but into good projects and would seek overseas support for a number of its own projects.

Steyn hoped that foreign funds would flow in to boost the R25m the IDT had allocated for its education bank. He said at least R100m would be needed for the project to reach a significant number of disadvantaged students.

The bank would assist university and technikon students to pay for their education, and R100m could assist about 24 000 students.

Enabling legislation for the formation of the bank would hopefully be passed during the coming parliamentary session.

Steyn said a legal infrastructure would be necessary to enforce obligations. Loan repayments would be deducted from the salaries of the loan recipients when they had finished their studies and found employment.

Steyn dismissed the idea that the fund would take the place of bursaries, saying it was a supplementary mechanism with a revolving component which would assist a larger number of people.

"Bursaries on their own cannot meet the need," Steyn said.

Keep development off the political battlefield

B|Day 14/11/92 (339)

LINDA ENSOR
in Cape Town

POLITICAL jockeying for power is likely to see the country's development initiative made vulnerable to subversion by vote-catching political programmes.

It is a truism that the party which can deliver the goods will be successful in wooing the electorate so it is perhaps no surprise that the ANC recently announced the formation of a $5bn development fund, the SA Trust for Equity and Development (Sated), to fund housing, education and other socio-economic projects.

The National Development Forum, which comprises representatives of the ANC, Cosatu and allied organisations, has accused government of initiating politically motivated development projects through the Development Bank of SA and the Independent Development Trust (IDT) in order to build support.

IDT chairman Jan Steyn warns, however, that the people who will lose out if the arena of development becomes a battlefield for political parties are precisely those in critical need of assistance. If these needs are not urgently addressed, he adds, SA faces the danger of an increasingly radicalised political situation.

"This is why the role of the IDT is so very important. If we can underpin the efforts of those who have a very real commitment to a negotiated future by delivering products, then we can contribute to dampening down the flames of radicalisation.



□ STEYN

"There is an ever increasing decay in the social fabric of our society. I am really beginning to detect a feeling of hopelessness in very substantial sectors of the community both in the urban and rural areas. I don't think people realise the risks we run in delaying investment in development," he said.

"Certainly we must get together to put in place the policy framework in which we are going to work, but we cannot put an embargo on things happening in the meantime simply because we do not have a consensus over what the framework should be."

There is no room at this critical juncture in SA's history for a parochial, territorial approach to development, Steyn says. Destructive competition for resources can be avoided through co-ordination and a recognition that the different development agencies have their own particular strengths which can be used to broadly allocate responsibilities.

Steyn admits that development is bound to be politicised, but stresses the need to prevent its manipulation and subjection to the goals of political advancement. Maintaining the independence and integrity of development agencies is vital.

"We will have to be very careful that our efforts to apply our financial resources in an appropriate developmental mould — one which means very heavy community involvement — are not obstructed or delayed by political intervention.

"The route that has to be followed is to strengthen the non-governmental organisations. These can play a vital role as they are close to and have strong links with the people. In our allocation of resources we have tended to place a heavy emphasis on institution building in order to strengthen the capacity of people to help themselves."

Steyn says the IDT's constitution and working methods provide guarantees that the organisation is truly independent and development orientated. Furthermore, members of the IDT board of trustees have a record of independence and integrity, rendering allegations of political bias facile. While the IDT received R2bn in a one-off grant from government this was taxpayers' money, Steyn emphasises, and government has had no say in how it is spent.

To maintain its independence the IDT has had to walk a tightrope between the demands of both the left and the right. From the left, for instance, it met resistance to its plans to raise $100m on the Eurobond market. Pressure has also been applied by the right.

"The levels of tension between the IDT and government are substantial as we have not allowed ourselves to be used to underpin activities which are still being carried on in the old way. For example, in the allocation of housing subsidies we have been particularly careful at looking at developments that are nearer to work, that contribute to the reintegration of cities, are closer to transport and can give poorer people access to opportunities," Steyn asserts.

About R1,6bn of the R2bn grant has already been allocated and discussions are under way with government about a further grant. This will be required if the IDT is to continue administering and expanding the R750m capital subsidy scheme. Steyn also believes it is necessary for government to consolidate the process of housing provision by allocating funds to a scheme such as the first-time home-buyers subsidy.

But to strengthen its position as an independent agency and reduce its dependence on government funding, the IDT is also anxious to secure foreign and private sector investment in development. Steyn is hopeful that further private sector support will be forthcoming for the R500m "collateralised" housing investment paper (Chips) project. The IDT would also like to develop a close relationship with the Private Sector Initiative's R500m educational project announced last week.

"I would like to draw foreign funding not necessarily into the IDT but into worthwhile projects. We see ourselves as a resource for shrewd international investment in development in SA, and the IDT's independence will be strengthened if we can play that kind of role," he says.

PROPERTY

Trust is to acquire land for the poor

Sowetan 16/1/92



JOLYON NUTTAL

THE Independent Development Trust will this year concentrate on acquiring land to help poor black communities build homes.

Of the R1,5 billion in the kitty, nearly 61 percent has gone to housing. The IDT has decided on a tight focus, choosing to spend its money in three main ways:

- R750 million on setting up a capital subsidy scheme, the IDT's biggest programme, for the development of nearly 100 000 new serviced sites that will accommodate about 700 000 people;
- R102,1 million to the promotion of ongoing development in informal settlements; and
- R46,6 million on the setting up of the IDT Finance Corporation, through which the trust is developing new forms of housing finance for the poor.

By JOSHUA RABOROKO

IDT's director of community affairs, Mr Jolyon Nuttal, said the capital subsidy scheme accounts for just half of all IDT funds set aside so far. It covers 108 projects, of which nearly two-thirds will be new settlements.

The money will pay for the development of serviced sites for a total of 100 000 of South Africa's poorest families. An average of R7 500 a site has been set.

With building cost high and incomes low, the scheme would be able to help many poor people build homes.

The scheme had brought many new actors into the business of providing homes and there would clearly be a lot of activity this year because of the chance to use IDT funds.

He added that the scheme would increase the country's ability to provide suitable and affordable homes, especially among the poor communities.

"We are serving the poor - some of them earning less than R1 000 - and hope that the scheme will stimulate a lot of interest in the home building market," he said.

SOWETAN
Building the Nation

FOCUS ON PROPERTY

"THE demise of apartheid is a positive factor for property, but interest rates remain high and consequently market growth weak."

Upturn is expected in black housing market

Sowetan 16/1/92 339

By JOSHUA RABOROKO

THE building sector is not expected to show much activity before the middle of this year, according to experts in the property market.

However, the Independent Development Trust and the Urban Foundation predict a demand-driven marginal improvement in black housing.

The Bureau of Economic Research at Stellenbosch University says the industry is expected to undergo structural changes. Most of the activity, the bureau says in its report, will be restricted to the residential sector.

It says the demand for smaller houses is likely to improve while that for big houses will dwindle.

It says: "Non-residential buildings are not fully utilised, factories are running well below full capacity utilisation, there are many vacant offices and shops are also standing empty."

The Building Economist Medium Term Forecasting Association says residential and non-residential building activities have diverged in recent years.

The chairman of the South African Property Owners Association, Mr Nick Harris, predicted that financial institutions would continue to put pressure on borrowers if boycotts, unrest and violence were not stopped.

There would be a greater demand for middle and low income housing despite the fact that the economy might not improve immediately.

Pam Golding Properties' director Mr Ronald Ennik said about the price in the middle and lower end of the market: "We feel that these have stabilised and do not anticipate any sharp increase in the coming six to 12 months."

"The demise of apartheid is a positive factor for property, but interest rates remain high and consequently market growth weak. Speculators whose short-term activities have an upward pressure on prices are likely to remain out of sight.

"Our impression on the market at present indicate that a very healthy upturn in prices can be expected in 1993 and 1994," he said.

Independent Development Trust director of communications, Mr Jolyon Nuttal, said the trust had 100 000 sites to be given to individuals to erect dwellings.

Judging from that, it was clear that there would be a large number of blacks who will build houses during the year. There was also the chronic shortage of homes, especially in the black community.

Builders call for housing strategy

B/Day 17/11/92

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PETER GALLI

IT IS imperative that a workable national housing strategy and policy, and an effective system of local government to administer service and housing-related issues, be implemented, the SA Building Industries Federation (Bifsa) says.

In its latest building review released yesterday, Bifsa says a lack of bond finance and continuing violence and crime have led to the almost total withdrawal of private developers from the lower income housing market, with house-building activity remaining in the doldrums.

But while conditions in the industry remain sluggish, a significant short-term deterioration is unlikely, it says.

"The low income housing sector is the most seriously affected, mainly as a result of the lack of available bond finance after financial institutions re-evalued the relevant risk factors applicable to this market sector," it adds.

Building activity levels, dominated by a fierce tendering environment, are expected to move sideways over the next six months to a year.

Bifsa forecasts that the building cycle will reach its nadir during the second half of 1992, with a more sustainable demand for building in 1993 and 1994, fading out again in 1995.

However, government expenditure on schools, community centres and clinics should show sustainable growth over the next five years due to current backlogs.

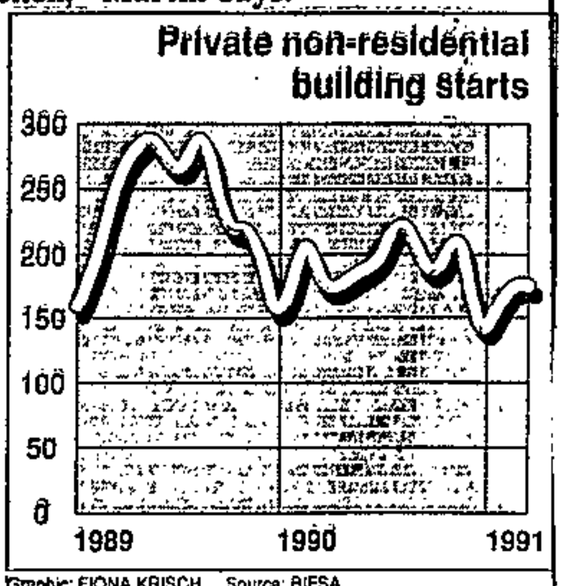
Other government non-residential investment will probably remain under pressure as government tries to control expenditure, Bifsa says.

"However, non-residential building activity has held up well during the current downturn, which we believe to be due to continued property development investment by life offices and pension funds in a competitive building environment," Bifsa chief economist Charles Martin says.

Government investment in educational facilities also supported the market, but to a lesser degree.

The industrial market is likely to remain weak until the economy has turned around. The office market is presently overbuilt and improved occupancies will only stimulate investment towards 1994.

"While the commercial market is in for a consolidation phase, selected investment in black areas by institutional investors remains a real possibility if the cycle of violence can be broken," Martin says.



Graphic: FIONA KRISCH Source: BIFSA

Shaping up for a

w/incl 17/11 - 23/11/92

BOOK REVIEW:
SOUTH AFRICAN CITIES:
A manifesto for change
by D Dewar and RS Uytenbogaardt
(University of Cape Town)

ANYONE who has had a take-away pizza delivered to their front doorstep in New York but failed to achieve the same here will have come to grips with one of the shortcomings of South African cities: they are too spread out to be efficiently serviced.

This is one the of the arguments presented in this fourth and culminating publication in a series about the future of South African cities, albeit without this trite example.

According to Dewar and Uytenbogaardt, who are attached to the Urban Problems Research Unit at the University of Cape Town, the "urbanisation explosion" occurs predominantly among the poor, leading to increasing unemployment and inequality in the big cities.

"Dominant urban planning and management practices in South Africa are based largely either on simple ideological considerations of race separation or on conventional planning wisdoms developed ... in Western Europe and the USA." The authors question both these practices.

Firstly, they believe that although political orders will change, "the human issues raised by urban growth will not". Based on this premise they believe it is neccessary to develop an urban theory which is "humanist ... and thus capable of transcending political ideologies".

Secondly, they believe that planning solutions which have been developed in the context of the First World are bound to prove inappropriate in a developing country such as South Africa.

The largest portion of the book is devoted to describing how this can be achieved:

●By ensuring a balance between primeval nature, the rural and the urban. This means the best land should be set aside for conservation while the worst is improved by being built upon.

●By establishing a town plan which provides an over-all guide without inhibiting "the positive freedom for individuals to act". This will guarantee maximum diversity and complexity.

●By creating urban environments that are "equitable" or accessible to everyone in the city.

●By structuring ribbons of intense activity along roads, pedestrian networks and railway lines incorporating shopping, working, living and communal facilities. These high-intensity, and high density environments will ensure "high levels of ser-

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vice, opportunity, convenience and interaction".

●By ensuring "continuity of the urban fabric" to blur the artificial boundaries between areas. This is relevant to apartheid planning practice which created unnatural buffers between the white city and surrounding dormitory townships.

●By increasing density to counteract urban sprawl. The authors argue that this is a prerequisite for an effective public transport system. W(Mail 17/1-23/1/92

The real value of Dewar's and Uytenbogaardt's manifesto is to be found in the appendixes at the back of the book. Here they apply their theories to greater Cape Town and develop the embryo of a new town-plan.

The starting point is what the authors identify as "good" in the existing plan of the Cape Town: Main Road, Lower Main Road and the railway line ribbons that structure activity through the southern suburbs. Extending the geometry of these routes, they drape a large grid over the rest of greater Cape Town, extensive enough to envelope all its far-flung townships.

This achieves urban continuity, establishes routes along which activities can cluster, and provides a legible pattern along which public transport and public buildings can be structured.

While the planning tendency internationally is to contain cities or even encourage independent satellites, Dewar and Uytenbogaardt advocate a plan that can only make Cape Town bigger and more unmanageable. This is understandable in a political context where the rallying cry has been for "one city" and "one tax base".

To advocate that Mitchell's Plain or Atlantis become independent cities would be to echo apartheid planning and deny township inhabitants access to the adantages of urban life.

This is why, notwithstanding the authors' bona fide "humanist" intentions, the context in which they are operating inevitably politicises their plans.

Their manifesto demonstrates the futility of trying to transcend ideological considerations. Few town planners are ever presented with a a blank slate on which to sketch out their schemes.

The starting point for design is the existing, which is always politically based.

Notwithstanding these criticisms, if Dewar and Uytenbogaardt's plans were to be implemented, Cape Town wo"ld be a better place for many more of its citizens. And that is the acid test of any town-planning exercise.

Melinda Silverman

BUSINESS



Jan Steyn ... Separate development from political gain

Building up trust to

w/Mail 17/1 - 23/1/92

Although activists have had lingering susp

Trust, not even the promise of R1-billion g

ACCUSATIONS that the government is using the Independent Development Trust to initiate development projects which will win it support are R1-billion off the mark.

According to Sandi O'Dowd, a development consultant based in Cape Town, the government was so rattled by its inability to influence IDT, it allocated another R1-billion to social upliftment programmes aimed at winning it support. The money, released in September last year and administered by the Economic Advisory Committee, was raised by the selling of oil stockpiled in the strategic oil reserve.

Officially, the state established IDT to provide for the upliftment of poor people in the areas of housing, education and health and community development. Jan Steyn, previously head of the Urban Foundation, was appointed to administer the trust.

Steyn has maintained that the independence of the trust was vital if its work was to succeed. In a recent interview he said, "the route to be followed is to strengthen non-governmental organisations. These can play a vital role as they are close to and have strong links with the people".

However, the very structures the trust plans to use to implement its projects have left lingering suspicions about why the state established it.

Some development activists in democratic movement view the IDT as part of continuing attempts by the government to gain credibility in black communities.

Emphasising that he was not criticising the IDT, the secretary-general of Kagiso Trust, Eric Molobi, said the government established IDT to legitimise money it wanted to spend to win over black communities. An independent trust would not only fund development projects but also subsidise and prop up local government structures. This strategy collapsed when Steyn refused to allocate money to local management councils.

Molobi added: "As the state tries to democratise, it needs to be seen to be delivering the goods, therefore the IDT initiative."

Secretary-general of the Civic Association of the Southern Transvaal, Dan Mofokeng, sees the trust as an attempt by the state to shift responsibility for development to the private sector and development agencies.

These suspicions have not been allayed by what is perceived to be a high-handed approach by IDT to community involvement in its projects.

Mofokeng dismissed IDT claims of "heavy commitment to community involvement" as public gestures. "When everything has been planned and conceived they come to communities and civics for the green light. This is not consultation," he said.

Using Mandela Park, a squatter camp near Soweto, as an example, Mofokeng alleged unilater-

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g suspicions about why the state set up the Independent Development
llion government money could buy the Trust. **By PAUL STOBER**

al IDT intervention in communities had resulted in divisions and tensions.

According to Mofokeng, the IDT consulted the local civic about the possibility of initiating development projects in the area. The civic responded by saying they had no principled objections to the projects but wanted full community participation in the planning. IDT then bypassed the civic and took their plans to some sections of the community. This resulted in divisions in the community which almost broke out in violence.

In another instance, in kwaNdebele, IDT provided the infrastructure for sites for squatters. However, they ignored the local civic and worked with the community council. As a result, says Mofokeng, "only people who could produce membership cards for Intanbo Ye Sizwe, the ruling party, were given sites".

IDT director of communications, Jolyon Nuttall, responded to Cast's accusations of poor consultation by saying, "no funds are handed over by the IDT unless there is concrete evidence of community involvement". He pointed out that all applications to the trust should set out full details of community involvement in the project and numerous workshops had been held to provide communities opportunities to participate in IDT programmes.

Cast and the IDT are meeting later this month to discuss the problems between the two organisations.

Despite reservations, community organisations have accepted they must work with the IDT.

"The trust will not go away and we must engage it to place it under the control of a board of democratically elected representatives from local civics," said Mofokeng. He envisages such a board consulting experts when necessary.

At present the IDT is administered by a board of 14 trustees, hand-picked by Steyn, who "as individuals are representative of, without representing, the various organisations which make up South African public life". The board includes a number of academics who have links with extra-parliamentary organisations and businessmen.

Says Molobi: "The fact that virtually all projects in the country have asked IDT for funds is an indication that though they have complaints about how the trust is run, they are prepared to work with it."

O'Dowd believes this policy of constructive engagement has resulted in some successes for community organisations. Pointing out that the IDT needed to work with projects which had credibility in the townships, he said: "By co-ordinating these projects, before they applied for funding, community organisations were able to influence how IDT invested their money."

Kagiso Trust is sharing the funding of some programmes with the IDT. They have jointly allocated R18-million for an Aids programme and are co-operating on the establishment of a National Student Loan Scheme for tertiary students.

Co-operation between Kagiso and IDT has raised worries that Kagiso, which is traditionally seen to bankroll progressive organisations, is being drawn into an alliance with IDT which could dictate policy to organisations dependent on funding.

Molobi dismissed fears of an IDT/Kagiso funding monopoly by listing a range of other trusts which are funding projects. He added: "IDT is too big for us to compete with them. We have to work with them so our communities can benefit from their resources."

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were complex and there had been too little time to resolve them, he said. The chamber wanted to maintain the dialogue, and would respond to the NUM soon.

At the historic union-employer "summit" on the future of the mines last June, four "commissions" were set up to examine the co-ordination of mine closures and proposals of a permanent mining commission. Representing major players and with its own charter, this would keep the industry under continuous review.

"Employers are worried about a command economy and see this as a commandist structure," he said. The NUM had also made detailed proposals on health and safety and mining taxation.

ing 12, 14,5 and 15 percent respectively.

'No immigration' call

The International Confederation of Free Trade Unions has renewed calls for its members not to emigrate to South Africa until a new constitution is in place.

Homeless in need of urgent assistance

STAR 22/11/92

By Michael Chester

The Government has been urged by the National Association of Home Builders (NAHB) to allocate a massive R1 650 million chunk of the 1992 Budget to special subsidies for homeless low-income black families.

Minister of Housing Leon Wessels has been told that bold intervention has become vital to reverse a disastrous slowdown in the flow of affordable new homes.

The NAHB has suggested the expenditure programme should be launched this year.

The subsidies should take two forms:

- R1 500 million a year in capital subsidies to accelerate the provision of serviced sites to no fewer than 200 000 stands every 12 months.

Momentum

A portion of the total should be channelled into the Independent Development Trust (IDT) to maintain the momentum of the R750 million scheme it has launched to provide 100 000 serviced sites for homeless families with incomes below R1 000 a month.

The remainder should be handled by the Development Bank and earmarked for homeless families whose joint incomes peaked above R1 000 a month.

These subsidies should be in a combination of schemes to finance the delivery of serviced sites or else in direct cash subsidies tied to spending on whatever sort of shelter was chosen by the beneficiaries themselves.

- R150 million a year should be ploughed into first-time home-buyer subsidies aimed at families in slightly higher income brackets — covering one-third of the interest paid on home bonds for seven years.

The NAHB estimates that this second programme would facilitate the building of at least 110 000 houses a year in the price range between R12 500 and R65 000.

Building body calls for homes strategy

80wefan 23/11/92 339

THE Building Industries Federation of South Africa has called for a national housing strategy and policy to be urgently implemented.

In its latest report it says the building of houses, especially lower income ones, is still in the doldrums.

This is caused by a lack of resources.

Last year, the organisation says, "overall business conditions in the building industry remained rather sluggish and most contractors and sub-contractors complained of a fierce tendering environment".

Competition

It does not expect a further deterioration in business conditions in the short term. According to the organisation, it expects building costs to increase by 13 percent this year.

However, it says, these costs could have been higher but are kept at this level because of keen competition between tenderers.

According to the organisation, last year's shortage of building materials had now been overcome, but this trend could be reversed next year when the economy will presumably be in an upswing.



DESPERATE: The building of houses for lower-income people is still in the doldrums.

Bringing the mes

STAR 27/11/92 (339)

The De Loor Commission, seeking solutions to the housing crisis, expects to send its package of recommendations to the Cabinet next month. But it cautions that no one can wave a magic wand that will make the problem disappear at one stroke, reports MICHAEL CHESTER.

WITH A formidable reputation on record as a skilled mediator and no-nonsense financial expert, Dr Joop de Loor was widely acclaimed as the ideal selection when the Government cast around a year ago to find the head of a special task force assigned to solve the country's housing crisis.

As former director-general of the Department of Finance, as Auditor-General keeping a stern eye on State accounts, and as South Africa's representative at the International Monetary Fund dealing with political flak and global pressures, he had amassed long experience with conundrums.

Even Dr de Loor, however, was shaken when he came face to face with the size of South Africa's massive housing problems, with the number of homeless black families running into millions. Worse still was the lack of any sign of co-ordination in housing policies — which a World Bank reconnaissance mission examined last year and wrote off as a shambles.

Problems were compounded by a complex maze of bureaucrats pushing and pulling in different directions. The Department of National Housing must have lost track of how many players were in competition for priority treatment.

It was not only the four provincial administrations that were in the tussle. As a result of apartheid blunders and crazy geographic and racial patterns, also involved were three "own affairs" departments, four homelands claiming status as independent states but heavily dependent on South African funds (Transkei, Boputhatswana, Venda and Ciskei), plus as many as six more homelands claiming self-government status.

The net result was that while the housing crisis was growing bigger at every new count, the supply of new low-cost housing was slowing down to a pathetic trickle.

"Lord knows how many fingers were in the pie," recalls Dr de Loor. "Everyone wanted a bigger slice for themselves — each trying to bend the rules and pander to their own particular constituency, often with little regard for anyone else's problems.

"It seemed the State was pouring in more and more cash — but actual results seemed to be fewer and fewer."

The initial hard core of the task force that Dr de Loor mustered around him was drawn from a mixture of public sector and private sector members of the SA Housing Advisory Council. The exercise became known as the De Loor Commission.

All had a basic directive: racialism was taboo and the main thrust must concentrate on solutions for low-income homeless black families.



Dr Joop de Loor . . . shaken by the size of South Africa's housing problem.

To ensure that all angles were covered, the task force was split into five working groups, each with a specific problem area to tackle — finance, infrastructure and services, town planning, communications and actual construction.

More outside experts were called as needed, such as two chartered accountants and two representatives from the Development Bank of Southern Africa.

Tapped

An early disappointment was the lack of a formal response from such extra-parliamentary groups as the African National Congress and Inkatha when they were invited to submit ideas of their own.

However, Dr de Loor believes he has tapped rank-and-file black opinion by bringing in two experts known to have solid standing and wide experience with black socio-economic problems — Soweto community leader Dr Nthato Motlana, founder and chairman of the Get Ahead Foundation, and Soweto businessman Gibson Thula, who commands much clout inside Inkatha.

"My assignment," says Dr de Loor, "was to come up with a more appropriate housing policy to fit the mood and ambitions of a New South Africa."

There were moments when the ambition of unanimity inside the commission looked like Mission Impossible. However, Dr de Loor believes he is on the brink of ultimate success and feels confident the final report will he handed in to the Cabinet next month.

But he adds a caution that even Cabinet approval may not yet signal a full mobilisation of a master plan that will cure the housing crisis at one stroke.

"The hard reality is that no one can wave a magic wand that will cause the instant disappearance of housing queues," he warns. "Solutions, even running at full speed, will take several years — perhaps as long as a decade.

"Our main ambition is to offer a practical formula for a new housing policy that will win consensus with everyone involved — the homeless themselves, the public and private sectors, the building industry, the financial institutions."

Dr de Loor has held politics at arm's length in the exercise. But he believes that it would be futile to set a massive new housing programme in motion without total consensus and close consultation with key extra-parliamentary groups.

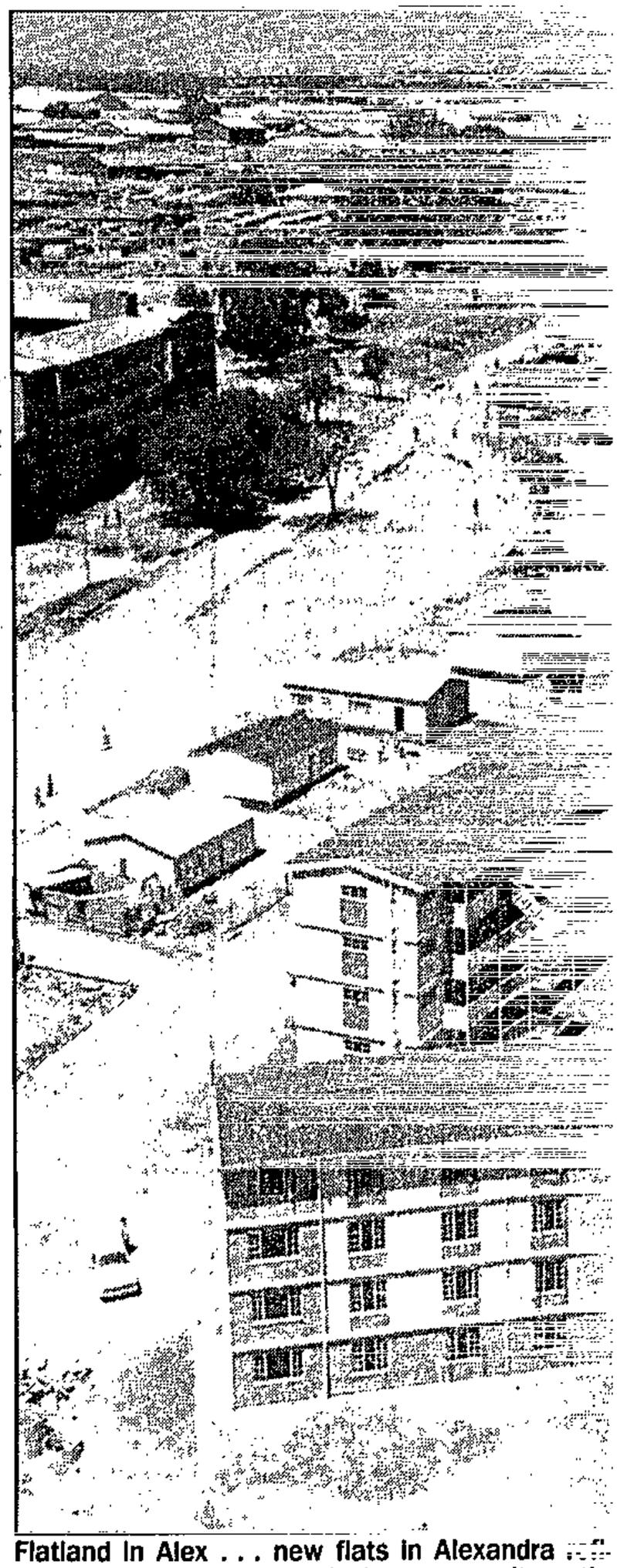
He remains optimistic that accord will be reached once consultations get into stride. "More consultation may delay matters a few more months," he says, "but the wait will be worth it if it means better and faster results in the end."

Dr de Loor intends to keep precise recommendations under wraps until they go to the Cabinet. But there are at least a few hints coming from insider leaks.

For example, it seems highly likely that the Government will be advised to keep State intervention to a minimum, withdrawing from actual physical housing construction and concentrating on the role of facilitator in a new housing drive — sweeping away all red-tape humbug and outdated regulations and confining its role to acting as a treasurer for public funds to be ploughed into the operation.

The commission is expected to lay the emphasis on ways in which the private sector can be encouraged to seize the initiative and take on the task of providing all the new homes needed — the construction work and new financial packages.

But again and again, the emphasis is laid on a workable plan that will win consensus and, hopefully in turn, an end to bouts of unrest and violence, as well as rent and bond boycotts, that have caused the withdrawal of builders and bank finance from the housing market at the moment.



Flatland in Alex . . . new flats in Alexandra ... the De Loor Commission as one alternati...

The commission has also had to take into account the need to strike a balance in the amount of cash needed to propel the housing programme into a much faster pace, and the vast amounts needed elsewhere in the whole reform process.

"You cannot call a halt to expenditure on health and education while you commit all your resources to housing," says one member. "We need to find a reasonable balance."

The issue of urbanisation has been high on the agenda, too. The view has been taken that now influx control barriers have been removed ... isation process will ... a high rate for ... may take 10 to 15 ... it levels off. And so ... to be laid to find ... more and more ... into the metro...

"We have to ... alternatives in the subsidies should be unemployed or low ... milies with no ... ing into homes of without some for... tance," says a mem...

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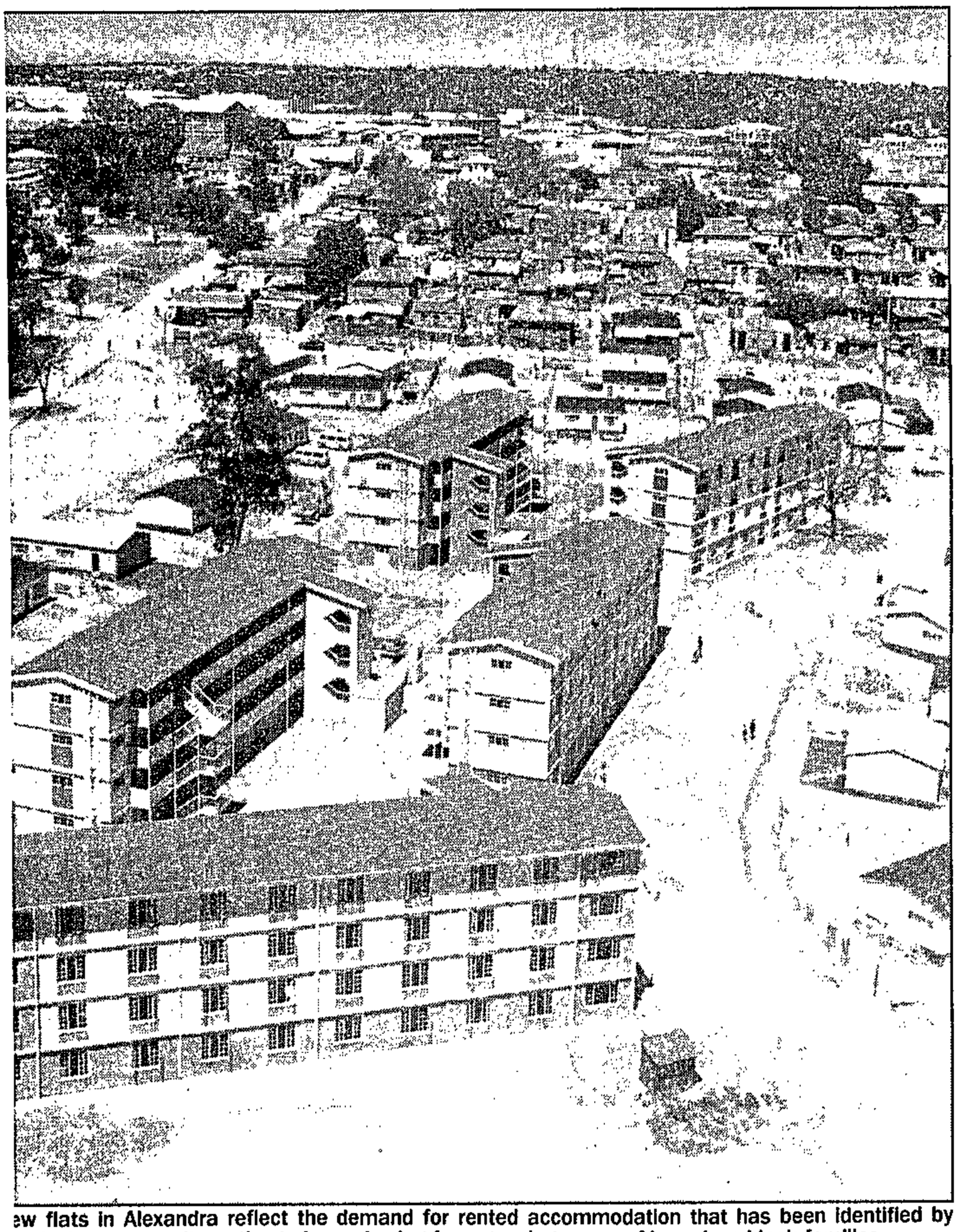

ew flats in Alexandra reflect the demand for rented accommodation that has been identified by mission as one alternative to home-buying for a growing queue of homeless black families.

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have been removed the urbanisation process will continue at a high rate for some time. It may take 10 to 15 years before it levels off. And so plans have to be laid to find room for still more and more families moving into the metropolitan magnets.

"We have to balance lots of alternatives in the way that subsidies should be handled for unemployed or low-income families with no chance of moving into homes of their own without some form of assistance," says a member.

"The Independent Development Trust has chosen to allocate R750 million of its R2 billion fund to a pilot scheme to provide 100 000 serviced sites — worth about R7 500 each — to homeless families trying to survive on joint incomes below R1 000 a month.

"But there has been a mixed reaction, especially among critics who argue that, however commendable the motive, the scheme promises 'islands of happiness' for a relatively small fraction of the homeless — with the unintended result of bringing other low-cost housing projects to a halt. Why, it is asked, should prospective home-owners pay hard cash for a house stand outside the scheme when he is equally entitled to a free site?"

The De Loor team is searching for alternative forms of subsidies that will reach a far bigger number of homeless families and somehow allow them more freedom of choice about precisely where — and how — they want to live.

Members feel it is time to come to terms with the blunt fact that the provision of an instant three bedroom, brick-built house for every homeless family in the country is a pipedream.

Here they feel the IDT may be heading in the right general direction, but there may be room for improvement in the shape of the subsidy packages.

All appear to be agreed on the aim of making a start by tackling the basic issue of providing security of tenure on space where families can build shelters, however modest as a beginning, even if no more than small serviced sites in properly planned informal settlements as a first alternative to illegal squatting.

What looks likely is a variation in systems of capital subsidies — as favoured in recent World Bank studies — that can allow homeless families to spend their allocations more or less as they choose, with the crucial proviso that the cash goes on the creation of a home, with no loopholes for squandering on non-essentials.

The De Loor team is also looking at incentives to encourage the private sector to tackle the homes-to-rent market on a far bigger scale. Members estimate that as many as 15 percent of homeless black families prefer the idea of rented accommodation — but developers have long shunned the market for reasons they argue are all too obvious as reports flow in of rent and bond boycotts, violence and mayhem on building sites.

Dr de Loor believes that brings the whole issue back to square one: the imperative of consensus on a total housing strategy.

If achieved, the flow of foreign investments needed to bring solutions closer may resume sooner than expected.

"The World Bank is showing very deep interest," says Dr de Loor. "But it wants to see full agreement on a housing accord before it makes a move on financial assistance. If the World Bank makes a move, other international institutions and perhaps overseas governments may consider assistance.

"All of them, however, are likely to insist on concensus on strategies that look workable and cost-effective.

"But at the moment, when it comes to housing, they also wonder why South Africa, and its private sector in particular, does not make full use of its own financial resources to start the ball rolling. They're not fooled by political rhetoric. Every report of bond and rent boycotts is another nail in the coffin of a plausible housing policy.

"They will want to see South Africans themselves make the first move with a demonstration of practical strategies that have all the hallmarks of ultimate success.

"No country on earth has ever found a total solution to its housing problem. But in South Africa, with a population growing in numbers and the supply of new low-cost houses shrinking, the housing shortage backlog is growing bigger every year.

"It's vital that we find new strategies to solve the dilemma — and soon." □

A one-way ticket to the city

STAR 28/1/92. Gen 339

South Africa's population shift from rural to urban areas benefits neither region, reports Agricultural Correspondent GEORGE NICHOLAS.

TEN years ago, about 72 000 people lived in the rural area of the Rustenburg district. Since then the number has dropped to 50 000.

In the same 10-year period, the rural areas of Witbank lost about 22 000 inhabitants, and the four districts of Ventersdorp, Phalaborwa, Pilgrim's Rest and Harrismith each lost 11 000 people.

These are just a few districts taken at random to indicate the alarming continuing drain of manpower from the Transvaal and Free State farming areas to the towns and cities — a problem that is causing increasing concern, not only to the farming community, but also to many urban authorities.

People are simply leaving the countryside in droves as the traditional farming practices, wages and way of life falter under the weight of competition from the rest of the economy.

Attracted

So many are deserting the land that depopulation is no longer a threat, but a chilling reality.

Those leaving the farms are almost exclusively black workers and their families. They are attracted to the bright lights and entertainment facilities of the urban areas, and by the exciting prospect of job opportunities with wages far higher than those farmers can afford.

Many are disillusioned, when it is too late, by the reality.

Huge numbers fail to find work or suitable accommodation and, when all their efforts come to nought, they do not return to the farm but tend to congregate in squatter camps on land in the urban and peri-urban areas, where many of them sink deep into poverty and want.

Those fortunate enough to find work are also often similarly disillusioned by unforeseen costs, such as expensive food, clothing, schooling, accommodation, medical and other services that reduce their effective income to levels lower than they had earned or received free on the farm.

Squatter camps, those troublesome informal settlements that sometimes arise literally overnight, are already a feature of many towns and cities. Thus what in the past has been largely a rural problem has now also turned into a serious urban one.

In the past 10 years, for instance, the urban population of Rustenburg increased in round numbers from 32 000 to 52 000, Belfast from 10 000 to 14 000, Heilbron from 10 000 to 20 000, Witbank from 88 000 to 128 000, Cullinan from 1 000 to 8 000 and Delmas from 16 000 to 26 000.

About 10 percent of South Africa's whites and 60 percent of blacks still live and work in the rural towns and districts. The experts estimate, however, that by the turn of the century more than half of the country's black population will be urbanised.

The concern of the farming community is understandable. In the depopulation process, schools on farms and in country towns are emptying, State transport services by rail and bus are reduced, roads are becoming neglected, doctors are leaving and country hospitals and maternity homes are closing.

What can be done to reverse or at least stem the drift? Apparently nothing.

The abolition some years ago of the final impediment, urban influx control, has opened the gates especially for the younger generation on farms, who are not only better educated than their parents, but are determined to seek more remunerative and satisfying livelihoods elsewhere.

Almost as serious as the loss of these people is the difficulty experienced by many farmers in retaining the services of their trained and skilled workers.

Organised agriculture appears to have accepted with resignation that farmers have no option but to mechanise to a greater extent than ever before, especially for the production of commodities that are labour intensive but financially rewarding, and that lend themselves to mechanisation.

According to South African Agricultural Union training manager Machile van Niekerk, effective mechanisation in most cases requires expertise and skills, which, he adds, means that both the farmer and his worker will have to undergo specialised training.

It is generally recognised that the farming industry is more important to the country's population and economy than most other sectors. It cannot on its own finance extensive and costly mechanisaton. It needs help. Much as the world rebels against subsidisation today, this may become one way of coping with the vacuum that is being created by the migration from the platteland.

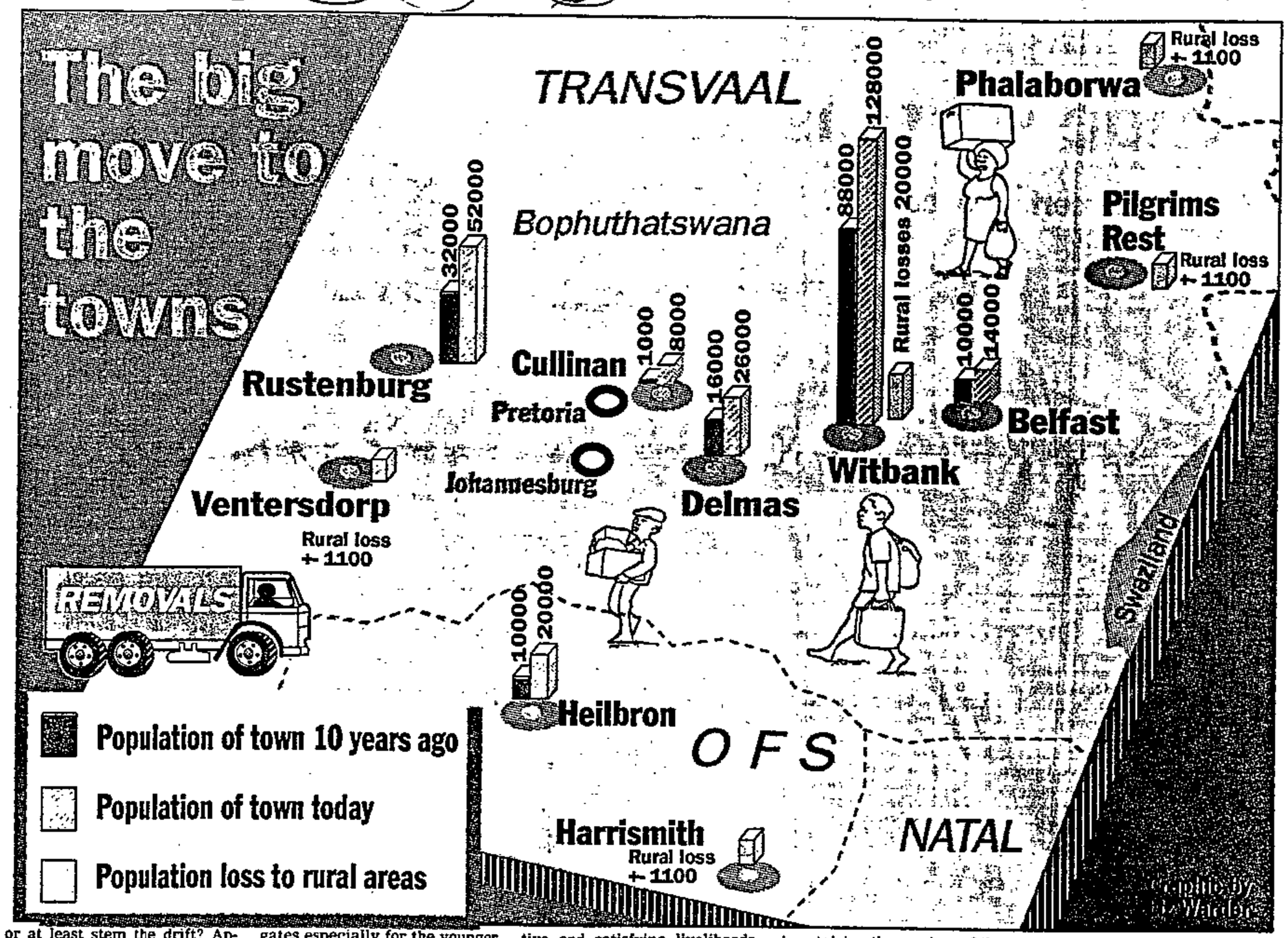
Emphasised

In representations it has made on the subject to the Government, the SAAU has emphasised that this migration could be attributed to the fact that the rural infrastructure is underdeveloped and that it shows an alarming degree of deterioration.

It has pointed out that in the process the rural areas are becoming increasingly isolated and unattractive to work and live in.

The SAAU considers it essential that a strategy for rural development should be formulated and implemented without delay to make it more attractive to live and work in, and it feels strongly that the State must accept responsibility for maintaining a basic infrastructure in the rural areas.

Be that as it may, no country, least of all South Africa, can permit the survival of its agricultural industry to be imperilled. Either a solution to the depopulation problem must be found or effective measures must be taken to counter its disruptive aftermath. □



'Negotiate land issues'

STAR 29/11/92

CAPE TOWN — Land issues should be solved through negotiation and consensus rather than costly court proceedings which might take years to resolve, Jacob de Villiers, Minister of Regional and Land Affairs, said yesterday.

He told a press briefing that the Advisory Commission on Land Affairs would advise President de Klerk on the identification, use and ownership of land affected through previous discriminatory legislation.

Asked if the Government had ruled out establishing a land claims court, he said all alternatives had been discussed in Parliament and committees in 1991, and the Advisory Commission on Land Allocation was the result.

"To speculate on others would not serve any purpose," he added.

The commission, chaired by Mr Justice T H van Reenen, was set up in November last year in terms of the Abolition of Racially Based Land Measures Act of 1991.

"The Government has, through this mechanism, made a real attempt to come to grips with the past and to deal with land claims effectively and expeditiously."

He invited all interested parties to give their full cooperation, and support the proceedings of the Commission.

"In my opinion, consensus through negotiation is a more viable method to solve the intricate land issues rather than reverting to costly court proceedings which might take years to resolve," he told the briefing. — Sapa.

Urban death of apartheid

STAR 29/11/92

CAPE TOWN — The dynamics of urbanisation had simply overtaken the ideology of apartheid, Minister of Local Government Leon Wessels told a press briefing in Cape Town yesterday.

He said the Government was waiting for two reports to be released soon which would look at arriving at a comprehensive housing policy for the whole country.

These were the President's Council report on urbanisation and the South African Housing Commission investigation into all aspects of housing in South Africa.

Mr Wessels said that the final negotiations for future structures of local government would be conducted nationally, though the Government still encouraged local talks. — Sapa

A house is an investment of a lifetime – Perm

(339)
Sowetan 30/11/92

By JOE MDHLELA

OWNING a home is one of the best ways of taking care of one's hard-earned money and making it grow, according to the marketing manager of the Perm, Mr Richard Ford.

Because housing was in short supply, the demand for it raised the value of the property year by year, making it the most valuable investment.

It was also important that the house be kept in good shape for it to remain a good investment.

"In this way home-ownership makes you a shareholder in the prosperity of the country," Ford said.

Raise money

As the value of the house increased, the owner would be able to raise money from the financial institution using the house as security.

"This could be money for your children's education; extension to the house; or even funds to start a business."

To a very large extent, home-ownership gives security and peace of mind, said Ford, adding that "because it is yours, you know you cannot be moved".

Even after the death of the owner the house would remain the property of the family.

Married and unmarried people may own property and may borrow money to do so.



RICHARD FORD

"This includes single women; women married by antenuptial contract or by customary union.

"They may do so without the assistance of their husbands. But when married in community of property, both partners own the home together equally."

PROPERTY

7-m blacks homeless

Sowetan 30/1/92

AN estimated seven million of some 28 million blacks live in squatter settlements, says the director of the South African Trust Limited, Mr Hennie Crowther.

By JOE MDHLELA

And it is not as if the Government has not been warned, he argues, stating that as early as the 1940s there had been a need for "adequate, low-cost housing for the lower income population".

He says despite this realisation by the Government as early as that time, the financing of low-income housing stopped in the '60s when "the architects of grand apartheid" began encouraging blacks to settle in rural areas.

Crowther says that from the sixties it was very much a case of "out of sight, out of mind".

Time-bomb

"In reality, over those 30 years the black housing problem worsened rapidly, but because of apartheid it was left unaddressed.

"Now that time-bomb is set to explode. With the repeal of apartheid legislation began a mass exodus to the cities on a scale never before experienced in the history of South Africa," Crowther says.

Squatter camps and other methods of informal housing have become the dominant form of shelter in South Africa and it is likely to increase in the next decade unless drastic steps are taken, Crowther says.

He says hand in hand with squatter settlements come the problems of illegitimate land invasions, chaotic settlements and chronic health problems.

An example is the Lindilane Squatter Camp on the banks of the Umgeni River, where 250 000 squatters live without access to drinking water or sewerage systems.

"The result is that 180 000 tons of faeces are dumped into the river every year, giving the water an E. Coli count of 300 000, where the acceptable international count is 200 units," he says.

The urgent need for low-cost housing in this country is painfully obvious, Crowther argues, stating that already there is a backlog of 1,8 millions units in the country's urban areas.

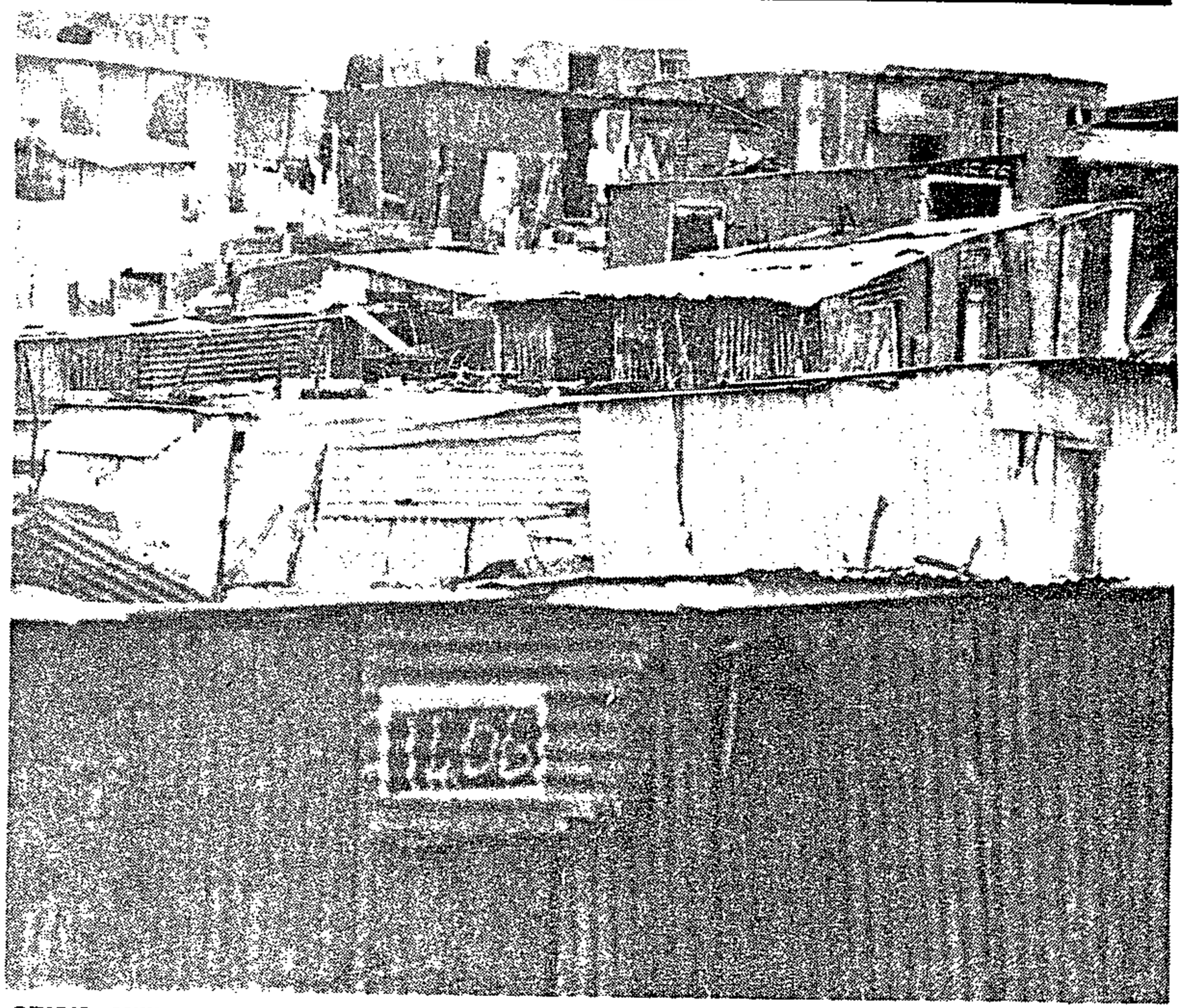
"That means 550 houses need to be built every day to eradicate the backlog by the year 2020 at an average price of R20 000 for a house and stand.

"This represents a staggering R11 million a day which must be invested in low-cost housing projects."

Crowther echoes the words of Dr Albert Sabin, developer of the oral polio vaccine, who has said: "If changes are not made now, by the year 2000 there is doubt as to whether we will survive.

"By that time five billion of the seven billion people in the world will be starving, uneducated and totally desperate."

That is food for thought for the South African authorities and certainly the country is not exempt from this crisis.



CRISIS: Millions of South Africans are forced to live in squatter camps because of the chronic shortage of housing in the country.

THE Independent Development Trust (IDT) has been pumping money into squatter settlements in a number of areas across the country, including Port Elizabeth, Uitenhague and Klerksdorp.

Headed by Jan Steyn, former head of the Urban Foundation, the IDT has adopted the UF's recommendations that a once-off capital subsidy be provided to the developer who constructs a serviced site and hands it over to a beneficiary.

Some R750-million has been set aside for the scheme.

But the subsidy scheme has run into problems, according to Planact, an urban planning and development research organisation. In a memorandum entitled *The IDT and Development: An Alternative Approach*, Planact outlined several of them:

● The IDT capital subsidy scheme provides R7 500 for each site that is transferred to a beneficiary. At the present rate of inflation the real value of this amount decreases by about R100 a month. This in effect means any community is penalised R100 for every month it spends in consultation.

● The IDT decided the serviced sites should be 250 square metres and have waterborne sewerage, a toilet and a tap. When communities started participating in the projects they began to make choices which differed from the IDT conception of how low-income people should live and spend their money. As the Trust was paying the developers building the infrastructure, it was still able to decide what level of services the sites would receive.

● The cost of the land is built into the R7 500 subsidy. The consequent tendency to use cheap land, on the outskirts of towns and economic centres, will locate the poor precisely where apartheid wanted to put them. Over the past 20 years communities have shown that they are determined to move closer to the centres of employment to reduce travelling costs.

● The IDT has insisted that the capital subsidy be paid to the developer only after the site has been transferred to an individually identified beneficiary given private ownership of the site. While this gives individuals security of tenure it is also turning land occupied by communities into fragmented parcels of commoditised land — which can be traded on the market.

If the people who have been granted the sites require money for subsistence, they will be vulnerable to offers from speculators who can pay cash for the land and then develop middle-income housing. There is nothing in the IDT scheme to prevent this from happening.

● The subsidy is only paid after the site has been delivered to an individual. This means communities cannot utilise the scheme for non-profit community development as they do not have access to the capital or large-scale credit necessary to build the infrastructure decided on by IDT. This also implies a bias towards a development process driven by private sector developers rather than communities.

● The IDT has only allocated money to finance the delivery of sites. No money was provided for the activities which are necessary for effective and sustained community participation.

● The scheme has focused on delivery of sites within the existing urban planning framework. The IDT has not used its financial clout to force local authorities to find ways of increasing population densities in the cities, a process which would prevent urban sprawl and protect the environment.

The injection is not always the cure

Half the black residents of urban areas live in squatter settlements without clean water or sewerage. So an injection of cash could provide a solution ... or can it? A memorandum prepared by the research group Planact says money isn't enough

IDT expects to help peace and negotiation processes

CAPE TOWN — The Independent Development Trust believed its development aid programme would make a substantial impact on the negotiation and peace processes, IDT chairman Jan Steyn said yesterday.

Steyn told a news briefing that even if South Africans were able to negotiate a "perfect" constitution and bill of rights, unless the problems of poverty were addressed there would be an irreversible deterioration of the social fabric of the nation.

The IDT had "a lot of hay on its fork" at the moment, but there was a need to keep on attracting funds.

Steyn said he hoped the IDT's 270 development projects would encourage an ethos of self-reliance among poor communities and prevent consolidation of a culture of entitlement.

He warned that if the issue of development assistance to poor communities became politicised, the entire area could end up a battlefield.

Political Staff

He had no problem with the variety of delivery organisations but objected to too many "filters or sponges" which prevented the product reaching its point of delivery.

Steyn said he did not believe political parties could attract development capital from abroad. "Independent agencies with a track record are more likely to be successful," he said.

□ The Bursary Council of SA said yesterday legislation for the IDT's proposed education bank should be delayed until criticisms about the scheme had been resolved.

It said also there had been a dramatic increase in the problems about access to tertiary education and funding. It urged commerce, industry and the whole community to make bigger contributions to the urgent needs of students.

Focus on the squatting issue

STAR 4/2/92

WIDESPREAD squatting threatens to become one of the hottest socio-political issues of the future and SA Housing Trust consultant Philip Hamm has called for an urgent "Codesa" to solve the housing crisis.

Families are setting up home in plastic, cardboard and iron shacks, either legally in informal settlements or illegally wherever they can find space.

They number millions. They are generally black, poor and often unemployed; most find it impossible to finance any improvement to their lot and all are shunned by their richer, more established neighbours. They are a vital part of the future of this country.

Mr Hamm, a civil engineering graduate from the University of the Witwatersrand who has completed two overseas post-graduate scholarships — one from the Confederation of British Industries and the second from the French Government — outlines the background of and problems related to the country's housing crisis.

Quoting an Urban Foundation report, he says the need in SA is for nearly 2 million additional low-cost houses before the year 2000, which means a total of 200 000 units a year to meet increased demand caused by population growth, according to statistics provided by the SA Housing Trust.

Added to that, about 150 000 houses a year are needed in the next eight years to catch up with the current backlog.

In order to meet the twin needs, a total of 350 000 dwelling units must be built every year until 2000. But the reality is that only 25 000 are being built annually.

The key is affordability — to house an estimated 5 million squatters in homes in the R5 000 to R10 0000 bracket countrywide, he says.

The Urban Foundation claims most present-day squatters were actually born in the cities and are already urbanised.



Housing expert Philip Hamm (left) gives his views on the problems of and possible solutions to the country's housing crisis to SHIRLEY WOODGATE. This is the first in a two-part series.

For 40 years the official blueprint had been to create separate communities and deliberate restrictions resulted in slow, illegal urbanisation.

But the sheer effort of trying to improve their lot saw many people infiltrating the cities, cramming up to 20 squatters in shacks in a single backyard in existing townships.

Past political policy not only stifled the natural process of urbanisation, but by doing so also increased the current backlog as no financial mechanisms were in place to cater for low-cost housing.

Then came the scrapping of the Group Areas Act which officially allowed people to live in places of their choice nearer to metropolitan areas. Already-urbanised people promptly sought other accommodation in preference to backyards where they are forced to pay high, uneconomical rentals.

The new Government policy is to encourage organised squatting by making semi-developed stands available in planned areas.

Mr Hamm says what is offered is the opportunity for people to group together in minimum development townships with proper layout, mainly dirt roads, provision for stormwater, schools, shops and sports facilities but no sewerage or electricity which may be installed later.

Plots of about 250 sq m are provided with pit latrines and one tap for every eight stands.

This first step provides some kind of roof over a head, but does not address the human deprivation experienced by squatter communities.

Bare survival is the norm in the camps, which can only be dubbed "jungles of inadequacy" where about 40 percent of the poverty-stricken inhabitants are unemployed and cannot obtain funds to build their houses.

This destructive experience — combined with lack of assistance to upgrade — leads inevitably to crime and invites disease through lack of food and hygiene.

The daily experience is in homes that leak or collapse during thundershowers, swelter or freeze in the extremes of the weather. In the corner is a stinking toilet which fills up when it rains, the places are fly- and rat-infested .

At night it is pitch-dark and women are raped or mugged when they go to the toilet; homes are plundered daily and children roam the streets unattended while their parents go to work 30 to 40 km away to earn enough to eat, Mr Hamm says.

The best and most valuable assets in a society are its children. Their growing up experiences will determine our future.

If they do not have proper homes, it does not matter how much training they receive, they will retain a certain backlog of inefficiency and emotional instability from their childhood, Mr Hamm says.

In a squatter settlement the status of women is low. In this type of environment, society eventually degenerates to the survival of the fittest.

Elevating the status of black women in South Africa is one component of the key to the future, Mr Hamm believes.

The future of the nation as a whole will be determined by housing people properly in affordable homes, then attending to their schooling and health.

These conditions are the best form of birth control, with wanted children the best investment a nation can make.

The level of human experience in these areas needs to be exposed as it will leave an indelible mark on South African society, Mr Hamm says. □

●TOMORROW: Mr Hamm will outline possible solutions.

Let's take the risk of having homes for all

STAR 5/2/92.

In the last of a two-part series, housing expert Philip Hamm offers possible solutions to the country's housing crisis. SHIRLEY WOODGATE reports.

WHILE squatters in other countries comprise mainly dropouts from modern society, South African "squatter camps" contain many potentially stable, professional and middle-class people who are there because they are politically disadvantaged, according to SA Housing Trust consultant Philip Hamm.

He says it is obvious that such people will react positively to social upliftment initiatives.

In such a case, the State must act as a catch-net to provide some humanitarian relief and shelter for the people.

"It would be irresponsible to shout 'fire' in the emotional theatre of low-cost housing and crowded squatter camps, without also stressing that South Africa has the inherent economic strength, manpower and technical ability to master its housing crisis," he says.

Mr Hamm says that at the root of the immediate problem lies the "risk factor" associated with the provision of small bonds in the low-cost housing sector. The reality is that it is uneconomical for financial institutions in the private sector to issue small home loans because of the run-away costs of administration, which could be as high as R100 a month on a R10 000 bond requiring rapayments of about R180 a month.

At this level, if the owner defaults or takes part in a rent boycott, the total loss to the building society is serious.

Mr Hamm says as a priority it is necessary for the financial institutions and civic organisations to sit down and hammer out ways to address the risk factor and find systems whereby private-sector institutions can move downmarket and invest in mass housing schemes.

But putting a finger on the crumbling dyke will not avert the threatening human disaster, he says. Increased participation by financial institutions alone will not redress the dismal housing performance.

Any rethink on housing planning should involve the following strategies:

● It must be realised that the lack of suitable housing is a worldwide phenomenon.

For some considerable time the United Nations Commission on Human Settlements has been working on global strategies to improve human living conditions, particularly in developing countries. South Africa could benefit greatly by co-operating with UNCHS activities and learning from the misfortune and successes of other nations.

But while certain operations, including financial systems, standards, qualities and future upgrading, are universal, the final solutions must be tailored to South African conditions.

● Aiming for community involvement is a vital aspect. Under the respectable banner of UN particpation, the local community may be more inclined to become an active driving force.

One of the most useful prospects would be partnership with black business communities to manage and maintain urban development programmes. This means majority shareholding by black businessmen in partnership with private enterprise to build and administer downtown housing projects.

Activities at this level may not solve all the housing needs, but here an important parallel can be drawn with the taxi industry, organised by Fabcos and Sabta. They have established a commuter service second-to-none on the African continent in only six years, where banks and private investors have invested more than R1 billion without being concerned with the risk factor.

Full participation by black builders to facilitate job creation is also a vital part of community involvement.

Here, the African Builders Association could play a role. Obviously, the management and technical skills of the builders will have to be enhanced by suitable training and control.

● The overall emphasis should be on the holistic approach in terms of transport, education, health care, shopping and recreation, which must be considered as part of the total exercise, since people existing in this type of development live not only better but also more economically, says Mr Hamm.

The biggest cost-saving lies in cost-effective transport systems, affordable creches, schools, and private shopping and recreation centres.

Transport and the cost of travel to work is a serious problem which must be addressed.

● The State must make its contribution. In developing nations one finds three strong elements in state departments: in education, housing and health care.

In South Africa there was a single strong housing department eight years ago, but it became tainted as it was considered to be an arm of the Group Areas Act. Now we must enter a new era where the private sector must vigorously take on the task of providing mass housing, and the Government role must be one of policy-making and co-ordination.

A typical problem is the haphazard application of subsidy schemes which has created confusion and frustration in the competitive open market.

In some areas, home-owners' repayments vary between R100 and R800 for virtually the same type of house. And property developers are stuck with developed stands which they cannot sell because free stands are available just across the road.

This confusion is partly the cause of rent boycotts and the reluctance of home-owners to make monthly payments on their bonds.

The situation in South Africa is unique as most of the housing shortage was created by the apartheid system.

Finally, Mr Hamm says, it must be stated that all South Africans must accept that in a new political dispensation, supporters of the new government can justifiably expect some improvement in their situation. Therefore, any future ruling party may be compelled to take drastic action to solve the social problems, which may have far-reaching effects on the stability of our present socio-economic systems.

So it is necessary to take a leaf out of the Codesa book, where a political transfer is managed exceptionally well by negotiation.

It may be possible to move closer to solutions in this major area if all important players are brought together soon to solve the housing crisis.

Otherwise, the problem could well become so serious, that a future government may be justified in nationalising some available funds, as the only solution to human suffering from the ground up, he says. □

The Star Wednesday February 5 1992 1

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Violence deters foreign buyers

B/Days 5/2/92.

PETER GALLI

INDUSTRY sources do not expect the ailing residential market to be rescued by overseas buyers — at least, not in the short term.

In a Multi Listing Service (MLS) survey carried out for Business Day, Pam Golding Estates and the Seeff Property Organisation said that despite excellent foreign interest in the SA property market, there was little chance of a surge in foreign buying until the threat of political violence was removed.

The companies — the two largest estate agencies actively canvassing overseas buyers — formed part of a survey on MLS members to determine the potential number of foreign buyers.

While all of the members were optimistic that there would eventually be a strong foreign buying force, they felt this would only materialise once full political unity was achieved.

"While foreign interest in SA property is high, perceptions of SA still remain extremely negative," said Seeff Property Organisation director Rob McKee.

McKee, who has just returned from a tour of seven countries to promote SA property, said all the television coverage of SA he saw during his trip projected confrontation and ignored the strides made towards peace.

Pam Golding director Cecil Golding agreed that the "shadow of violence" was the main factor discouraging foreign buying. The group supports offices in four European countries.

"In 1990 we sold 73 properties to overseas buyers, and this rose only to 75 in 1991. Early 1992 sales have been to Nigerian, Italian, German and British buyers," Golding said.

Seeff Property also recorded a marginal improvement in offshore sales in 1991, which included three sales on the Atlantic coast in 24 hours. Two properties were sold to a German and one to a Monte Carlo resident.

Also acting against the local market were high interest rates, safer investment opportunities elsewhere and slow turnover of overseas properties.

"Last week's one percentage point interest rate cut for mortgage bonds will have little effect in stimulating foreign interest — large cuts are essential," McKee said.

About 700 Britons, all qualified for SA permanent residence, were unable to sell their homes in the UK, he said.

There were also stagnant markets in Germany and the US.

Sale of plots 'can ease backlog'

B/Days 5/2/92 339

PETER GALLI

THE sale of more than 24 000 serviced plots lying unused throughout SA could significantly ease the housing backlog, says House of Representatives deputy director of housing John Hopkins.

The plots were financed with loans from the House of Representatives allocated for low-income earners, and range in price from R8 000 to R16 000.

"Local authorities own more than 90% of these properties, which are to be sold at cost to individuals who qualify for state subsidised housing. The money thus earned could be used to finance further housing," he says.

More than R300m of capital is tied up in these properties which are not being developed because state funds for low income housing have dried up.

The authorities need to develop the properties now in the best possible way for the benefit of the community, Hopkins says.

The House of Representatives recently announced it would increase the maximum gross income and loan limit for qualifying individuals to R2 000 a month and R35 000 respectively.

"The loans, which apply to land purchasers only, are granted at a subsidised interest rate. The owner is then encouraged to build his own starter house that can be upgraded as income improves," he says.

To accommodate the needs of owners who are building for themselves, many local authorities have relaxed building regulations by allowing builders to occupy the site during construction.

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Expert calls for urgent action on housing

Sowetan 5/2/92 (12) 339

WIDESPREAD squatting threatens to become one of the hottest socio-political issues of the future and South African Housing Trust consultant Mr Philip Hamm has called for an urgent "Codesa" to solve the housing crisis.

Families are setting up home in primitive plastic, cardboard and iron shacks, either legally in informal settlements or illegally wherever they can find space.

They are generally black, poor and often unemployed; most find it virtually impossible to finance any improvement to their lot and all are shunned by their richer, more established neighbours.

They number millions.

They are a vital part of the future of this country.

Hamm, a civil engineering graduate from the University of the Witwatersrand who has completed two overseas post-graduate scholarships - one from the Confederation of British Industries and the second from the French Government - outlines the background of and problems related to the housing crisis.

Quoting an Urban Foundation report, he says the need in South Africa is for nearly 2 million additional low-cost houses before the year 2000, which translates into a total of 200 000 units a year to meet increased demand caused by population growth to the year 2000 alone, according to statistics provided by the South African Housing Trust.

Added to that, about 150 000 houses a year are needed in the next eight years to catch up with the current backlog.

In order to meet the twin needs, a total of 350 000 dwelling units must be built every year until 2000.

But the reality is that only 25 000 are being built annually, a mere fraction of the demand.

The key is affordability, to house an estimated five million squatters in homes in the R5 000 to R10 000 bracket, in informal housing settlements countrywide, he says.

The Urban Foundation claims the major proportion of present-day squatters were actually born in the cities and are already urbanised.

For 40 years the official blueprint had been to create separate communities and deliberate restrictions resulted in slow, illegal urbanisation.

But the sheer effort of merely trying to improve their lot, saw many people infiltrating the metropolitan areas, cramming up to 20 squatters in shacks in a single backyard in existing townships.

Past political policy not only stifled the natural process of urbanisation, it thereby increased the current backlog as no financial mechanisms were in place to cater for low cost housing.

Then came the scrapping of the Group Areas Act which officially allowed people to live in places of their choice nearer to metropolitan areas. Already-urbanised people promptly sought other accommodation in preference to backyards where they are forced to pay high, uneconomical rentals.

The new Government policy over the last two years is to encourage organised squatting by making semi-developed stands available in planned areas with basic services.

Hamm says what is offered is the opportunity for large numbers of people to group together in minimum development townships with proper layout, mainly dirt roads, provision for stormwater, schools, shops and sports facilities but no sewerage or electricity which may be installed later.

Plots of about 250sqm are provided with pit latrines and one stand tap for every eight stands.

The Urban Foundation reports that many of these squatters have homes in the homelands and may not require permanent accommodation in the cities.

This first step provides some kind of roof over a head, but does not address the human deprivation experienced by squatter communities.

Bare survival is the norm in the camps, which can

P.T.O.

Don't overstate income for loan

Sowetan 6/2/92

INDIVIDUALS who overstate their salaries so that they can get home loans from banking institutions run the risk of getting into financial difficulties sooner rather than later.

By JOE MDHLELA

According to Perm marketing manager Mr Richard Ford, you should never be tempted to overstate your income in your loan application.

"You will not be fooling the financial institution; you will be fooling yourself, and risk running into financial difficulties sooner or later."

He said all people had only limited money to spend.

"Yet every day we face endless calls on our resources to provide for a variety of things for ourselves and our family."

He said determining how much you should spend on a house depends on whether you can afford the monthly instalment on the home loan.

He advised that visiting a building society or a bank for an advice would be ideal.

"There an experienced person will explain all the elements that make up the cost of owning a house, and explain the price level your income allows you," he said.

The simple rule of thumb, said Ford, was that for every R500 of monthly income, one could buy R10 000 worth of house.

"In other words, if you and your spouse earn R1 000 a month, you can afford a home of R20 000. At R1 500 a month, it will be R30 000, and R3 000 it is R60 000," Ford said.

He said another rule to remember was to multiply the monthly salary by 20.

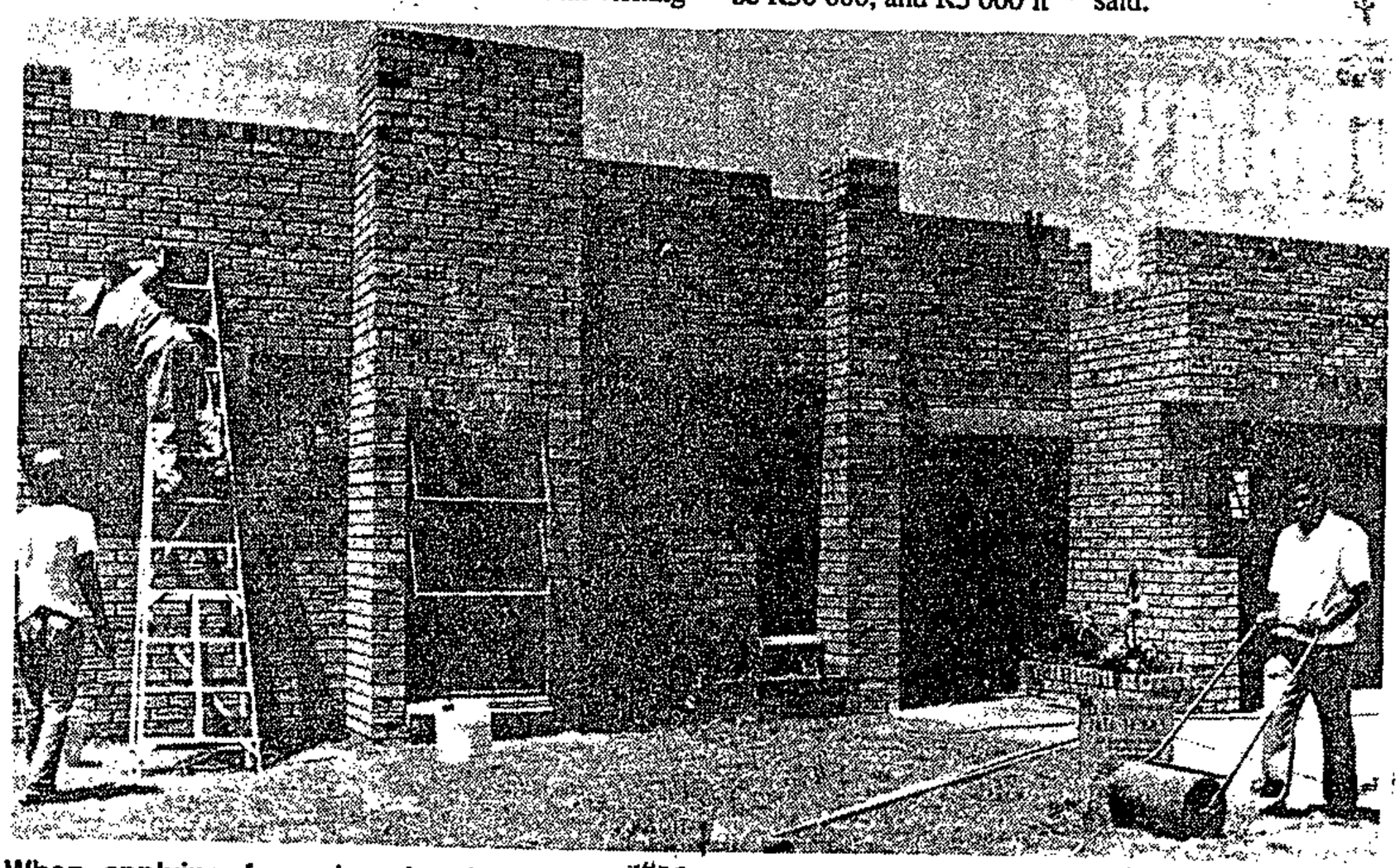
"If your income is R2 000 a month, you should be able to afford a house costing R40 000."

Ford warned that it was important that the costs are explained to a prospective home owner.

"This way you will avoid unpleasant surprises later on," he said.

He advised that a bigger deposit reduced the amount of the loan.

"The less you owe, the less interest you pay," he said.



When applying for a housing loan from the banks or building societies, take care to work out just how much you need. If you borrow too much the high interest rates could put pressure on your budget and you will find it hard to meet your commitments.

Low-cost housing industry grinding to a halt - experts

339

Sowetan 6/2/92

SOUTH Africa's home building industry for the "affordable" income group is grinding to a halt due to a number of problems facing the industry.

According to experts in the industry, there is an entangled housing policy, waiting for the De Loor Commission report to give it direction.

Then, the state of the economy and the high interest rate on mortgage bonds have made "affordable" homes "unaffordable," they maintain.

Thirdly, and most significantly, the disrupted socio-political environment in the black residential areas where these homes are provided has scared off the institutions which normally advance mortgage bond finance.

Time Housing financial director Mr Norman Jeffrey says that, despite a number of announcements of billions of rand being injected into socio-upliftment programmes, the pace of house building is slumping alarmingly.

Major players in this programmes include the Independent Development Trust, the Urban Foundation, the private sector and the Government.

Jeffrey said: "There are about 18 000 houses built in this so-called affordable market in 1989," he said, adding, "This dropped to 15 000 in 1990 and fell to some 10 000 units this year.

"This is at a time when millions are homeless."

He painted a stark picture for the future for those wishing to buy homes in the R40 000 to R70 000 price range unless there were some major structural changes.

He held out some hope in the De Loor Commission's report on housing which is expected now to be released this month.

It was originally scheduled to be released last year.

Jeffrey criticised the decision by the IDT to give low-cost housing capital hand-outs (R7 500 a unit) as it impossible to satisfy the enormous demand and was creating further expectations that could not be met.

"In addition to creating expectations for those who also qualify for the capital subsidy and cannot get one, those who have purchased their properties previously without the subsidy are now bitter," he said.

Since it opened its doors the IDT has received and marshalled its funds, established its philosophical and operation principles and allocated more than R1,4 billion to about 150 major housing, educational and health-related projects, according to chairman Mr Jan Steyn.

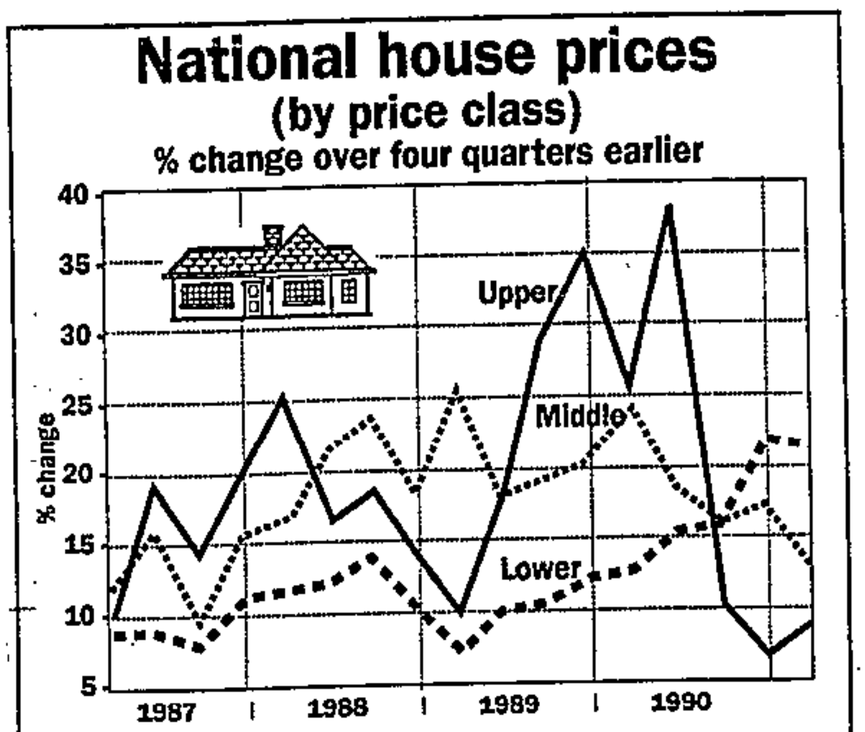
He said: "This took place against a backdrop of momentous political upheaval, and of socio-economic conditions and trends which variously gave cause for great hope and despair.

"These factors brought intense urgency and pressure to bear on the trust's operations," he added.

Jeffrey said: "These enormous sums of money should be used as a catalyst to stimulate investment in housing. Instead of granting lump-sum payment up front, it would be much better to subsidise first-time home buyers' interest costs over an extended period.

"This would create a much needed multiplier effect in gearing finance.

"Political unrest, violence and non-payment of bond instalments appear to be retreating and this improved climate should reintroduce to the industry the sorely needed loan finance from the financial institutions."



Average rise of 14% predicted for house prices countrywide

STAR 10/2/92

By Frank Jeans

House prices nationally could rise on average by 14 percent this year, says Cape consultancy, Real Estate Surveys.

Erwin Rode, research director of RES, says: "This is higher than our previous forecast and, should our prediction prove to be accurate, it could bring some relief to developers' margins before the economic upturn pushes up input costs to above the growth in house prices."

He sees the number of house transactions increasing steadily during this year, the implication being that there will be more work for estate agents and conveyancers.

The survey gives a breakdown of house price growth in recent years — 1989: 16 percent; 1990: 20,1 percent; 1991: 15,4 percent.

In the past year, Johannesburg prices rose by an average 11,8 percent.

The upper market accounted for 7,8 percent, the middle-income sector 16,1 percent and the lower end 16,7 percent, indicating again how much affordability plays in the residential market today.

RES says signals from the office market suggest that the recession is beginning to bite, while the industrial market is "hanging on by the skin of is teeth" as rents drop.

Non-residential building contractors, says the survey, are in a "state of panic as new contracts dwindle".

Capitalisation rates on average have remained stationary in most cities and across all property categories.

The exception is in non-prime offices, where cap rates are under pressure as investor confidence in such buildings diminishes.

"The office market is in a fairly depressed state at present, with an overall tendency towards rising vacancies and falling market rentals.

"Prime office rents are generally shifting downwards in most areas."

On the retail side, shop rents appear to be holding their own, although rentals in some areas are tending to slip in nominal terms.

Flat rents, on average, are still moving upwards and rental growth in most areas over the past year has outpaced the inflation rate by a wide margin.

RES believes building activity in the home sector is picking up from a low base and has a better chance for the coming year.

STAR 11/2/92

UN admissions opposed

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GENEVA — In an address to the annual session of the UN Commission, US Vice-President Dan Quayle yesterday attacked the admission of Iraq, Iran and Cuba to the UN Human Rights Commission, saying they mocked the principles that the body sought to uphold.

Call for task force to identify land

By Julienne du Toit (339)

The Urban Foundation yesterday called for the State President, with his Codesa partners, to appoint a task force to identify land for the Zevenfontein and other squatter communities in the PWV region.

Executive director of urbanisation Ann Bernstein said the task group should be headed by a Supreme Court judge with two deputies representing land owners and the landless.

The task force should report back to the State President within a six-month deadline.

She said the task force should receive input from all interested parties. STAR 12/2/92

"It is critical that issues of such national importance as the identification of land for future urban growth are no longer left in the hands of the officials," she said.

The TPA's task group would review only a part of the PWV region, and would not resolve the problem of land identification, Ms Bernstein warned.

Some positive solutions would have to be found, or else the consequences could be stark, said Urban Foundation executive director of housing Jill Strelitz. "There will either be a give-and-take situation, or people will be taking things into their own hands, as they have done already."

Ms Bernstein explained that land owners opposing the settlement of Zevenfontein squatters were not necessarily racist.

"It is two different income groups meeting in an urban landscape," she said.

There should be no more unilateral ad hoc decisions. The poorer people were vital to the economy of the PWV area and each municipality should make compromises to accommodate them, said Ms Strelitz.

C

Provident, pension funds key to crisis

Sowetan 13/2/92.

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A SOLUTION to South Africa's massive housing problem is to unlock money tied up in pension and provident funds and to make it available to members in the low-income levels.

The initiative has been undertaken by Old Mutual and the Urban Foundation after consultation with many parties, including Government officials, employers and labour representatives.

By JOSHUA RABOROKO

Major insurance companies Sanlam and Metropolitan Liberty Life have indicated they will study the implications of the scheme.

In a booklet, the Old Mutual and UF say the interest shown in these initiatives is largely related to the positive benefits that their success will have on the future of South Africa.

"While the act of building houses creates jobs, housing is seen to be a key ingredient to long-term social stability," the parties say.

Initiative

The initiative has been designed for people who:

- Are in active employment and members of a pension fund or provident Fund;
- Do not own any other properties; and
- Have accumulated suitable reserve in either the pension or provident funds.

It allows them to buy a home costing R45 000 or less (including the land) which will be registered in the member's name.

Finance for the home is obtained through normal bond financing institutions (deposit-taking institutions and mutual building societies); the State's first-time buyer's subsidy and other subsidies and loans against money accumulated in the member's pension or provident fund.

The feasibility of the initiative has been secured by bond repayments and loans are at acceptable levels; money borrowed from the fund is repaid by retirement; interest on money borrowed from the fund is at market rates and there is no risk to the fund in the case of default.

Use higher bond rate to save yourself a fortune

Sowetan Reporter

HOMEOWNERS can save themselves a fortune in the long run by continuing to pay the same (higher) instalments, rather than taking advantage of the lower repayments, according to Nedbank.

The bank points out that maintaining repayments at current levels is equivalent to a tax-free investment of 19 percent. A significant saving, indeed, for those who are constantly battling the tax man.

The bank points out that with most mortgage rates down by one percent point to 19 percent, many homeowners must have worked out what the reduction in the bond rate would save them a month.

To many people the reduced monthly repayments might seem insignificant, but by maintaining payments at the old level, the bondholder can actually save several hundred thousands of rands, the bank advises. Sowetan 13/2/92

Take, for example, a home-owner with a bond of R100 000 repayable over 25 years.

At an interest rate of 20 percent the monthly repayments are R1 679. At the new rate the repayments drops to R1 598 a month, a saving of R81 a month.

Conventional home loans are structured so that the borrower repays mostly interest with only tiny portion of the amount being applied to the reduction of the capital over the early years.

On a R100 000 loan, for example, after 15 years only R5 000 will have been paid off the capital. After 20 years the outstanding capital amount will be down by about 50 percent.

It is only during the last five years that the capital amount is swiftly reduced. This is why it is so important to maintain the bond repayments at the same level as they were before the rates were cut.

However, there is another choice. Nedbank has come up with another innovative idea, suggesting that the saving generated by a reduction in bond rates should be invested in unit trust on a monthly basis.

Assuming unit trusts perform roughly in line with historical figures, this would result in a capital nest-egg of about R22 000 after nine years.

Using the bond of R100 000 at an interest rate of 19 percent, the figures will look as follows;

Conventional bond - monthly repayments; R1 593.

Unit trust link bond; interest R1 593;

Unit trust contribution; R75 and;

Capital reduction: Nil.

Foreign loans could help poor this year

Sowetan 13/2/92.

By JOSHUA RABOROKO

THE Industrial Development Trust is to acquire financial loans from foreign sources as well as the World Bank and from the private sector to "aggressively invest" in providing homes for the poor this year.

It will consult with political organisations, the Government and a wide range of actors and interested parties, according to IDT's communications director, Mr Jolyon Nuttal, in Cape Town this week.

IDT chairman Mr Jan Steyn met a group of the World Bank representatives who visited South Africa on a fact-finding mission last week.

Nuttal said: "We will pay a lot of attention on providing funds not only for homes, but instead of a roof over people's heads, the trust has gone for ground under their feet."

More than a third - R750 million - of IDT funds has been allocated to a capital subsidy scheme under which 100 000 serviced sites would be given to the very poor.

About 700 000 people - an average of seven families - will benefit from the security that land title brought.

Dwellings

"We believe that the people who receive the sites will build dwellings on them, he said. "Some may start with shacks which they will gradually improve. Using the land as surety, others will borrow money to build more substantial homes."

"Yet we know that 100 000 sites are only a beginning, we have in fact received applications to subsidise 640 000. More money must be found," he added.

Referring to education, Nuttal said a model of how community control, and therefore community protection, could be obtained in school management has been developed through a national school building initiative that will see 50 000 additional classrooms constructed in the next three to four years.

"The challenge is to establish community learning centres which could function up to 14 hours a day, seven days a week.

Facilities

"Given proper administrative facilities and inexpensive community halls, the centres would - in terms of the model - provide primary school facilities until early afternoon, and cultural activities and adult education thereafter.

In rural areas, it could be used for primary health care as well, he added.



IDT chairman Mr JAN STEYN

PROPERTY

Area must enhance house value

A GOOD investment means selecting an area that will allow the house to increase in value over a period of time, Perm marketing manager Mr Richard Ford says.

He said prospective home owners should consider purchasing their house in a area where it would sell easily should the owner wish to move.

By JOE MDHLELA

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Sowetan 13/2/92

Ford said it was important that the owners are clear about how much they could afford.

"Before you go out and look at houses, you should set yourself a price limit. Do not even look at anything that goes over that limit," Ford said.

He said it was important to find a house that was right and that would in the end make a good investment.

He said another important aspect to consider when deciding to buy a house was to decide on the area where you would like to live.

"Think about living where your friends and family are - if that is important to you - whether there are schools and convenient shopping places in the area.

"Decide whether transport from home to work is convenient and not too expensive," Ford said.

The best way of buying a house was to visit reputable estate agents and make inquiries.

SOWETAN

Building the Nation

Housing market will remain down

Sowetan 13/2/92

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THE residential property market in South Africa will remain under pressure this year and is not expected to "come to life" until the second-half of 1993.

This is the opinion expressed by Boland Bank's Group economist Mr Louis Fourie in the bank's latest Economic Review.

Trend

"The building industry is nevertheless showing considerably more resistance to the downward trend in the economy than during the previous slump," Fourie said.

It was clear the property market was awaiting an increase in the general activity level of the SA economy.

Upswing

"Traditionally the property market takes between 12 to 18 months to respond to an upswing, which means that the market will only begin to 'come to life' by mid-1993."

He said house prices had for the eighth consecutive year failed to keep pace with the inflation rate.

A house sold for R70 000 in 1983 was currently selling for about R170 000.

"Inflation-linked growth in house prices would have meant that the same house should have been selling for approximately R240 000."

Inflation

Fourie pointed out, however, that there are certain residential areas, for instance in the Western Cape and in Durban-Pinetown, where house prices have beaten the inflation rate. - *Sapa.*

Planners divided on how to house 3-m

STAR 15/2/92

"CONSULTATION" may be the buzzword on the lips of urban planners in the Johannesburg area, but when it comes down to brass tacks, it is clear they are still talking past each other.

Last week's furore over Bloubosrand highlighted the pressing need to identify suitable land for low-income housing to accommodate the PWV's 3 million homeless.

The criterion for this — whether it should be market-related or based on need — is becoming a source of conflict between authorities and other bodies.

And no one is willing to say which land has been earmarked for future housing development.

Each has his own idea of how the chronic housing shortage should best be addressed, but finding common ground is a problem.

Workable solution

While the Transvaal Provincial Administration is looking at the outskirts of Johannesburg for land, civic associations are increasingly turning their eyes inwards, particularly to prime mining land just south of the city.

The Bloubosrand furore also illustrated the need for established residents, as well as the homeless, to have their say if a workable solution is to be found.

After the announcement that the low-income housing project planned for the area would not go ahead, suggestions for a solution flew thick and fast.

The Urban Foundation claimed that land identification could no longer be trusted to officials and called for a task group of all interested parties to identify suitable land.

This was followed by a Metropolitan Chamber — the "Codesa of the central Rand" — announcement that such a task group had already been established.

A chamber spokesman told Saturday Star the Urban Foundation's announcement was "naive, ill-considered and an attempt to capture the limelight".

Despite all criticism, the TPA believes it is doing a great job addressing the huge housing shortage.

It had been talking to everybody and would be providing about 43 000 new sites south of Johannesburg this year, liaison officer Magda du Toit said this week.

Around the Johannesburg area, the TPA had settled 90 000 people in the last book year and made almost 100 000 stands available in recent years, she said.

But detractors say this is not fast enough and that, although the TPA may be talking to everyone, it is not necessarily listening to everybody.

Major partners in the Metropolitan Chamber, the Civic Association of Johannesburg (CAJ), believe land identification should not be based on the market value of the land, but rather on

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BRENDAN TEMPLETON

the suitability and need for housing.

The TPA is buying up land for housing in areas which lie outside Johannesburg's 20 km radius because it is cheaper.

But, according to CAJ general-secretary Cas Coovadia, this will prove more expensive in the long run in terms of transport costs.

He believes the starting point for any planning should be based on people's need for housing. His movement believes that any land identified as suitable should be used and that legislation needs to be enacted to make this possible.

If the mining companies are not willing to make their land — which is largely unused — available for housing, then some way should be found to force them to do so.

"Either the mining houses put their social responsibility priorities higher up, or we bring in agents to ensure it becomes affordable for the people," Mr Coovadia said.

One way would be to drastically raise the rates on unused land, he added.

Another chamber member, Mark Swilling, said present legislation did not make it possible for creative alternatives. Of particular hindrance were municipal by-laws.

"We are talking about economic survival here. Johannesburg is the goose that lays the golden egg. If we do not get our planning for the future right now, we could be messing up the development of the whole subcontinent's economy.

"I don't think the market should be allowed to stand in the way of economic growth. Over-regulation is preventing the city from breathing and moving where it wants to go."

Holistic

Mr Swilling said he believed the TPA was trying to do its job within constraints "and those are formidable".

But, he said, the framework provided by the Metropolitan Chamber would be the solution to the TPA's headache.

Ann Bernstein, executive director of the Urban Foundation, said the TPA's approach was still working on an ad hoc basis — housing needed to be looked at holistically if the problem were to be solved.

"What we are saying is that you cannot, in a situation of rapid urbanisation where you have a large demand for land and an enormous backlog, survive without an overall plan.

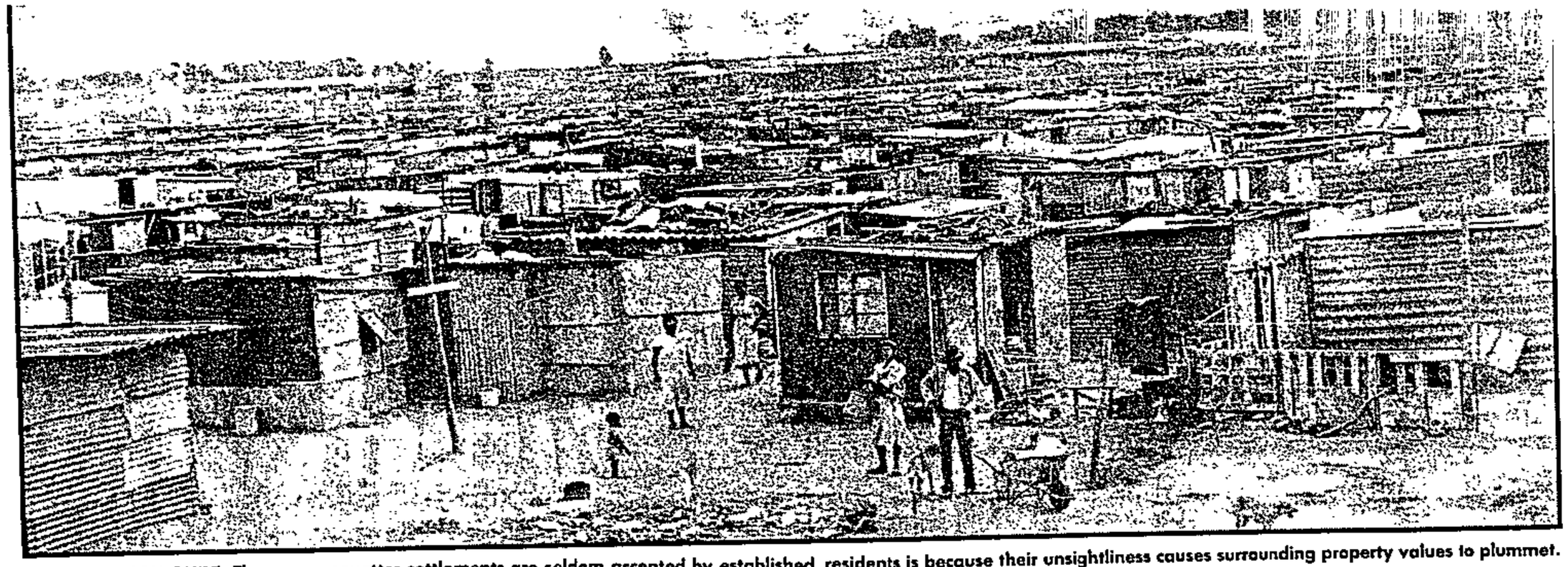
"What we are facing is the failure of past policies and the failure of present policies too," Ms Bernstein said.

Mr Coovadia said it was still too early to say if the TPA-chamber task-group would be successful or not.

"Its terms of reference have still not been worked out, but we definitely do not want to become a rubber stamp for the TPA," he added.

Struggle for common ground

NEWS



PATCHWORK QUILT: The reason squatter settlements are seldom accepted by established residents is because their unsightliness causes surrounding property values to plummet.

Let's erect better shelters and demolish word 'squatter'

STAR 15/2/92 (339)

CAROLINE HURRY

LOW-COST housing settlements need not resemble a terrestrial patchwork quilt.

They can, with a little imagination and planning, be much easier on the eye and the environment without being squalid assortments of corrugated iron and plastic.

This is the opinion of Anthony Duigan, chairman of the Greenbelt Action Group.

He says the new South Africa is not the old South Africa in drag. It will be very different, and possibly even better, in some important ways. But in other ways it may be a lot less comfortable for white South Africans.

"White South Africans must wake up to the fact that they live in a newly democratised African country," he says.

A new approach to community development is needed, he adds. "Squatting" should be dropped from the new South African vocabulary and replaced with "low-cost housing" to change the entire connotation of "informal settlements" in people's minds.

The reason these settlements are seldom accepted by established residents is because, by their unsightliness and squalor, they cause surrounding property values to plummet. In addition, residents mistrust low-income householders, whom they see as a threat to their established lifestyles.



WORK IN PROGRESS: The basic framework for a low-income house; constructing a wooden dwelling; the completed structure.

They key, says Mr Duigan, is to provide the homeless with a better class of shelter. "Dwellings built of wooden slats look better, have superior insulation qualities and will cost little more than iron. But they must be planned in consultation with the communities who will be directly affected.

"Also, more work should go into enabling homeless communities to organise themselves, mobilise resources and build better housing. Why not use the unemployed in low-income communities to plant trees and beautify a planned low-cost development *before* the people are allowed to settle."

Mr Duigan is also quick to point out that low-income housing developments need to be strictly controlled.

"Every householder should pay something for his home. There should be no free land, housing or services.

"Payment should be as strictly enforced as it is in formal housing developments as a permanent and expanding feature of South African life.

Alan Stokes and Piers Kenyon, owners of Shanti Industries, have already addressed the problem by providing affordable homes to the informal sector.

"South Africa needs to

"More work should go into enabling homeless communities to organise themselves, mobilise resources and build better housing. Why not use the unemployed in low-income communities to plant trees and beautify a low-cost development before the people are allowed to settle?"

deliver about 200 000 houses a year. In 1991, fewer than 10 000 houses were built. This means about 190 000 people will need to take care of their own shelter needs," says Mr Kenyon.

"In many countries experiencing a housing crisis, the immediate response is for planners and architects to run around designing housing systems and policies. This is like writing recipe books for starving people.

"If people are starving, they don't need recipes — they need ingredients. Equally, homeless people do not need 30-year bond repayment

velopments.

"Also, low-income people need to be accommodated near work and transport routes. This means every town and city must accept responsibility for accommodating its own low-income workforce."

Several businessmen see low-income housing burdens.

"Ten-million people have built houses for themselves in our cities, albeit in unsuitable locations. This is an incredible achievement.

"What more could be done with the right ingredients? Low-income communities need affordable housing systems which will enable them to build better houses.

"Ironically, South Africa has one of the best low-cost housing technologies in the world. An abundance of well-conceived housing products have been developed, mainly by the private sector, in the last five years."

In the absence of suitable end-user finance and credit facilities, his company aims to help informal dwellers upgrade their shelters.

"This can only realistically be achieved on an incremental basis by providing people with better ingredients with which to build their shacks," he adds.

"We deliver building materials, housing components and a dynamic range of attractive and upgradable houses for shack dwellers in a position to pay between R3 000 and R10 000."

Says Mr Kenyon's partner, Mr Stokes: "While it appears that squatter homes are tossed together with scavenged material, the majority are in fact made of items purchased at an average cost of about R1 500 a dwelling.

"Unbought material represents only 5 percent of the whole. The demand by squatters for second-hand sheet metal has already pushed up the price of the metal."

A study of informal housing by Mr Stokes revealed that about 10 million blacks live in squatter homes, and that to provide brick houses in shanty towns was not a viable option.

He also maintains that a shack dwelling should cost no more than R3 000, and the building should be incremental; that is, additional accommodation could be added on later.

He says he has found no guidelines for businessmen interested in this market.

"It's uncanny that formal business has not been involved in shanty towns. At Tembisa, north of Johannesburg, squatters in September 1989 erected 10 000 shacks, with some R5 million changing hands in the building of these shelters.

Rabie benefits from quitting black housing

B/Day 17/2/92

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LINDA ENSOR

CAPE TOWN — Withdrawal from the risky black housing market has benefited Rabie Investment Holdings, which made a strong return to profitability in the six months to end-December.

Earnings a share of 1,4c (loss of 3c) were notched on a pre-tax, pre-interest operating income of R1,6m (loss of R49 000). A bottom-line profit of R266 000 was generated compared with the previous loss of R5,5m, most of which arose from a R5m write-off in the previous year of land owned in Natal and of the closure of the Natal operations. Group policy is to declare only an annual dividend.

The results were achieved despite the recession and despite an onerous interest bill of R1,1m, which was the legacy of the write-off.

"The redirection of the business into traditional markets, namely exclusive and unique projects in prime areas, allied to the curtailment of exposure in the black market, has been successful," chairman John Rabie said, adding that the group had redirected itself quickly and efficiently.

Rabie said the group's developments in the Western Cape had traded better than expected and this boded well for year-end results. Exclusive projects included Dolphin Beach. Two others were developed in Hout Bay, and one in Constantia.

The only remaining exposure in the black market is through Rabie's 40%-held associate company, Kwikspace Holdings, which is involved in the manufacture of pre-built accommodation units. Kwikspace made a satisfactory contribution to net income.

An export drive of Zozo units into sub-Saharan Africa was under way, Rabie said, and exports now represented about 10% to 15% of Kwikspace's turnover.

Kwikspace could be expected to make a meaningful contribution to the year-end result, Rabie said.

He was optimistic that results would improve during the second half as overheads were lean, the group's development skills were in demand and it was poised to enter the sectional title apartment market. Negotiations were also under way to extend its involvement in retail developments.

Rabie said the group planned to reduce gearing over the next two years. There was a need to conserve cash for this purpose so he could not say whether the payment of a dividend would be resumed at year-end.

Business must act to ease the growing squatter crisis

BIDay 17/2/92

JOHN WEAVER

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FOUR decades of forced segregation are at the root of the problems recently experienced by the homeless community at Zevenfontein and their angry neighbours at Bloubosrand.

But the outcry in Midrand is symptomatic of a problem that the entire country must be made to face up to, and in which businesses of all sizes have a crucial role to play.

Suffering from the residual effects of grand apartheid, and following the timeless flow of the unemployed from rural to urban areas, the homeless will seek out and possess land if it is not made available to them.

Often the space they find will be adjacent to communities who will resent the invasion and its impact on their security and house values. The new settlers will become the centre of yet another storm of protest.

While this is one of the more distressing manifestations of apartheid, the perpetrators of that social distortion cannot be blamed forever; neither can it be an excuse for inactivity.

The solution is a national housing policy, such as the proposal made by the Urban Foundation's urban debate series of publications.

In 1990 foundation researchers estimated the housing backlog was 1,2-million units and that 174 000 houses would be needed each year to address the backlog and cope with natural growth. It is doubtful that more than 15% of this figure is being delivered and the needs of the homeless are growing.

Site and service development is being energetically pursued by FHA Homes in the Transvaal and others around the country. This is a focus, as well, of the Independent Development Trust (IDT), which last year allocated R750m for this purpose.

Site and service is the identification of land for low cost housing and the installation of basic services such as roads, water and sewerage. Plots are either sold or allocated to low income families who may erect any form of shelter they choose. As their incomes improve they are encouraged to upgrade their shelters to formal structures.

This may sound fanciful, but the people in these informal settlements are frequently employed, own cars and send their children to school. They simply have no houses.

Managers are often surprised to find that the well-dressed and reasonably paid employee who arrives punctually at work and talks of family, children and schools, lives in a shack.

By building a shack on vacant land, close to where they work and where their children are at school, in the company of others similarly placed, these people are not fighting society but trying to join it.

Since the early '70s, about 150 000 site and service stands have been settled, but these inevitably were located in terms of the Group Areas Act.

The IDT scheme will see another 100 000 sites settled. The IDT allocates R7 500 to approved developers for each completed site registered in the name of a qualifying recipient. Qualifications include a maximum salary of R1 000 a month and dependants living with the recipient.

The IDT stipulates the developer must initiate a process of consolidation. Residents of these settlements would remain shack dwellers if no improvements were made. Evidence indicates improvement usually does occur. Frequently the community creates structures which encourage, facilitate and implement the transformation of an informal settlement to something akin to a neighbourhood with formal housing. Shacks are converted into permanent houses; roads are improved; creches, schools and churches introduced, and eventually shops and businesses emerge.

The desirability of such consolidation is obvious. When people feel threatened and unsure of their future, they are likely to turn against society. Consolidation implies stability and an improvement in community values.

The IDT requires developers to involve the community in planning, administration of the township and site allocation, and later to form a community development trust or similar body to co-ordinate the continuing consolidation of the area. It is envisaged that the trusts will eventually employ full-time managers.

What can business do?

Since there is no possibility of this or any new government successfully housing the entire population, alternatives must be sought. It is estimated that as much as 60% of future housing will have to be informal.

Even if the money could be found to buy the land and build the houses for formal townships, unemployment and low wages are so prevalent that the vast majority of people just cannot afford the most basic house.

"Site and service" has the virtue of being quick and inexpensive. Those taking title to their piece of land still have no house, but they own a site with basic services. The initial shelter will comprise second-hand material, but as consolidation takes place, new items will be introduced. Businesses could help employees by supplying building materials and components.

The establishment of community trusts implies meetings, subcommittees, reporting procedures, controls and systems that business people take for granted. As residents of the typical site and service scheme lack many conventional skills they need help in setting up and running a trust and its spin-off committees. Businesses could assist in providing managers to train the community in these skills.

International experience is that once consolidation begins, members of the community will establish businesses. This may be facilitated by the Small Business Development Corporation, but might need approval by health regulatory bodies or municipal authorities. Businesses can help by negotiating with authorities on behalf of the would-be entrepreneur.

As the fabric of the community develops, needs will emerge for a range of utilities such as public toilets, libraries, creches, recreation facilities and civic buildings. Businesses could provide, contribute to or facilitate the design and construction of these, and other items so commonplace in established neighbourhoods.

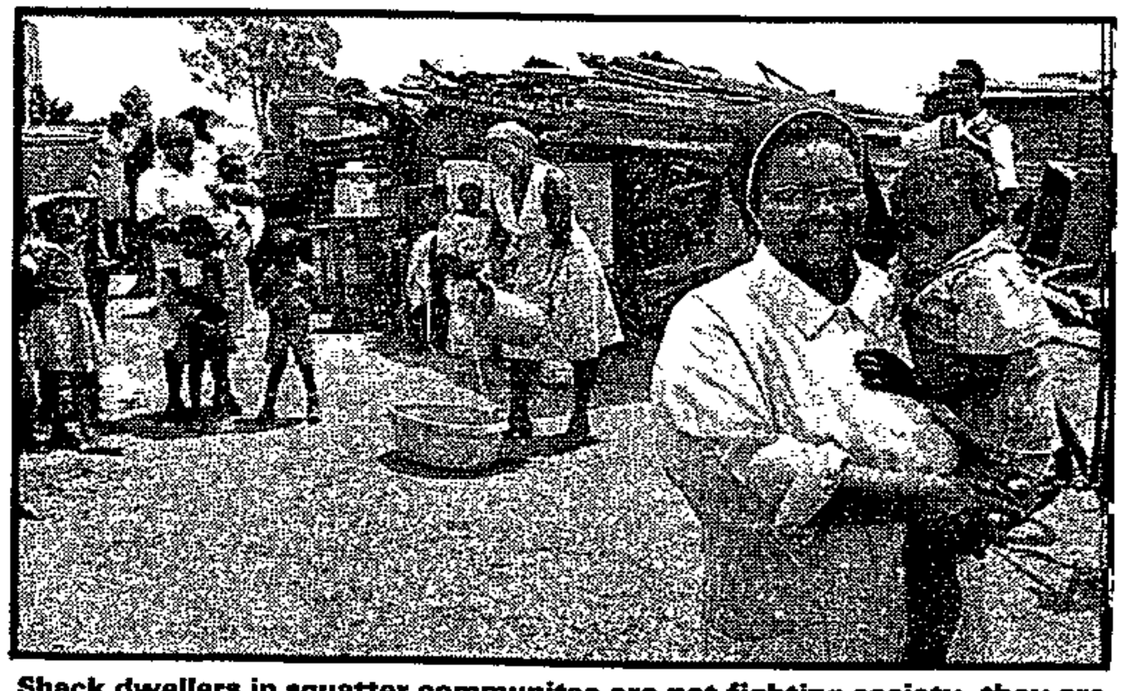
The task ahead is to house more than 6-million people. Left alone, many will invade vacant land, build shelters and then suffer the ire of the existing community which resents and fears their presence and proximity. This is not the route to peace and security.

Site and service provides a viable approach to the early provision of land to the poor. But even at this basic level, money is needed for deposits and improvement.

Business could play its most vital role by making this money available directly to individuals or through the variety of collateral schemes available at the financial institutions.

While the need to house the poor is urgent and demands financial assistance, understanding and sacrifice from the mainstream of SA business, its contribution need not be entirely or necessarily altruistic. There are many ways of benefiting commercially from new business ventures, construction projects, maintenance and improvements.

What is vital is that business must become involved. It must contribute to solving one of the country's most sensitive problems. And above all, it must care.



Shack dwellers in squatter communites are not fighting society, they are merely trying to join it.

☐ Weaver is CE of FHA Homes, a company originally established by the Urban Foundation and which provides low-cost housing in the PWV area.

Foreigners 'mustn't own land'

Sowetan 19/2/92 339



By IKE MOTSAPI

FOREIGNERS should not be allowed to buy land and property in South Africa and those in possession should be compensated.

This was said yesterday by callers to the Sowetan\Radio Metro Talkback Show when voicing their concern and displeasure at foreigners who owns, among other things, properties when the question of land distribution had not settled.

Most callers felt that South African citizens should be the only people allowed to buy land, especially when a section of them were denied this in the past.

The ANC 's expert on the land issue, Ms Bongiwe Njobe, told listeners that some foreigners acquired land unfairly in the past.

She said blacks were denied the right to buy property and land in the past but that this had changed.

Njobe however warned against foreigners buying land and property in South Africa because they "will be contributing towards investment in the country."

She said the ANC was busy discussing the issue.

Joe Mthimkulu from Sebokeng said land should not be sold to foreigners because "it could be used to meet the increasing challenges of providing houses to the needy".

He said: "Population explosion demands that certain steps have to be taken to house the millions and millions of people needing accommodation".

Fatima from Cape Town said foreigners who owned property and land in the country should be refunded the money they spent for their purchases.

She added: "Consideration should be given first to people who seriously needed houses".

Jimmy Petersen from Eldorado Park said: "The issue is very complex in that the land rightfully belong to blacks.

"Blacks in South Africa suffer because they had been prevented to buy or acquire what is rightfully theirs."

Joe Pearce said he was against land and property being sold to foreigners.

He said: "There should be a moratorium on the land owned by foreigners. "The land has to be bought back from them and placed in a trust. "Once this has been done local people can team up and buy it."

He saidforeigners bought land for cheap and sold it for huge profits.

Bush's nod on exports to SA 'a positive step'

US PRESIDENT George Bush's announcement earlier this week freeing the Export-Import Bank (Eximbank) to underwrite US exports to SA was regarded by the local business community as a positive step towards re-establishing trade relations between the two countries.

SA Chamber of Business (Sacob) economist Bill Lacey said Bush's announcement served as a signal to American businesses that SA was once again an acceptable market in the international trading arena.

However, Lacey did not expect the Eximbank's financial participation in US export trade to SA would result in a flood of imports. "With the present position of the SA economy, local business is unlikley to start building up inventories."

The Evans Amendment, introduced to US legislation in 1978, barred the Eximbank from participating in export deals to the SA government or its parastatals until the US President certified to Congress that "significant progress towards the elimination of apartheid has been made".

SEAN VAN ZYL

Safto senior manager, international division, Mike Veysie said increased imports to SA would be determined also by the country's needs and its being able to afford imported goods. Furthermore, Bush's authorisation of the Eximbank's participation mostly benefited US firms as the bank's financial guarantee applied only to one-way trade from the US to SA. As a result, US firms would not able to rely on the Eximbank for financial guarantees on goods imported from SA.

However, SA's indirect benefit from Bush's decision would be cheaper access to imported capital goods, aircraft and machinery.

Although the Eximbank's participation in US-SA trade was unlikely to significantly boost trade volumes, Veysie said, it was "a positive step" which could in the long run promote increased two-way trade between the two countries.

American Chamber of Business of SA executive director Michelle Cohen said the move would also allow SA greater access to new technology previously denied by sanctions.

CCB's financial situation stays under wraps

LINDEN BIRNS

AUDITOR-General Peter Wronsley declined yesterday to detail the financial situation of the Civil Co-operation Bureau (CCB), an SADF covert unit in the throes of being disbanded.

He said he was barred from commenting on the issue in terms of Section 6.3(a) of the Auditor-General Act and an agreement between himself, President F W de Klerk and Finance Minister Barend du Plessis.

On Wednesday Wronsley told Parliament former Defence Minister Gen Magnus Malan and Du Plessis had authorised payment of more than R28m to the CCB during the past two years.

Yesterday he refused to say whether further payments were being made to the CCB. The R3m pension given to one former CCB member was a problem for the insurance company concerned and not the Defence Ministry, he said.

Investment returns of trust 17,8%

LINDA ENSOR

CAPE TOWN — The Independent Development Trust (IDT) had achieved an average return on its investments of 17,8% since August 1990, IDT communications director Jolyon Nuttall said yesterday.

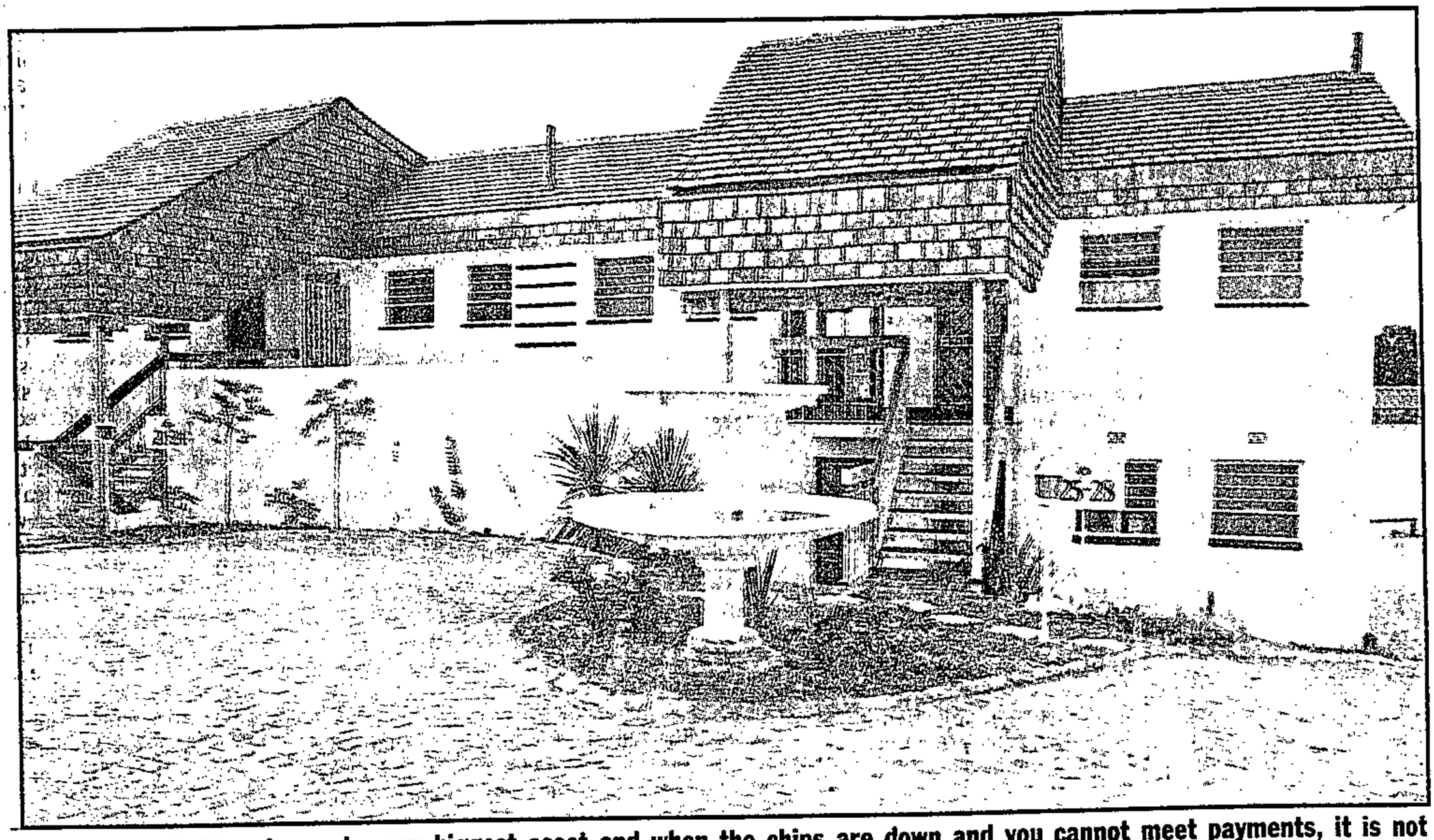
Nuttall was commenting on a note in Auditor-General Peter Wronsley's report for 1990/91 — tabled in Parliament this week — which said IDT trustees had not formally minuted the criteria used to select the initial seven portfolio managers. The managers were given responsibility to invest the R2bn granted to the IDT by government.

Nuttall said the overall return achieved had been very good.

Portfolio managers selected were FNB, Rand Merchant Bank, Senbank, Standard Merchant Bank, Volkskas Merchant Bank and Syfrets Managed Assets.

The Auditor-General's report also noted that no certificates had been obtained from the institutions to the effect that no commission on the investments had been paid to intermediaries. Each portfolio manager had, however, submitted a certificate in this regard.

Nuttall said there were practical difficulties attached to getting certificates, but stressed that no commissions had been paid.



HIGH STAKES: Your house is your biggest asset and when the chips are down and you cannot meet payments, it is not necessary to lose it. A building society can implement a last-ditch rescue effort.

There's still hope when crunch comes

STAR 22/2/92

HOW many houses are repossessed every year?

There is no national figure available, but many more properties have been repossessed in the past couple of years. On a national basis, the NBS repossessed between 600 and 800 houses.

The reason for the increase is the addition volume of lending. Financial institutions are doing an enormous amount of lending.

The competition from banks has created many difficulties for the traditional house lenders because the banks have taken a "banking" line on loans and have made home ownership more accessible.

We have had to amend our tried and tested procedures to meet that competition. The result has been an increases in repossessions. But seen against the background of the large number of new loans granted, repossessions are a tiny proportion.

Who is being hit?

There is an across-the-board profile of people affected — from the lower-income groups through to the higher income. The unemployment problem has been the single biggest factor.

When will a house be repossessed?

That depends on individual circumstances. At the NBS, we look at each account every month. If the instalment set — which is based on a repayment term at a certain interest rate — is not paid, we send out a reminder notice.

If a house owner walks in and says, "I can't pay — here are the keys," we suggest selling the property and other options and if this fails, we institute legal action.

What alternatives are there?

There are several:

- In an "advance" situation, where excess amounts have previously been paid into the account, it is possible to skip instalment.
- If there is sufficient margin between the balance owing and the value of the property, another alternative is to register a further bond to cover the arrears.
- Extending the term of loan can make a difference, but a negligible one. For example, over 20 or 30 years, on a R100 000 loan, it is about R30 a month.
- Asking your employer for help in advancing funds against pension assets or from accumulated leave.
- Cashing in on insurance policies with surrender value, using them as collateral security or borrowing against them to pay the arrears.
- Paying interest only for a while.
- Using the government deferment scheme that provides the financial institution with a guarantee and allows a repayment based on a 17 percent rate.

What about other debts?

Pay your house loan first. The cost of acquiring and then losing your house is very high. Other movable assets are not inflation-linked in the way that your house is.

Many defaulting house owners stay on as tenants.

That is a possibility if we can't find a tenant, but it seldom happens.

What happens to repossessed houses?

The financial institution becomes the owner after the "sale in execution" and has to manage the upkeep. An effort is then made to sell the property on the open market.

Who is responsible for the upkeep of repossessed houses?

The lender.

If your house is soid for less than your mortgage, are you still in debt?

Yes — there is a personal obligation by the borrower. We try as far as possible to collect that money, because it is unfair to borrowers, investors, shareholder and other house owners to do otherwise. The "lost" money has to be absorbed into our costs which would ultimately impact on margins.

HOUSE owners were given a shot in the arm last week with the announcement of a cut in mortgage rates from March 1. But for some the relief will be only temporary and the spectre of instalment default and subsequently losing their homes still looms large. YOUR MONEY asked NBS assistant general manager Mr Trevor Olivier to comment on the mortgage crisis facing South Africans.

FOOTSTEPS TO FORTUNE

RICHARD
Cluver



Property has not lost its gilt edge

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STARTING today in Your Money is the column of yet another top financial writer, RICHARD CLUVER. He is the author of several best-selling books on investments, including "Making Money with the Mutuals", "Investments Without Tears and his latest, "How to Make a Million". STAR 22/2/92

PROPERTY has traditionally been the solid sheet anchor of all sound investment portfolios. Sadly and, in my opinion, quite unjustly, its credentials have been allowed to become a little tarnished because the average investor seems to have lost perspective.

The dramatic capital gains that are possible in the share market have understandably eclipsed the steadier returns that the property market as a whole provides. But to focus on just this comparison is to effectively ignore how profitable property can be, particularly in some specialised and tailor-made situations.

Probably the most profitable situation that the small investor will ever encounter is the opportunity that property offers him to leverage his investment; to make a relatively small sum of money do the work of a large sum and to reap the proportionally increased benefits.

Let us take the simplest possible example of the would-be buyer of a plot of residential land who, lacking the necessary capital to either buy the land or even put down a deposit, persuades the owner to enter into a "suspensive agreement" with him.

The usual form of such agreements is that a contract is drawn up in terms of which the buyer undertakes to come up with the full capital amount within a stipulated period, usually about three years, and in the interim undertakes to pay interest at a building society mortgage-related rate and to meet any other costs that might arise, such as municipal rates and weed-clearing.

If the buyer is fortunate, the seller might accept no deposit at all or perhaps just enough to meet the selling agent's commission. If he is doubly-fortunate, or astute enough to have picked the right plot in the right area at the right time — if, in other words, he has been able to anticipate a rapid rise in property prices over 12 months or so — he is in a position to make a major financial killing.

To understand why requires that one first understand a little about the market forces that drive property.

Increasingly anxious

Prices can remain absolutely static for months and sometimes even for years on end and indeed even fall as some owners become desperate to get their money out. In real terms of course, in an era of high inflation, prices that remain static are actually falling all the time.

Which is another reason why many owners can be persuaded to effectively finance you, the would-be buyer. If, in other words, they want to sell, they will become increasingly anxious as time goes on as they realise what inflation is doing to market prices.

Locking themselves in for a further period of inflationary erosion might appear foolish, but it will often appear the lesser evil if it will tip the balance and result in a sale for a property owner who has been sitting and for a buyer for years.

Property market doldrums do not, however, last forever, and can double or even treble seemingly overnight.

Over time, of course, an average line drawn through such a graph of property prices should at least equal the inflation rate and, provided the land is well sited, should actually exceed it.

So, if you have time on your side, you can be fairly certain of winning with most property investments. Indeed, one of the centuries-old millionaire maxims is that you should buy on the outskirts of the city and wait for the city to expand out to you. To which I would add the rider that you should be prepared to buy the best when you opt for the outskirts of the city, for it will appreciate the most when neighbourhood prices begin to soar.

Back now to our suspensive buyer. Let us assume that against an asking price of R50 000, he is able to persuade the seller to take a deposit of R2 000, that he agrees to pay interest at 20 percent a year and rates of R500.

Add those up and you will find that his outlay in the first year is R12 100. Now assume that at exactly the 12-month point he is approached by a cash buyer who offers him twice the original asking price. He agrees and receives R100 000 out of which he pays off the R48 000 outstanding on his original suspensive purchase of a year previously and pockets R52 000. His gain, after subtracting his total outlay of R12 100 is thus R39 900, which represents a capital gain of 329,75 percent in one year.

Conventional deal

Assuming that his official intention when he made the purchase was to acquire a site for a future home for himself and that, officially at least, his was not a speculative intention, he will not be taxed on the transaction.

Readers should thus recognise a nearly unbeatable capital growth rate has been achieved.

The more conventional building society bond-financed deal brings with it higher initial costs as the price of greater peace of mind, but if you stop to think about it, similar leverage will work to your benefit over time as the capital value of the property grows.

Of course, if you intend making a habit of such suspensive investments, you must expect that sooner or later the Receiver of Revenue will label you as a trader and demand his share of your profits. Furthermore, you also have to recognise that residential property often lies in the doldrums for years during which the original costs of your investment will continue rising, negating the 2,29 to one leverage of the example I have given.

Indeed, be warned that if you do not get your finesses right, the leverage could work against you if, for example, in deflationary market conditions you were obliged to sell for less than your original purchase price.

● "How To Make a Million", "Making Money With the Mutuals", "Investment Without Tears" and "Advertising for Free" are available from The Promotions Department, The Daily News, PO Box 47549, Greyville 4023.

They are priced at R40 each inclusive of postage and VAT. Demonstration disks of his ShareFinder sharemarket analysis computer programmes cost R35.

HOMES: *Clarifying of loan mysteries urged to cut repossessions among blacks*

Call to educate owners

STAR 22/2/92 (339)

STRINGENT efforts are vital to overcome Third World distrust of the intricate mechanisms of housing finance, says a property executive.

THE ever-increasing number of sales-in-execution of homes in many black communities is reaching alarming proportions and must be addressed, Mr Piet Hamman, chairman of De Huizemark, said this week.

Many financial institutions had erred in loaning money to a Third World community on the premise that First World principles applied to both black and white, he said.

Two industries serving the black community, retail furnishing and retail clothing had, initially, both experienced great difficulties.



PIET HAMMAN: "Give rewards for good track record."

A long process of education and awareness, however, turned the two industries into sparkling examples of how First and Third World philosophies could mesh, said Mr Hamman.

These industries had succeeded in explaining the credit system to purchasers.

"The client makes his payments every month and sees his indebtedness reduced and, finally, the account is paid off," said Mr Hamman.

"If the client pays well, his credit rating is increased and he is able to buy more goods. Once he has had his second or third account, there is a chance that he can buy without a deposit. He is rewarded for proper performance.

"But the person who wishes to acquire his first home isn't shown an invoice. If he has bought a flat for R30 000, he is told that he must pay a deposit of R3 000, legal fees of R600, rates and taxes of R200 and transfer duty of R200.

"He is then told that at 20 percent interest rate he will have to make 240 instalments of R509, meaning that he would pay R122 316 for his property.

"He receives the first instalment from his financial institution, which looks something like this:

Balance outstanding: R30 000; Payment: R509; New balance: R29 491; Debt interest: R500; Subtotal: R29 991.

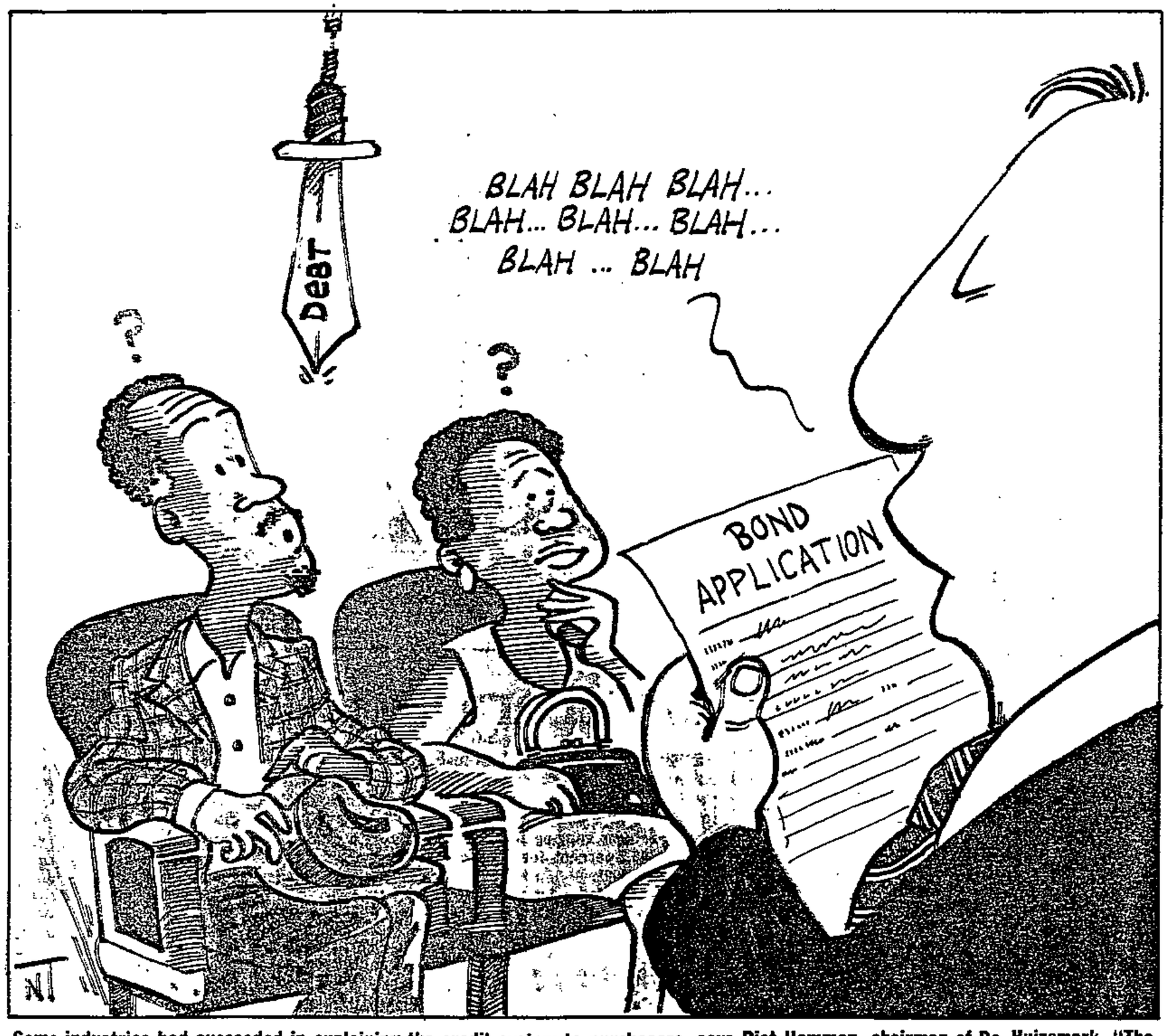
"The owner can't understand this. He has paid R509 and the balance has only come down by R9. He believes that someone has stolen his R500.

Maintenance

"He needs to be educated and shown that one day he will make a profit. It may well be the first time that he has bought anything that will increase in value with time.

"He must, at the same time, be educated on standards of maintenance and appropriate numbers of residents per dwelling," Mr Hamman said.

"An environment must be created in which rewards are given for regular payment of instalments. Vouchers, lucky draw cards and newsletters could help to create an aspirational environment where people cherish and maintain their properties.



Some industries had succeeded in explaining the credit system to purchasers, says Piet Hamman, chairman of De Huizemark. "The client makes his payments every month and sees his indebtedness reduced and, finally, the account is paid off."

MORTGAGE CRISES: *What happens when you face repossession?*

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City Press

PROPERTY



BEWARE THE small PRINT!

C/Press 23/2/92 (339)

THE Housing Advice Centre has interviewed many people who complain that their contracts with building contractors have been cancelled and they cannot get back their large deposits from the building contractors.

Getting back your deposit is tricky – there are two main issues to consider.

Firstly, who caused the contract to be cancelled? Secondly, how much damage was caused by the cancellation?

The homeowner may decide that he or she does not want to live in the particular area or the house is too expensive. In this case, if the homeowner causes a breakdown in the contract by, for example, not signing documents or by not taking occupation of the house, then the house owner has breached the agreement and the contractor could deduct costs from the deposit.

The homeowner should ask for a statement of account from the contractor to check what costs he has wasted by cancelling the agreement.

The contractor could breach an agreement by not building the house within a reasonable time or by not building properly.

In this situation the homeowner should be paid back his deposit as well as any damages he has suffered.

An agreement to build a house may not proceed because the building society or bank will not grant a mortgage bond (loan) to the homeowner.

Many building contractors have clauses in their contracts which provide that if the agreement is cancelled for any reason the homeowner will lose his money – sometimes the whole deposit. In some cases people have lost money even when it was not their fault.

There are ways in which the homeowner can protect himself against the builder keeping his deposit in the case of cancellation.

First, you should ensure there is a clause in your contract that the agreement will only become binding once a bank or building society approves your loan. The loan must be approved within a reasonable period.

Secondly, it is important to have a clause in your agreement which states that if you cancel the agreement you will only be responsible for the damages you actually cause.

Even if a contractor provides you with a contract which is already drawn up it is quite acceptable to make changes to the contract before both you and the contractor sign it.

If you qualify for assistance the Housing Advice Centre will help you check your contract and make changes if necessary.

■ The Housing Advice Centre is at 405, 4th Floor, Gloucester House, 66 Rissik St, Johannesburg. Telephone: (011) 333-2476/7.



GOING UP . . . But if the builder or the person for whom the house is being built cancels the contract damages will have to be paid.



UNDER SUPERVISION . . . But the building contractor must do the job properly and finish on time. Otherwise the owner may be able to cancel.

HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Housing shortage: Blacks

41. Mr P G SOAL asked the Minister of Local Government and National Housing:

(1) What is it estimated was the shortage of housing for Blacks in the Republic, excluding the self-governing territories, at the end of 1991; 339

(2) how many houses were provided in each province in 1991 for such Blacks by (a) the State, (b) local authorities and (c) the private sector;

(3) when is it estimated that this shortage will be eliminated? B66E

The MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

(1) 387 891 31 December 1991

(2) (a) 477

(b) 15

(c) 5 918

(3) It is the aim of the Government that by the year 2000 shelter will be provided for all South Africans.

Natal

(1) 238 205 31 January 1992

(2) (a) Nil.

(b) No information available.

(c) No information available.

(3) It is the aim of the Government that by the year 2000 shelter will be provided for all South Africans.

Cape

(1) 235 885 31 December 1991.

(2) (a) 873

(b) Nil.

(c) 2 173.

(3) It is the aim of the Government that by the year 2000 shelter will be provided for all South Africans.

Orange Free State

(1) 73 991 31 December 1991.

(2) (a) 201

(b) Nil.

(c) 695.

(3) It is the aim of the Government that by the year 2000 shelter will be provided for all South Africans. 339

Housing backlog: Blacks

42. Mr P G SOAL asked the Minister of Local Government and National Housing:

(a) What is the extent of the housing backlog for Blacks in respect of each of the nine development areas in the Republic of South Africa and (b) in respect of what date is this information furnished?

B67E

The MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

Transvaal

(a) Region F 60 954
G 4 208
H 305 478
J 17 251

(b) 31 December 1991.

Natal

(a) Region E 238 205

(b) 31 January 1992.

Orange Free State

(a) Region C 73 991

(b) 31 December 1991.

Cape Province

(a) Region A 105 120
B 25 659
D 105 106

(b) 31 December 1991.

Housing figures uncertain

Political Staff

CAPE TOWN — The official estimate of the black housing shortage outside the homelands was 935 972 at the end of last year, but with an estimated 7-million people living in squatter camps, the shortage is clearly higher.

Local Government and National Housing Minister Leon Wessels said yesterday the estimated shortage in the Transvaal was 387 891, 238 205 in Natal, 235 885 in the Cape and 73 991 in the Free State.

Wessels, replying to a questionin Parliament by Peter Soal (DP, Johannesburg North), said the state had provided 1 350 houses in 1991, 477 in the Transvaal and 873 in the Cape, but none in Natal and the Free State. Local authorities provided 15 in Transvaal.

The private sector provided 5 918 houses in the Transvaal, 2 173 in the Cape and 695 in the Free State, but there was no information available for Natal.

Asked when the shortage would be eliminated, Wessels replied it was the aim of government that by the year 2000 shelter will have been provided for all in SA.

□ Sapa reports Wessels said 13 free settlement areas totalling 4 787ha had been proclaimed by the end of June last year.

He said there were six areas in the Transvaal, four in the Cape and three in Natal.

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Almost 1-m houses for blacks needed

STAR 26/2/92

There was a shortage of 935 972 houses for blacks nationwide, Minister of Local Government and National Housing Leon Wessels said in the House of Assembly yesterday.

He said in a written reply to a question by Peter Soal (DP Johannesburg North) that the Government's aim was to provide shelter for all South Africans by the year 2000.

The shortage in the Transvaal totalled 387 891 houses, 238 205 in Natal, 235 885 in the Cape and 73 991 in the Free State.

The Government had provided 1 350 houses nationally in 1991 with 477 built in the Transvaal and the rest in the Cape. None was built in the Free State and Natal.

In the Cape, Transvaal and Free State, the private sector built a total of 8 786 houses. No information was available for Natal.

Local authorities built 15 units in the Transvaal, and none in the Cape and Free State. No information was available for Natal. — Sapa.

Major changes needed to address problems

Sowetan 27/2/92 339

BASIC social challenges facing the black community in South Africa were yesterday identified as housing, joblessness and education.

The guest speaker on Radio Metro's Talkback Show, sponsored by *Tribute* magazine as part of its fifth anniversary celebrations, was Mr Molatlhegi Tlhale, Azapo's political education commissar.

He said the three aspects were a deliberate creation of the Government.

"Fundamental and qualitative changes will have to take place before these aspects can be remedied. And that can only happen if the Government was removed and replaced with that of the people."

Tlhale's sentiments were echoed by the ANC's deputy head of the welfare department Mr Dali Mpofu who, however, differed with him on the methods of combating the problems.

"I agree with Azapo on the challenges facing the black community and I will also like to add that they will plague us for long time.

"However, it needs to be remembered that the ANC had already held talks with organised commerce to address socio-economic problems."

Tlhale disagreed and said these forums were only addressing the symptoms of the problem.

"These aspects can only be fairly addressed by a government which will accepts responsibility towards the people."

He added that problems related to jobs should be left to "people in charge of commerce and industry and bodies like trade unions.

Builders urge massive homes help

Sowetan 27/2/92

339

THE National Home Association of Builders has requested the Government allocate about R1 500 million of the 1992 budget on special subsidies for homeless black families.

The Minister of Housing, Mr Leon Wessels, has been told that there was an urgent need to avert a disaster that might arise as a result of the black housing crisis.

However, the Minister has not as yet responded to the

● To facing page

Plea for homes aid

Sowetan 27/2/92

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● From previous page

request, according to the executive director of NAHB, M Daan Roelvert yesterday.

He was "sincerely hoping" the Government would loo into the matter when tabling its Budget in Parliament c March 18.

Roelvert said that it was hoped the project - to take plac as soon as funds are available - would create jobs for th unemployed.

The association had suggested an expenditure pro gramme that would be repeated every year until th problem had been solved.

The subsidies should take the following forms;

R1 500 million a year in initial subsidies to accelera the provision of serviced sites for no fewer than 200 00 bonds every 12 months.

Joint incomes

A portion of the total be channelled into the Independ ent Development Trust to maintain the momentum of th R750 million scheme it has launched to provide 100 00 serviced sites for homeless families with incomes belov R1 000 a month; and

The remainder should be handled by the Developmen Bank of Southern Africa or a similar agency and ear marked for homeless families whose joint incomes peake above R1 000 a month but were still struggling.

These subsidies should be a combination of schemes to finance the delivery of serviced sites, similar to IDT approach, or else in direct cash subsidies in the form o coupons tied to spending on whatever sort of shelter wa chosen by the beneficiaries themselves.

R150 million a year should be ploughed into first-time home-buyer subsidies aimed at families in slightly highe income brackets - covering one-third of the interest paid on home bonds for seven years.

The board estimates that this second programme would facilitate the building of at least 110 000 houses a year in the price range between R12 500 and R65 000.

It has also urged the Government to make public commitments to policies pledged to assign priority to spending on housing subsidies.

All stories by

JOSHUA RABOROKO

IDT opts for aggressive investment

B|Day 28/2/92

339

LINDA ENSOR in Cape Town

THE Independent Development Trust (IDT) devised a unique set of investment guidelines for the management of its R2bn portfolio, IDT finance director Jannie Kitsoff said this week.

It was decided to embark on an aggressive investment strategy in order to get a higher return. Each of the seven selected portfolio managers was given the freedom to pursue his own investment strategy within the parameters of the guidelines laid down.

The results are monitored on a monthly basis and the relative performance of the portfolio managers is measured within asset classes against the benchmark of a passive investment strategy over two years -- 35% in the JSE Actuaries All Bond Index and 65% in the McLeod Money Market Index. The McLeod index is one devised by McLeod Asset Consulting, which monitors performance. The performance is evaluated over a period of at least six months.

There have been wide differences in the performance of the various portfolios and dramatic swings have taken place over time. An average overall return on investments of 17,8% was achieved from August 1990.

Seven portfolio managers were given responsibility to invest the R2bn granted to the IDT by government: First National Bank (R400m), Standard Merchant Bank (R400m), UAL Merchant Bank (R400m), Rand Merchant Bank (R200m), Senbank (R200m), Volkskas Merchant Bank (R200m) and Syfrets Managed Assets (R200m).

"They were chosen for their expertise in managing short-term fixed interest security portfolios. They were also chosen because of their size and their financial soundness as institutions," Kitsoff says.

Management of the IDT's funds was either taken over by a specialist portfolio management division or the money market division of the institution.

Although there was uncertainty over the duration of the trust, it was assumed for the purpose of portfolio management that, in the absence of an additional inflow of funds, the assets of the trust would be exhausted in about three to four years. The liabilities were estimated to have a likely duration of two years. To limit the exposure of the fund to adverse interest rate movements, a maximum duration of three years was set.

In terms of the investment guidelines, not more than 25% of the total funds under administration by any one portfolio manager could be exposed to banking groups with shareholders' funds in excess of R1bn or any of their wholly owned subsidiaries. These groups were FNB, Standard Bank Investment Corporation, Absa and Nedcor. The maximum maturity of instruments in this category could not exceed three years.

Not more than 10% of the fund could be invested in the Bank Holding Corporation of SA (shareholders' funds in excess of R500m) or its subsidiaries, with the maximum maturity of investments being limited to two years.

For financial institutions with shareholders' funds in excess of R100m such as NBS Holdings and Rand Merchant Bank, a limit of 2,5% of the fund was laid down and the maximum maturity of investments was one year.

No limits were placed on investments in bills, bonds and securities issued or guaranteed by the government, Eskom and the Post Office. A limit of 30% of the fund was placed on instruments issued or guaranteed by Transnet and the Land Bank. SA Housing Trust, Development Bank and Umgeni Water Board instruments were limited to 10% of the fund.

Guidelines were also laid down on the use of options.

Kitsoff says the IDT has been pleased with the performance so far.

HOUSING (337) 339

There was a shortage of 935 972 houses for blacks nationwide, according to Local Government and National Housing Minister Leon Wessels.

The shortage in the Transvaal totalled 387 891 houses, 238 205 in Natal, 235 885 in the Cape and 73 991 in the Free State. HANSARD 28/2/5/3/92

The government built 1 350 homes last year with 477 built in the Transvaal and the rest in the Cape.

BUSINESS

Urban development takes a new route

(339) CT 29/2/92



Property Perspectives

by MAGGIE ROWLEY

INTEGRATED urban development which provides residential and job opportunities in close proximity to each other is becoming generally accepted as a desirable norm.

But to date, most of the country's metropolitan areas have tended to develop without taking cognisance of this, partly as a result of apartheid laws of the past that gave rise to dormitory towns (or what have been coined "labour camps" in some quarters) such as Khayelitsha, Mitchells Plain and the like.

One area which has now been identified as ideally located for integrated urban development in Cape Town is a 400 ha site bordered by Lansdowne and Eisleben roads and the R300 in Philippi.

A workshop focussing on the issue and attended by community associations including the Western Cape United Squatter Association, local and regional authorities, industrial and commercial concerns and property owners was hosted last year by the Wesgro and the Small Business Development Corporation.

A structural plan for the area is now in the process of being compiled with attempts being made to draw in the greatest amount of public participation as possible.

It has been argued that Philippi offers the opportunity to create a sub-centre in the metropolitan area of the same importance as Bellville in the north and Claremont and Wynberg in the southern suburbs.

However, the pressing and vast demand for low cost housing threatens to derail hopes of creating an integrated town fulfilling not only housing and employment needs but training centres and the infrastructure of all the social and recreational services needed to support a normal urban development.

Problems have been arising on all fronts and much time and effort by many involved has been spent on crisis management which has precluded time being spent on medium and longer term goals of creating a city hub.

The challenge therefore is to get a structural plan to move fast enough to keep the horse ahead of the cart — so as not only to redress housing needs but the need to provide an integrated urban environment with backup infrastructure and job opportunities.

The hairman of the Philippi Industrial and Commercial Association, Cecil Watts, said there were presently 83 small to large companies operating in the Philippi/Monwood area employing a total of about 4 000

However, he said, if a structure plan as envisaged was put into operation, industrial and commercial concerns could provide up to 80 000 jobs — 40 000 more than Epping.

A misconception that the Philippi area was less safe than other industial townships was totally unfounded, he said.

"But incentives of some sort are needed to attract industrialists and commerical concerns to the areas. We cannot just provide housing, we have to provide jobs," he said.

Real estate agents operating in the area believe the formulation of a structural plan will see industrial property prices rising rapidly in the area.

Ron Middleton of Middleton Estates said sales of 35 000m² of land for potential industrial development have already reached a price of R25 a m², while tracts from 5 000m² to 90 000m² were being marketed at between R30 and R80 a m².

"While these prices compare very favourably with other industrial areas, investors who take this early initiaiive can only benefit," he said.

24 000 SERVICED PLOTS UNUSED AS MILLIONS WAIT FOR HOUSING

Labour's legacy of waste exposed

S|Times[CM] 1|3|92

By NORMAN WEST
Political Reporter

THERE is a crippling shortage of housing, yet 24 000 serviced plots worth R300 million are lying unused, it has been disclosed.

The new Minister of Local Government and Housing in the House of Representatives, Mr Cecil Herandien, said yesterday this was "nothing short of a scandal".

This was "one of the many headaches" he had inherited from the former Labour Party-run Ministry of Housing, headed by Mr David Curry, he said.

He conceded the government was short of funds, but insisted that if the previous administration had done more "it could have secured funds from the devil if necessary. This I intend to do."

Miracles

Mr Herandien said he was "engaged in serious negotiations" with the government and the Independent Development Trust, led by Dr Jan Steyn, for some of the R2 billion earmarked for housing development to be channelled to his department.

"I do not wish to raise false hopes that I can work miracles in the short time before the demise of the tricameral Parliament, but I have a dream to put as many families as possible on to those plots — even if only within four walls and a roof.

"If we could provide them with basic structures, they could add to these with a minimim of red tape.

"The most basic structure is better than a plastic-and-cardboard shack.

"I have inherited a scandalous housing backlog from the Labour Party administration and intend to move heaven and earth to get as many homeless people as possible on to those 24 000 empty plots."

Mr John Hopkins, Deputy Director of Housing, agrees with Mr Herandien that the backlog of housing for the coloured community could

Tshabalalas blaze trail of triumph

IT was a day the Tshabalalas will not forget.

The Ford Peninsula marathon from Green Point to Simon's Town yesterday had two important points of discussion — the performances of Isaac and Sam Tshabalala.

First, Isaac, 31, fired on all systems to crush a field of 4 000 entrants and win by more than three minutes, the equivalent of half a kilometre, in a time of 2:14:12.

Sam, 29, the 1989 Comrades winner, made his first appearance in a competitive event since the horrific car accident that saw him moved into an Addington Hospital, Durban, ward which people describe as "next to death". He came in at 2:47.

Isaac has his sights set on next month's national championships and on Barcelona, while Sam is preparing for the 1993 Comrades.

Although not related, the Tshabalalas do have one thing in common — running and winning.

☐ **See Back Page**

SUNDAY to Sunday

ment to be taken.

"I do not wish to raise false hopes that I can work miracles in the short time before the demise of the tricameral Parliament, but I have a dream to put as many families as possible on to those plots — even if only within four walls and a roof.

"If we could provide them with basic structures, they could add to these with a minimim of red tape.

"The most basic structure is better than a plastic-and-cardboard shack.

"I have inherited a scandalous housing backlog from the Labour Party administration and intend to move heaven and earth to get as many homeless people as possible on to those 24 000 empty plots."

Mr John Hopkins, Deputy Director of Housing, agrees with Mr Herandien that the backlog of housing for the coloured community could be eased significantly if the 24 000 unused serviced plots in the country were sold.

He said the plots, priced from R8 000 to R16 000, had been financed with House of Representatives loans for low-income earners.

Disuse

Local authorities owned more than 90 percent of these properties, which were to be sold to individuals who qualified for state-subsidised housing.

Mr Hopkins appealed to all authorities concerned to develop properties like these in the best way possible to benefit the community.

"More than R300 million in capital is tied up in these properties, which are not being developed further because state funds for low-income housing have dried up."

If the plots were not developed soon they would fall into disuse, Mr Hopkins said.

Certain banks and building societies were prepared to provide small loans for the purchase of these sites and a basic starter home.

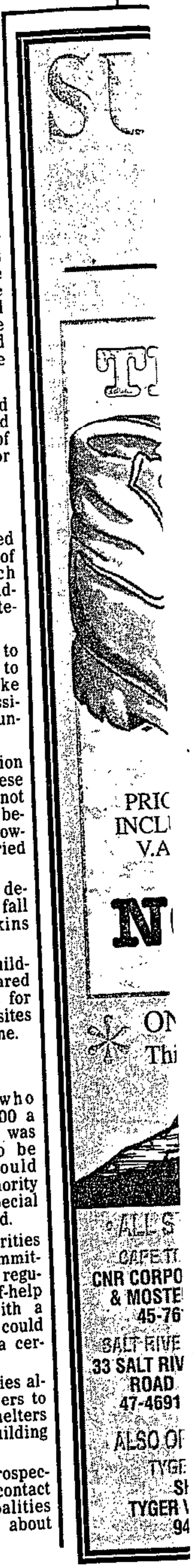
Improve

A breadwinner who earned less than R2 000 a month, and therefore was not in a position to be helped by banks, could apply to the local authority to buy a plot on special terms, Mr Hopkins said.

He urged local authorities and management committees to relax building regulations to allow self-help builders to begin with a modest structure that could be improved within a certain period.

Some local authorities allowed self-help builders to occupy temporary shelters on their sites while building their homes.

Mr Hopkins said prospective buyers should contact their local municipalities directly to find out about available sites.



SOWETAN
Building the Nation

Housing shortage tackled

THE private sector, the Government and all the negotiating parties in Codesa have been urged to set the necessary preconditions to making affordable housing a reality. Sowetan 5/3/92

In his annual report, the chairman of Anglo-Alpha, Mr Peter Byland, says the private sector is willing and ready to play an important role in solving the desperate shortage of affordable housing in South Africa.

Byland says this problem has continued to be of concern to the private sector because of the social implications of large numbers of homeless people.

Considering the benefits that housing construction would bring, the Government's lack of progress in providing or stimulating the provision of affordable housing is disappointing.

He says: "I believe that a large portion of the private sector is ready and willing to play its part. This is evidenced, for example by the fact that the cement industry has put together a scheme offering considerable financial assistance for affordable housing but has not yet found an authority able to translate this offer into action.

"A further problem arises in that although some land has been made available and suitable housing built thereon, as in the Orange Farm district, no financial institution is prepared to provide finance because of the high risk involved.

"While the successful efforts of local interest groups, such as the Middleburg Forum are laudable, this problem is widespread and requires the urgent attention of all political and civic leaders," he said.

Byland says agitators and promoters of rent boycotts need to ask themselves whether they have the support of the people. 339

He says: "I do not believe so and hope, with many others, that they can be prevailed upon to stop their adverse influence immediately and so help create a stable housing market.

"I would urge Government and all the negotiating parties in Codesa to make a concerted effort together with the private sector to set the necessary preconditions to making affordable housing a reality.

"The building and construction industry normally lags the rest of the economy by between six and 12 months, which indicates the worst is not over yet," says Byland.

Demand for the company's products, which include cement, stone and lime, declined by 10 percent on average when compared with 1990.

The continued recession together with the prevailing political uncertainty made attempts to accurately forecast very difficult, and he believes that under the circumstances, the results achieved were better than expected.

Lack of funds cripples cheap housing plans

ST Times (Cape) 8/3/92

By EVE VOSLOO

LACK of finance is crippling efforts to provide desperately needed low-cost housing in South Africa — and, with the Budget due later this month, two key figures involved in private-sector housing schemes have appealed to the government to make more money available urgently.

Their appeal follows an official estimate by the Minister of Local Government and National Housing, Mr Leon Wessels, that nearly one million houses were needed for black people outside the homelands alone.

Mr Wessels told Parliament that 235 885 houses were needed in the Cape, 387 891 in the Transvaal, 238 205 in Natal, and 73 991 in the Free State.

These figures do not include the estimated seven million squatters in South Africa.

Mr Rod McGillivray, head of Newcho Holdings — formed by the restructuring of housing utility companies in all four provinces formerly under the wing of the Urban Foundation — said money was urgently needed for mortgage bonds, capital subsidies and site and service stands.

"The capital subsidies provided by the Independent Development Trust can assist 100 000 families over two years," he said. "It is simply not enough. At least 200 000 families need to be housed every year if any progress is to be made."

Extra funding had to come from the government.

"It is ultimately the government's responsibility. We urgently need more capital subsidy, which will also stimulate private sector involvement," Mr McGillivray said.

His views were echoed by Mr N J de la Rosa, Chief Executive of Cape Utility Homes, which concentrates on building houses for R5 000-R45 000, for which people need to earn between R350 and R2 000 a month.

"People need homes. A sensible government must do something," Mr De la Rosa said.

He said most financial institutions were still reluctant to lend money to black borrowers because of the bond repayment boycott in which "they were burnt very badly".

"In some areas people are paying their bonds but the building societies just don't want to get back in."

Another problem was the "low affordability of the people", he said.

"Building costs are high. It is difficult to get something that comes into their repayment focus.

"The financial institutions see lending money to people in this category as a high risk with the same high administration costs as for a big bond. It is not profitable for them."

Missing link in housing found

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A new multiracial think-tank believes it has found the missing link in Western ideas about solutions to the black housing crisis — the close community spirit of African society that many planners have tended to overlook or under-estimate. The team plans to challenge Johannesburg to build a novel village to test new concepts, reports MICHAEL CHESTER.

STAR 10/3/92

WHENEVER the experts hunched over an endless flow of facts and figures about the growing size of the black housing crisis, Walter Lloyd, the head of Building Project Innovations, always had a nagging suspicion that there was a missing link in the chain of logic about solutions.

The socio-economists had all the statistics at their fingertips, the homeless total now above the 7 million mark. The politicians used all their most forceful arguments in warnings about the consequences of failure to cure the shortage.

The builders voiced their frustrations, with construction work at a virtual standstill because of blockages in the flow of home loans, while the banks and building societies explained why it was all too risky to plough cash into low-income housing in view of waves of violence and bond boycotts.

"Somewhere, however, there was a crucial element that was missing," he says. "The missing link made all the talk so much hot air."

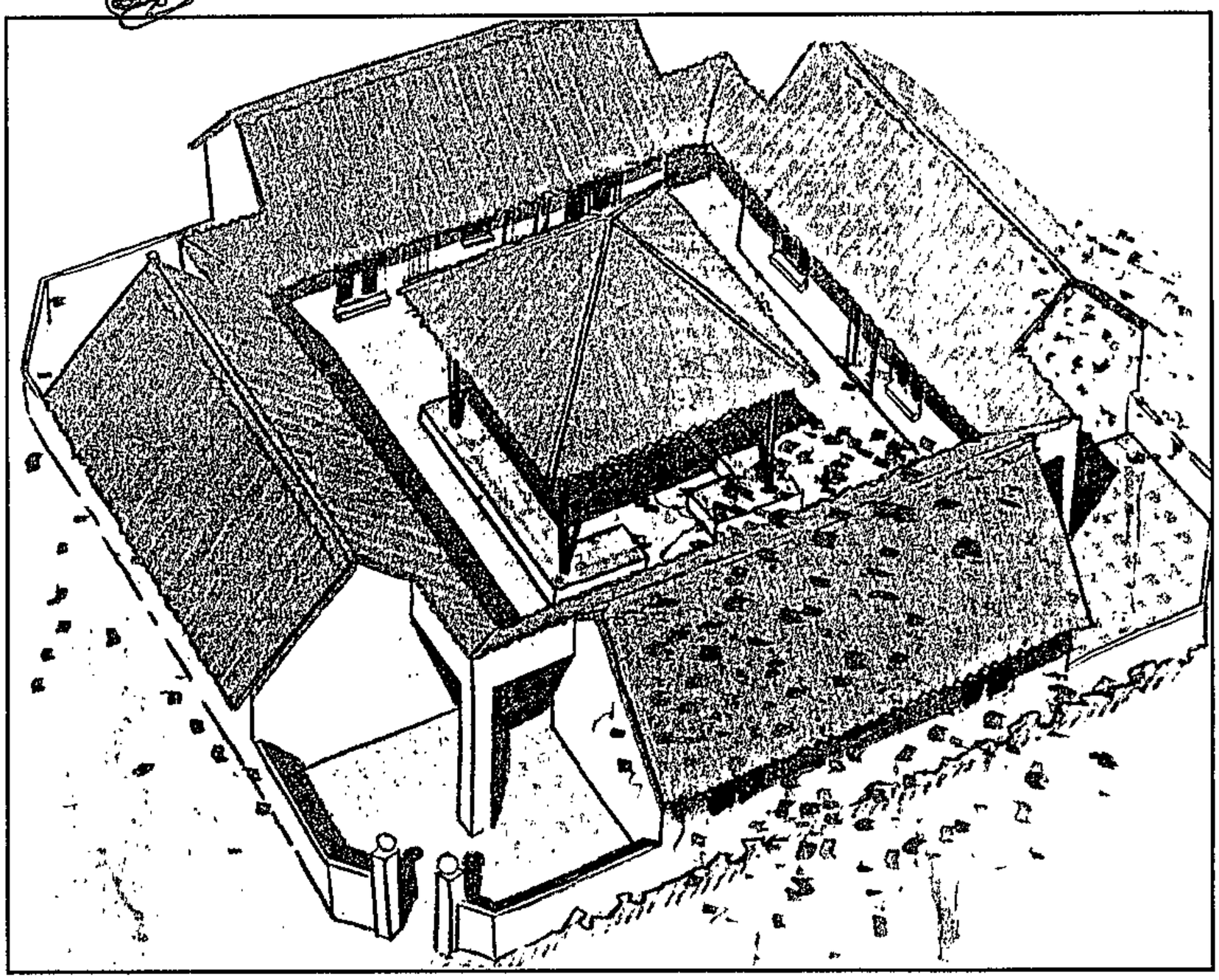
What was it? Where was it? He started the search by forming a special think tank at his research base at Midrand, bringing in experts from all the sources that might have clues — builders, architects, geologists, quantity surveyors, civil engineers, financial specialists — and, in particular, black business and community leaders.

"Mercifully, the issue of affordability had at last hit the agenda, so that was one vital issue that was better understood," he says. "It seemed for a moment that everyone had hit the nail on the head — until the conference tables became strewn with lay-outs of row upon row of match-box houses.

"Even the match-boxes began to shrink in size in a contest to cut costs to the bone, with little regard for threats of still worse over-crowding.

"The problem was that everyone was thinking about solutions in Western First-World terms: each house had to stand on its own, each unit fenced off, each family with its own mortgage to shoulder — or else face eviction.

"So the computers rattled out more print-outs about percentages of unemployment, wage levels, criteria for home loans on this or that amount.



Communal lifestyle . . . a typical cluster-home would accommodate an extended family of between 12 and 20 — with several breadwinners sharing the cost of homebond or rent payments on the R75 000 unit.

STAR 10/3/92

"Even worse has been a trend to compromise and concentrate on trying to paper over the cracks with jingoism about turning 'squatter camps' into 'informal settlements'.

"However, our think tank reckoned it was now on the trail of the missing link. Finally — hey, presto.

"It should have been obvious all along: no one had bothered to ask the homeless families themselves how they visualised their future home and neighbourhood. No one had properly taken into account the African traditions and cultures that create a close community spirit.

"Everyone seemed to know how many units were demanded. Yet hardly anyone asked the key question: what kind of new home was actually preferred?"

Mr Lloyd now gave the think tank a next brief: abandon preoccupation with European notions and concentrate on an approach that was tailor-made to suit the South African sub-continent — its climate, its whole environment, its traditions, its cultures.

Research was tackled in global fashion. How did the rest of the world go about the provision of housing for everyone?

"It began a whole new stream of thinking," recalls Mr Lloyd. The team looked at the Middle East and examined the dense cluster of homes inside Arab villages, designed to cope with the desert heat, and the kibbutz system.

They looked at the Far East, including the famous long huts of Malaysia and Indonesia, built on stilts and shared by dozens of families who enjoy gregarious living styles. They looked at South America . . .

"We looked at topography and climate, how communities made best use of local raw building materials, whether rocks, or timber, or mud, or grass. We looked at village planning — houses erected in a circle to enclose their grain stores or their cattle or sheep or goats. We looked at house designs, social habits, entire lifestyles.

"And then we turned to look deeper at the cultures, aspirations and the shape of family priorities here in South Africa.

"The exercise has blown away a lot of conventional Western ideas about housing solutions. Now we were able to put a new focus on the issue."

The results are coming through with a radical new look at solutions.

Says Mr Lloyd: "We have tried to turn away from European concepts about how South African communities of the future should look — and concentrate on how black communities want to be structured.

"With apartheid out the window, we have also set out to visualise how black and white neighbourhoods can live side-by-side in absolute harmony — without friction and without resentment.

"We reckon there can be harmony — and lots to be learnt from one another about outlooks and aspirations in building a new society."

Mr Lloyd unveiled a drawing. It shows four small buildings arranged in a square, each facing towards an open patio in the middle to be shared by everyone. (See graphic).

"In Africa we have our own unique ideas about the 'extended family' that are far more important than outsiders realise.

"That is the role of the whole design of each unit, making a home for between 12 and 20 people — from breadwinners to babes in arms. The lay-out gives a feeling of closeness as well as security."

In another drawing, the unit was joined by dozens of similar units that make up a village population of about 4 000 and form a full-scale community.

"Take note," says Mr Lloyd, "that we are not only dealing with housing accommodation. We are talking about communities — in real African tradition. Everyone belonging. Everyone thoroughly enjoying every new dawn."

The think-tank planners have prepared more lay-outs. Now, with the housing units spread in a circle, the focal point is a vast communal area, fitted out with shopping centres, cinemas, church, bus and taxi ranks, sports and recreation facilities, schools, clinics . . .

The community joins real suburbia with a stake in the economic mainstream: close to the factories and offices — and jobs.

The final plans will be presented to a forum at which the Johannesburg City Council, the African Builders Association and the Civic Associations of the Southern Transvaal will be asked to join forces in taking on the challenge. □

"No one had bothered to ask the homeless families how they visualised their future home and neighbourhood. No one had properly taken into account the African traditions and cultures that create such a close community spirit."

HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Black local authorities: bridging finance

1. Mr J J WALSH asked the Minister of Local Government and National Housing:

(1) What was the total amount outstanding per (a) province and (b) lender in respect of bridging finance to Black local authorities as at the latest specified date for which information is available;

(2) what was the total amount of guarantees in respect of loans and other finance provided to Black local authorities by each (a) province and (b) guarantor as at the above date?

B7E

The MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

Provincial Administration of the Cape of Good Hope:

(1) (a) and (b)

None.

(2) (a) R179 268 000

(b) Information with regard to guarantors is not available.

Transvaal Provincial Administration:

(1) (a) and (b)

None.

(2) (a) R368 389 170

(b) Information with regard to guarantors is not available.

Natal Provincial Administration:

(1) (a) and (b)

None.

(2) (a) R32 600 000

(b) Information with regard to guarantors is not available.

Orange Free State Provincial Administration:

(1) (a) Bridging finance up to 31 March 1991 R68 772 553
Inter Governmental Grants from 1 April 1991 R8 634 969
Total R77 407 522

(b)

Phomolong (Hennenman)	174 888,15
Thapelang (Van Stadensrus)	11 888,00
Poding-Tse-Rolo (Philoppolis)	172 475,40
Qibing (Wepener)	464 558,74
Qhoweng (Reddersburg)	201 101,35
Rammulotsi (Viljoenskroon)	185 251,79
Seretse (Boshof)	164 976,64
Thabong (Welkom)	23 281 860,27
Thembahlile (Vrede)	157 750,28
Tswaraganang (Dealesville)	393 008,33
Mmamahabane (Ventersburg)	178 179,92
Tumahole (Parys)	4 065 452,94
Tsepong (Verkeerdevlei)	46 439,95
Zamani (Memel)	1 350,00
Ratanang (Jacobsdal)	54 216,54
Fateng-Tshe-Ntsho (Paul Roux)	105 994,00
Bolokanang (Petrusburg)	112 167,75
Rweleyathunya (Rouxville)	225 082,23
Matwabeng (Senekal)	20 273,48
Madikgetla (Trompsburg)	192 141,36
Borwa (Tweespruit)	210 509,34
Monyakeng (Wesselsbron)	162 793,53
Tikwana (Hoopstad)	111 103,56
Kutlwanong (Odendaalsrus)	2 632 899,32
Mashaeng (Fouriesburg)	59 560,79
Tlholong (Kestell)	27 435,82
Bohlokong (Bethlehem)	1 559 883,47
Manyatseng (Ladybrand)	42 166,43
Metsimaholo (Oranjeville)	9 522,48
Dipelaneng (Hobhouse)	143 414,82
Ditlhake (Koffiefontein)	884 425,84
42nd Hill (Harrismith)	384 403,24
Ha-Rasebei (Edenburg)	365 257,90
Hlohlolwane (Clocolan)	159 653,64
Ikgomotseng (Soutpan)	65 572,96
Itumeleng (Jagersfontein)	848 578,37
Ipopeng (Fauresmith)	361 122,67
Kgotsong (Bothaville)	7 632 270,11
Lephoi (Bethulie)	424 781,79
Leratswana (Arlington)	25 401,00
Manguang (Bloemfontein)	13 608 678,35
Maokeng (Kroonstad)	8 185 348,81
Meloding (Virginia)	1 633 805,50
Mafahlaneng (Tweeling)	107 346,87
Mahlatswetsa (Excelsior)	154 006,32
Majwemasweu (Brandfort)	795 064,96
Makeleketla (Winburg)	62 046,36
Malebogo (Hertzogville)	156 957,95
Maphodi (Springfontein)	315 384,81
Matlakeng (Zastron)	292 684,75
Mautse (Rosendal)	8 486,53
Meqheleng (Ficksburg)	2 989 026,12
Moemaneng (Marquard)	45 291,54
Mofulatshepe (Smithfield)	292 669,60
Mokwallo (Vredefort)	102 203,70
Morojaneng (Dewetsdorp)	783 154,83
Namahadi (Frankfort)	271 031,38
Ntswanatsatsi (Cornelia)	5 289,40
Phiritona (Heilbron)	169 824,00
Petsana (Reitz)	605 783,13
Kwakwatsi (Koppies)	80 402,74
Ntha (Lindley)	1 195,00
Qalabotjha (Villiers)	2 025,00
Nyakallong (Allanridge)	500 000,00

(2) (a) None

(b) Information with regard to guarantors is not available.

Electricity supply to Black townships

90. Mr P G SOAL asked the Minister of Local Government and National Housing:

Whether any housing units in Black townships have yet to be supplied with electricity; if so, (a) which townships are involved and (b) what percentage of Black housing in each specified region had not yet been supplied with electricity as at the latest specified date for which information is available? B235E

The MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

Cape Province

Yes.

(a)		(b)
Cape Town	Langa	8,31%
Cape Town	Nyanga	8,78%
Cape Town	New Crossroads	48,30%
Cape Town	Guguletu	89,58%
Cape Town	K.T.C.	100,00%
Cape Town	Crossroads	44,47%
Cape Town	Lingelethu	55,56%
Cape Town	Khayelitsha	10,71%
Kuils River	Mfuleni	30,34%
Strand	Lwandle	0,00%
Stellenbosch	Kaya Mandi	15,97%
Paarl	Mbekweni	56,98%
Worcester	Zweletemba	0,00%
Ashton	Zolani	88,89%
Robertson	Nqubela	59,86%
Hermanus	Zwelihle	52,22%
Ceres	Nduli	73,91%
Beaufort West	Sidesaviwa	98,28%
Victoria West	Masinyusane	17,70%
George	Tembalethu	85,10%
Mossel Bay	Kwanoqaba	28,89%
Knysna	Khayalethu	46,67%
Oudtshoorn	Nongalethu	54,46%
Barkly West	Mataleng	96,65%
Britstown	Mziwabantu	92,42%
Colesberg	Kuyasa	51,65%
Daniëlskuil	Tlhakalatlouq	34,57%
De Aar	Wonzwakazi	66,90%
Delportshoop	Tidimalo	98,10%
Douglas	Bongani	94,96%
Griekwatown	Matlhomola	93,33%
Hanover	Nompumelelo	100,00%
Hopetown	—	—
Jankempdorp	Valspan	98,33%
Kimberley	Galeshewe	40,00%
Noupoort	Kwanzamuxolo	96,39%
Olifantshoek	Ditloung	99,36%
Petrusville	Tembinkosi	90,07%
Philipstown	Lukhanyisweni	99,48%
Postmasburg	Boichoko	93,23%
Prieska	e'Thembeni	96,03%
Reivilo	Boipelo	93,24%
Richmond	Sabelo	99,55%
Ritchie	Motswedimosa	3,96%
Upington	Paballelo	98,79%
Vryburg	Huhudi	99,83%

Warrenton	Ikhutseng	96,45%
Winsorton	Kutlwano	100,00%
Aberdeen	Thembalesizwe	99,55%
Addo	Nomatamsanga	100,00%
Adelaide	Lingelethu	97,07%
Alicedale	Kwanonswakazi	44,64%
Alexandria	Kwanonqutela	97,16%
Aliwal North	Dukathole	54,40%
Barkly East	Nkululeko	97,68%
Bathurst	Nolukhanyo	100,00%
Bedford	Nuarha	99,47%
Burgersdorp	Mzamomhle	82,24%
Cathcart	Kati-Kati	100,00%
Cookhouse	Bhangweni	100,00%
Cradock	Lingelihle	84,46%
Despatch		98,00%
Dordrecht	Sinakho	97,86%
East London	Gempo Town	92,10%
Elliot	Masibambane	100,00%
Fort Beaufort	Bofolo	92,41%
Graaff-Reinet	Umasizakhe	90,29%
Grahamstown	Rini	71,98%
Hankey	Umzamomhle	100,00%
Hofmeyr	Luxolweni	100,00%
Humansdorp	Kwanomzamo	99,40%
Indwe	Mavuya	98,06%
Jansenville	Kwazamuckucinga	99,05%
Jamestown	Masakhane	99,13%
Jeffreys Bay		100,00%
Kareedouw		100,00%
Kei Mouth		100,00%
Kei Road		100,00%
Kenton-on-Sea	Marselle	100,00%
King William's Town	Ginsberg	57,89%
Kirkwood	Bontrug	100,00%
Klipplaat	Wongalethu	100,00%
Komga	Qumrha	100,00%
Lady Grey	Kwezinaledi	100,00%
Maclear	Sonwabile	100,00%
Middelburg	Kwanonzame	92,70%
Molteno	Nomonde	99,80%
Paterson	Kwazenzele	98,61%
Pearston	Khanyiso	99,60%
Port Alfred	Nkwnkwezi	99,82%
Port Elizabeth	Ibhayi	90,95%
Port Elizabeth	Walmer	53,13%
Port Elizabeth	Kwandwesi	0,00%
Port Elizabeth	Kwamagxaki	0,00%
Port Elizabeth	Motherwell	77,12%
Queenstown	Mlungisi	71,29%
Rhodes	Zakele	100,00%
Somerset East	Kwanojoli	93,09%
Sterkstroom	Masakhe	100,00%
Steynsburg	Khayamnandi	99,90%
Steytlerville	Vuyolwethu	100,00%
Stutterheim	Cumakala	100,00%
Tarkastad	Zola	96,32%
Ugie	Dyoki	100,00%
Uitenhage	Kwanobuhle	84,43%
Venterstad	Nozizwe	99,63%
Willowmore		100,00%

Information as at 20 February 1992.

Transvaal

Yes. (339)

	(a)	(b)
Randfontein	Khutsong	71%
Randfontein	Kokosi	85%
Randfontein	Kagiso	39%
Randfontein	Mohlakeng	3%
Randfontein	Bekkersdal	17%
Alexandra & Wesbank		49%
Vanderbijlpark	Sebokeng	40%
Vanderbijlpark	Evanton (ou dorp)	95%
Vanderbijlpark	Orange Farm	90%
Vanderbijlpark	Poortjie	100%
Delmas	Botleng	68%
Devon	Impumelelo	100%
Nigel	Duduza	95%
Germiston	Katlehong	28%
Springs	Kwa-Thema	10%
Greylingstad	Nthorwane	100%
Heidelberg	Ratanda	60%
Balfour	Siyathemba	90%
Kempton Park	Tembisa	40%
Alberton	Tokoza	15%
Brakpan	Tsakane	70%
Pretoria	Attridgeville	15%
Pretoria	Mamelodi	10%
Bronkhorstspruit	Zitobeni	2%
Bronkhorstspruit	Retabiseng	100%
Amersfoort	eZamokuhle	93%
Amsterdam	Kwathandeka	100%
Barberton	eMjindini	46%
Belfast	Siyathuthuka	62%
Bethal	eMzinoni	76%
Breyton	Kwazanele	67%
Corolina	Silobela	78%
Chrissiesmeer	Kwachibikuhle	100%
Davel	Kwadela	93%
Dullstroom	Sakhelwe	37%
Hendrina	Kwazamokuhle	29%
Ermelo	Wesselton	52%
Leandra	Lebohang	91%
Lothair	Silindile	100%

Lydenburg	Masising	56%
Machadodorp	eMthonjeni	78%
Middelburg	Mhluzi	58%
Morgenzon	Sivukile	100%
Perdekop	Siyasenzela	100%
Piet Retief	eThandakukhana	95%
Sabie	Simile	94%
Secunda	eMbalenhle	3%
Standerton	Sakhile	58%
Volksrust	Vukuzakhe	42%
Wakkerstroom	eSizameleni	100%
Witbank	Kwaguga	7%
Bloemhof	Boitumelong	86%
Christiana	Utlwanang	92%
Coligny	Tlabologang	95%
Hartebeesfontein	Tigane	84%
Klerksdorp	Jouberton	53%
Koster	Reagile	96%
Leeudoornstad	Kgakala	93%
Lichtenburg	Boikhutso	69%
Makwassie	Lebaleng	91%
Orkney	Kanana	48%
Ottosdal	Letsopa	79%
Potchefstroom	Ikageng	47%
Sannieshof	Agisanga	96%
Schweizer-Reneke	Ipelegeng	87%
Stilfontein	Khuma	71%
Swartruggens	Borolelo	97%
Ventersdorp	Tshing	79%
Witpoort	Rulaganyang	100%
Wolmaransstad	Tsweleng	91%
Zeerust	Ikageleng	91%
Naboomspruit	Mookgophong	58%
Louis Trichardt	Tshikota	100%
Warmbad	Bela-Bela	80%
Nylstroom	Phagameng	39%
Ellisras	Marapong	37%
Messina-Nancefield		37%
Thabazimbi	Regorogile	100%
Roedtang	Thusang	100%
Soekmekaar	Haasbult	100%
Ladybrand	Manyatseng	86,1%
Odendaalsrus	Kutlwanong	71%
Reitz	Petsana	66%
Virginia	Meloding	5%
Wepener	Qibing	91%
Allanridge	Nyakallong	99%
Arlington	Leratswana	43%
Bethulie	Lephoi	100%
Boshof	Seretse	96%
Bothaville	Kgotsong	50%
Brandfort	Majwemasweu	96%
Clarens	Kgubetswana	81,9%
Clocolan	Hlohlolwane	97,4%
Cornelia	Ntswanatsatsi	98,4%
Dealesville	Tswaraganang	90%
Dewetsdorp	Morojaneng	97,5%
Edenburg	Ha-Rasebei	94%
Edenville	Ngwathe	6%
Excelsior	Mahlatswetsa	96,7%
Fauresmith	Ipopeng	99,7%
Ficksburg	Meqheleng	94,2%
Fouriesburg	Mashaeng	94,1%
Frankfort	Namahadi	60%
Harrismith	42nd Hill	66%
Hertzogville	Malebogo	96%
Hobhouse	Dipelaneng	15%
Hoopstad	Tikwana	98%
Jagersfontein	Itumeleng	98,5%
Jacobsdal	Ratanang	93%
Kestell	Tlholong	84,1%
Koffiefontein	Ditlhake	73%
Koppies	Kwakwatsi	82%
Lindley	Ntha	65%
Marguard	Moemaneng	96,4%
Memel	Zamani	85,1%
Oranjeville	Metsimaholo	100%
Parys	Tumahole	80%
Paul Roux	Fateng-Tse-Ntso	95%
Petrusburg	Bolokanang	92%
Petrus Steyn	Mamafubedu	20%
Philippolis	Poding-Tse-Rolo	99%
Reddersburg	Matoporong	91%
Rosendal	Mautse	100%
Rouxville	Rweleyathunya	96%
Senekal	Matwabeng	90,5%
Smithfield	Tshepong	97%
Soutpan	Ikgomotseng	54%
Springfontein	Maphodi	98%
Steynsrus	Matlwangtlwang	50%
Theunissen	Masilo	90%
Trompsburg	Madikgetla	96%
Tweeling	Mafahlaneng	87%
Tweespruit	Borwa	100%
Ventersburg	Mmamahabane	90%
Villiers	Qalabotjha	87%

Information as at 24 February 1992.

Orange Free State

Yes.

	(a)	(b)
Bethlehem	Bohlokong	58,4%
Bloemfontein	Mangaung	58,3%
Kroonstad	Maokeng	10%
Welkom	Thabong	40%
Bultfontein	Phahameng	90%
Heilbron	Phiritona	85%
Henneman	Phomolong	91%

Viljoenskroon	Rammulotsi	78%
Vrede	Thembalihle	73,1%
Vredeford	Mokwallo	80%
Warden	Ezenzeleni	70,2%
Wesselsbron	Monyakeng	85%
Winburg	Makeleketla	94%
Matlakeng	Zastron	75%
Van Stadensrus	Thapelang	100%
Verkeerdevlei	Thsepong	100%
Sasolburg	Zamdela	0%
Deneysville	Refengkgotso	85%

Information as at 24 February 1992.

Natal

Yes.

(a)	(b)	
Vryheid	Bhekuzulu	20%
Kokstad	Bhongweni	83%
Mooirivier	Bruntville	80%
Durban	Chesterville	0%
Paulpietersburg	Dumbe	97%
Dannhauser	Emafusini	100%
Greytown	Enhlalakahle	36%
Tongaat	Hambanati	0%
Mtatiele	Itsokolele	84%
Pinetown	Klaarwater	25%
Howick	Kwamevana	100%
Durban	Lamontville	40%
Cedarville	Mzingizi	100%
Stanger	Shakaville	78%
Umginto	Shayamoya	100%
Dundee	Sibongile	61%
Glencoe	Sithembile	86%
Pietermaritzburg	Sobantu	0%
Ladysmith	Steadville	70%

Information as at 20 February 1992.

SAP: personal weapons

92. Mr D H M GIBSON asked the Minister of Law and Order:

Whether personal weapons are issued to members of the South African Police Force; if so, (a) to which categories of members, (b) what weapons are issued, (c) what quality control is exercised before the purchase and issue of such weapons, (d) how often are weapon inspections carried out and (e) how often do members undergo firing-range training?

B237E

The MINISTER OF LAW AND ORDER:

Yes.

(a) With the exception of the following, all members of the Force are issued with service pistols on their personal equipment sheet:

* members, who in terms of section 11 of the Arms and Ammunition Act, No 75 of 1969, when off duty are unfit to be issued with an official firearm;
* police assistants who use firearms on strength at the station. However, they may retain these firearms whilst off duty subject to approval of the various Regional Commissioners;
* Service pistols are issued to reservist officers on their personal equipment sheet, whilst non-commissioned officers, when off duty, are issued with a permit in terms of section 44(1) of the Arms and Ammunition Act, No 75 of 1969, by an accounting official to be in possession of a firearm; and
* temporary members who use firearms on strength at police stations.

(b) Service pistols (7.65 mm or 9 mm) are issued to members on their personal equipment sheet. Many members in specialized units are in possession of R1- and R5-rifles.

(c) An expert from the South African Police in co-operation with ARMSCOR exercise the necessary quality control.

(d) Firearms on personal equipment sheets as well as on station strength, are inspected physically twice a year apart from daily inspections when reporting for duty. Defective firearms are replaced without delay.

(e) Two compulsory shooting exercises are held every year. Members attached to specialized units, who are exposed to high risks, undergo monthly shooting exercises.

Social pensions: Blacks

109. Mr R M BURROWS asked the Minister of Local Government and National Housing:

(1) Whether his Department is responsible, through the provincial administrations, for the administration of social pensions for Blacks in certain areas; if so, (a) in which areas and (b) what total number of Black persons is currently receiving such pensions;

(2) whether there is a backlog in the handling of applications for social pensions in any areas; if so, (a) in which areas, (b) what are the reasons for this backlog and (c) what total number of applications is currently awaiting processing;

(3) in respect of what date is this information furnished?

B269E

The MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

(1) No. The legal responsibility was entrusted to the Administrators of the different provinces on 1 November 1986.

(a) The administration areas of the different provinces.

(b) Provincial Administration of the

Cape of Good Hope:	145 935
Natal Provincial Administration:	73 112
Provincial Administration of the Orange Free State:	91 934
Transvaal Provincial Administration:	268 014
Total for RSA:	578 995

(2) No.

(a) Falls away.

(b) Falls away.

(c) Falls away.

(3) Provincial Administration of the Cape of Good Hope: 26 January 1992
Natal Provincial Administration: 20 February 1992
Provincial Administration of the Orange Free State: 31 January 1992
Transvaal Provincial Administration: 24 January 1992

Mabuza elected a trustee of IDT

339

Sowetan 11/3/92

FORMER Chief Minister of KwaNgwane Mr Enos Mabuza has been elected a trustee of the Independent Development Trust.

He joined the IDT as a part-time director in August last year. His appointment restores the number of IDT trustees to 15, after the death of Development Bank board chairman Dr Simon Brand earlier this year.

The trust was established in 1990 to distribute R2 000 million to the poor. It is headed by former judge, Mr Jan Steyn. - *Sapa.*

EMPLOYMENT LINE

US boost for black housing

The US has announced plans for a R86 million four-year housing and urban development project for SA.

The US Embassy in Cape Town said the project would be financed by funds authorised by President Bush when he lifted most sanctions on SA in July. At that time, Mr Bush said he would double US assistance to black South Africans for housing, economic development and education programmes.

The project would support increased production as well as improvement and ownership of affordable housing for "South Africans disadvantaged by apartheid".

— Staff Reporter, Sapa.

US gives R87m for housing

THEO RAWANA

THE US is to grant R86,7m in housing and development assistance for SA's poor.

The US embassy said yesterday the project, which would be spread over four years, would be financed by funds authorised by President George Bush when he lifted Comprehensive Anti-Apartheid Act sanctions against SA last July.

It said the project would "support increased production, improvement, and ownership of affordable housing for South Africans disadvantaged by apartheid".

"Its objectives are to assist the development of affordable housing and increase private sector financing for low cost housing; to support black construction enterprises and expand black employment; and to strengthen black community-based housing and management organisations."

SA Housing Trust corporate communications head Michael Fowlds said the trust welcomed all financial support, whether the funds came from local or foreign sources.

"The industry is grinding to a halt because the funding is not getting through to the ground. We need to find out how they (the US) intend to implement the project, through which channels. But it's got to be practical. SA can no longer work through theory alone. It creates expectations, but experience has shown nothing happens."

An Urban Foundation spokesman declined to comment.

Jo-Anne Collinge looks at the clash between the NP's and ANC's pledges on property

Land reform v security of title

STAR 19/3/92.

GOVERNMENT land reform programmes and the constitutional protection of property rights sound like different aspects of a single cause, right?

Wrong — easily a dozen times wrong, says the land reform lobby. Nothing is more certain to hamstring Parliament's ability to redistribute land and house people than an unqualified protection of property rights in a Bill of rights.

The ANC, itself part of the land reform campaign, carries a heavy load for protecting the landless and homeless in the constitution-making process.

It would probably like to purge the property clause from a future Bill of rights — after all, some countries get by without one.

But the National Party and the Government would no doubt put all their muscle into opposing this. The assurance to white property-holders that their title is safe has become a virtual refrain of the De Klerk campaign for constitutional change.

Furthermore, the South African Law Commission report not only recommends that property rights be protected and that compensation for expropriation "in the public interest" be referable to the courts, it sees in the ANC's draft Bill of rights a plan for "naked and arbitrary nationalisation of whatever nature without the courts being able to protect those prejudiced in any way".

The Wits Centre for Applied Legal Studies recently convened a conference of organisations who are determined to dismantle the apartheid land legacy. They debated hotly on how a Bill of rights could pass muster with the Nats as regards property and yet serve the dispossessed.

These were some of the moves they proposed:

● That land be treated as a special instance of property and dealt with separately in a Bill of rights. Various lawyers pointed out that "property" had been taken to mean physical entities such as land and housing; and intangibles such as copyrights, employment rights, social security benefits and shares in a company.

Land, it was argued, had particular characteristics that set it apart from most other property — not least of them its finite quality and its position as an absolute necessity of life.

● That certain forms of affirmative action be specifically related to land rights. The ANC's Albie Sachs noted that a Bill of rights could be employed variously as an offensive and defensive weapon. And several contributors argued that the propertied classes had been outstandingly successful in invoking Bills of rights to defend their property.

In India a property clause that Prime Minister Jawarhalal Nehru — a convinced socialist — regarded as the key to implementing land reform, proved a formidible weapon in the hands of the propertied classes. University of the Western Cape legal expert John Murphy related that India eventually dropped the clauses from the constitution in 1978 "after 30 years of wrangling with the Supreme Court. Before their repeal ... India's judges showed themselves more inclined to favour individual property rights than the imperatives of social reform".

Affirmative action provisions on land would make the Bill of rights a potentially offensive weapon for the dispossessed.

● That the question of compensation be looked at afresh. Firstly, that it apply not only to those whose land might be expropriated or otherwise removed under the post-apartheid regime, but also to historic dispossession under apartheid. Secondly, that the compensation level be determined in such a way that financial considerations do not become an insurmountable obstacle to land reform.

Those arguing for land redistribution flatly rejected the notion of compensation at market-related prices, which applied for 10 years in Zimbabwe and effectively throttled the process of land reform. The ANC has proposed that a notion of establishing "an equitable balance between the public interest and the interests of those affected" should be the basis of compensation. The Law Commission argues this method defies objective testing by the courts.

● That the constitution be used to redirect judges' attention to forms of land rights other than conventional freehold title. The diversity of "real" land rights — which relate to the way people occupy, use and gain access to land — must be placed side-by-side with the abstract notion of ownership embodied in title, argues Unisa's Dr Andre van der Walt. This means a wider range of people would have a claim to land they had occupied — perhaps for generations — without title; and that security of tenure could be guaranteed to such landholders. Dr van der Walt and others propose a land claims court or tribunal as a means of refining "pluriform" concepts of ownership.

The ANC, which found itself under fire from various quarters in relation to its original property clause, is redrafting the land and property provisions in its Bill of rights proposal. Still incomplete, the redraft takes account of many of the above arguments.

It unequivocally protects the homes of all people, rich and poor alike.

It also directs the legislature very clearly to make land laws that will embody the principle of equity and will facilitate "provision of adequate housing for the whole population".

It obliges parliament to set up a land claims tribunal which will, among other things, investigate restoration of land to those subjected to forced removals or appropriate compensation where restoration is not feasible.

A separate property clause is being contemplated. And Mr Sachs hinted that the ANC would not seek State intervention in the area of what he termed "commercial property" — debentures, shares and various business interests. "It's the area least open to constitutionalising," he commented. The Left had learnt that tight government control of markets was not viable. "We think that it should be open."

There is no way that resolution of the land question can avoid hurting somebody — either the homeless and landless will remain so, or someone has to give. What the ANC seems to be calculating is whether, with their homes and their business interests guaranteed, the present ruling group might not be prepared to forfeit a measure of land — against *some* compensation — in the name of righting wrongs and securing a future society. □

SOWETAN
Building the Nation

Call to Tsakane homeless

Sowetan 19/3/92

339

By JOSHUA RABOROKO

HUNDREDS of homeless families who have applied for the Independent Development Trust serviced sites in Tsakane on the East Rand have been asked to approach the local town council offices immediately.

The council's public relations officer, Mr Jerry Tseki, yesterday said that they had interviewed more than 700 families regarding the sites. But only have 366 have signed documents.

The council was facing difficulty tracing the rest of the applicants after they were interviewed in order for them to sign the necessary documents before the March 27 deadline.

Mandela Village

Tseki said that the sites would be made available to families from "Mandela Village" and other parts of the black residential area in need of homes.

He appealed to residents to come to the local authorities' offices to complete their forms.

Land ownership leading to homes is the biggest thrust in the IDT's assault on poverty, the spokesman said, adding, of the R1,5-billion allocated so far, more than R898,7 million has gone to housing countrywide.

About R750-million has been set aside for the capital subsidy scheme, the biggest programme for the development of nearly 100 000 new serviced sites that will accommodate about 700 000 people.

The capital subsidy scheme accounts just for over half of all IDT funds set aside so far. It covers 108 projects, of which nearly two-thirds will be new settlements.

The money will pay for the development of serviced sites for a total of 99 000 of South Africa's poorest families. An average cost of R7 500 a site has been set.

Money pouring in for poor

Sowetan 19/3/92 339

By JOSHUA RABOROKO

TAXPAYERS' money is starting to pour into the transfer of serviced sites of land to poor families in various parts of the country.

By yesterday many contracts — some of them from blacks — worth more than R200-million had been signed between developers of 35 projects involving 28 978 serviced sites and the Independent Development Trust (IDT).

The exact number of black developers who will participate in these projects had not been released by the IDT officials by late last night, according to a spokesman in Cape Town.

However, it is understood that the Fabcos' affiliate, the African Builders Association (Aba) and Nafcoc's National Federated Builders Industries (Nafbi) have been approached.

On the brink of signature are two more massive contracts for:

* 8 000 serviced sites at Soweto-on-Sea, Port Elizabeth and

* 4 000 serviced sites at the "Freedom Square and Namibia" development near Bloemfontein.

By the end of this month up to 75 projects across the country are expected to be signed and sealed.

In terms of the scheme, breadwinners who earn less than R1 000 a month and have dependants living with them receive a site with water, sewerage and drainage services.

As each site is transferred to a qualifying individual, the IDT pays out a subsidy of R7 500.

The developers range from local authorities to private developers and include utility and community trusts. Prominent leaders in black communities are involved in the developments.

A feature of the IDT scheme has been the effective and responsible role played by community leaders in allocating sites to deserving individuals.

The demand far exceeds the supply and great skills are necessary in ensuring fair play.

Another feature has been the speed and ingenuity with which homes have been erected on serviced sites. Pride of ownership has also led to stand holders planting grass and trees on their sites.

The IDT's communications director, Mr Jolyon Nutttal, said yesterday: "Those who have been associated with the capital subsidy scheme have gained a great deal of know-how and expertise in the process.

"But, although we have allocated R750-million in total, it is only meeting about 10 percent of the need. We have been urging the authorities to make further funds available to us so that we can extend the scheme to thousands of other families."

The present allocation will give 100 000 people and their dependants - a total of about 700 000 in all - a site of their own.

Housing allocations rise by 95,6%

CAPE TOWN — Direct and indirect allocations for housing have been increased by 95,6% to R2,153bn. BDay 19/3/92

The printed estimate of R1,285bn for housing and related infrastructure provision is up 18,2% on last year but together with the income accruing to the various housing funds from loan service and redemption, the amount available will be R1,653bn against R1,087bn last year.

This would be further boosted by R500m to be provided from the sale of additional strategic oil reserves, Finance Minister Barend du Plessis said yesterday.

And, he said, it was estimated that a further R1,1bn would be spent on housing by the Development Bank, the SA Housing Trust, the Independent Development Trust and self-governing areas bringing the total to be spent on housing to R3,3bn.

Du Plessis said if possible, a further

Own Correspondent

R500m would also be provided in the 1993-1994 financial year from the sale of strategic oil reserves to help maintain the momentum of various housing actions.

He said part of this year's R500m would be available for the financing of housing by the Administrations of the House of Representatives and House of Delegates.

It is proposed that the application of these funds be accounted for in the additional appropriation and that a small task force, led by the Department of Finance, facilitate the consultation and allocation process so as to maximise the development and job creation impact.

The funds should preferably be accessible on the same basis for both government and development institutions, he said.

Housing gets a R3,3billion boost

W1 Mail 20 | 3-26|3|92 (#23) (339)

By FERIAL HAFFAJEE

ONE of the brighter aspects of the Budget is the significant increase in the housing allocation.

The government and other housing institutions will spend R3,3-billion on housing in this financial year. This figure far overshadows last year's Budget allocation of R1,087-billion for the sector.

The Budget formally sets aside R1,653-billion for housing. In addition, the Minister of Finance said that R1,1-billion would be spent on housing by the Development Bank, South African Housing Trust (SAHT) and the Independent Development Trust (IDT).

In an innovative development, the government recognises that significant housing finance can be accrued through "the IDT's initiative whereby institutional investment funds are channeled via stokvels (through an IDT subsidiary) to informal housing".

Further reduction of the country's oil stockpile will make an additional R500-million available for housing. A sub-committee of the Department of Finance will oversee allocation of the additional fund.

Some of this money will be made available to the various development institutions active in the housing arena to "help maintain the momentum of various housing projects".

All housing and related developments will ensure that "the fullest consultation takes place to ensure the fund has a maximum development and job creation impact".

The SAHT's Johan Nel welcomed the additional allocation in this year's Budget as well as the R500-million boost from oil sales. He said: "The renewed focus on housing acknowledged the need to maintain existing housing projects."

Nel said that prior to Wednesday's Budget, many housing projects were in danger of coming to a standstill.

Durban Housing Action Committee secretary Pravin Gordhan said the amount allocated to housing in the Budget reflected a change in attitude. Saying that the government's approach was fragmented and casual, Gordhan suggested that "central government must assume responsibility for providing housing. The siphoning off of the Budget to private developers or parastatals like the IDT is not acceptable".



up for Saturday's open-air chess tournament in Joubert Park.

Picture: Etienne Rothbart

STAR 23/3/92 350

Zambia to ask for aid for reforms

LUSAKA — Zambia will today ask Western donors for more than $1 billion (about R2,8 billion) to help implement an economic reform programme and fight a severe drought.

"We are asking for the most Zambia has ever asked before," Agriculture Minister Guy Scott said yesterday, on the eve of a Paris donors' meeting.

President Frederick Chiluba ousted Dr Kenneth Kaunda on promises to abandon economic policies Dr Kaunda borrowed from the former Soviet bloc.

The new government inherited more than $7 billion (about R19,6 billion) in debts.

Mr Chiluba has adopted Western-prescribed economic reforms but needs financial help to make them succeed.

Zambia's traditional donors, led by the World Bank and the International Monetary Fund, meet in Paris today and tomorrow. — Sapa-AFP.

Help for peeved new homeowners

STAR 23/3/92 339

Consumer Reporter

Owners of dwellings in low-cost housing projects can now apply directly to the Consumer Council in Pretoria for arbitration if they are dissatisfied with the construction and finish of their homes.

The critical national housing shortage has a direct bearing on consumer willingness to tolerate poor or slow workmanship, according to the council.

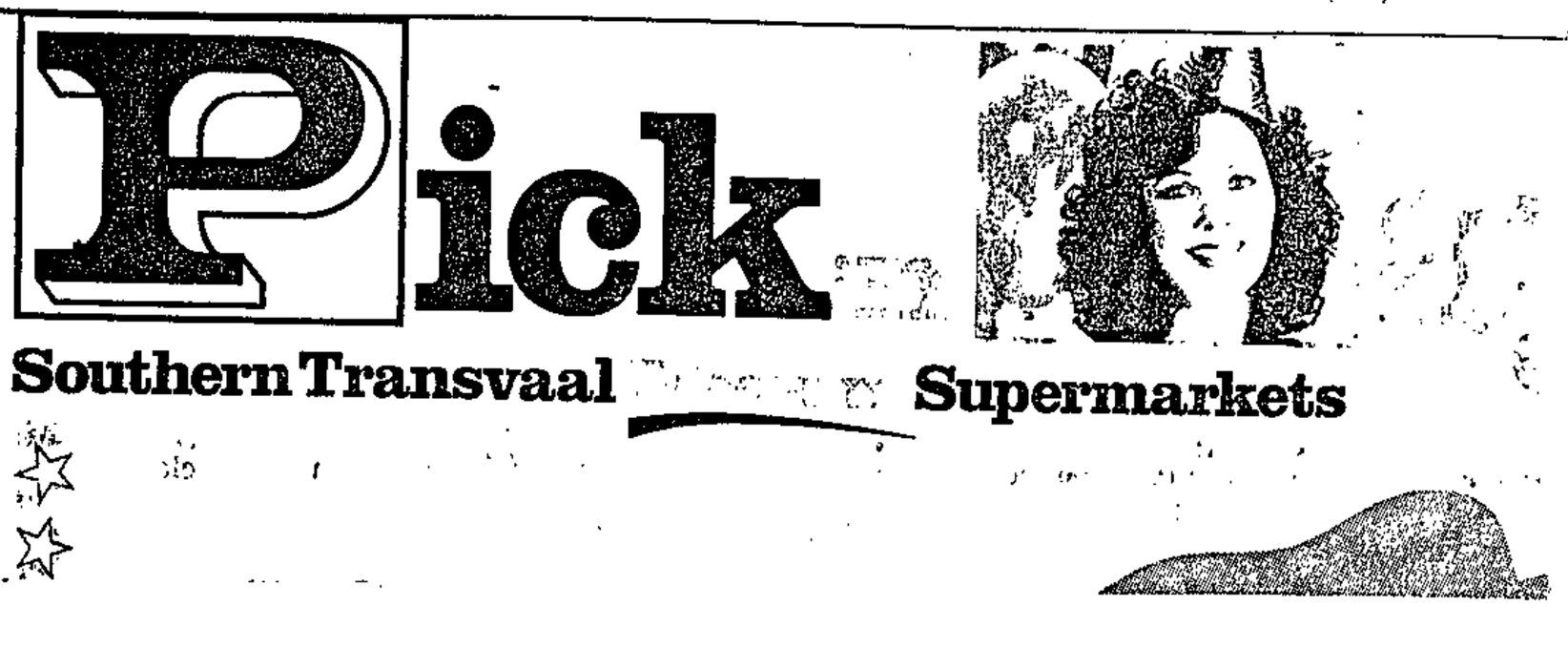
"Owing to the housing shortage, many people are prepared to accept poorly built or even semi-completed houses," Consumer Council executive director Jan Cronje said at the weekend. "Once they have moved in, they discover shortcomings and defects in the houses' construction and finish."

In many cases it was unclear what had been supplied, and owners claimed that builders did not provide what had been promised. Developers, in turn, claimed building plans did not make provision for that which the owners expected.

Other complaints included poor workmanship, resulting in poor quality; latent defects such as walls which develop cracks and roofs which start leaking; insufficient reinforcement of foundations in unstable ground which leads to walls cracking soon after completion; and houses not completed in accordance with approved plans.

"The council is compelled to appoint arbitrators. They investigate each case on behalf of the council and try to get the parties to settle," said Mr Cronje.

● Consumers can call At Meyer or Lion de Necker of the arbitration service at (012) 28-3512.



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	Housing Rental R	*Service Charges* R
Venterstad (Nozizwe)	78 747	234 443
Barkly West (Mataleng)	98 047	799 821
Britstown (Mziwabantu)	26 295	102 540
Colesberg (Kuyasa)	131 083	1 289 163
Danielskuil (Tlhakalatlou)	26 583	418 086
De Aar (Nonzwakazi)	286 678	2 116 327
Delportshoop (Tidimalo)	19 963	685 463
Douglas (Bongani)	16 416	338 927
Griekwastad (Matlomola)	34 018	105 003
Hanover (Nompumelelo)	81 798	448 518
Jan Kempdorp (Valspan)	*498 916	
Kimberley (Galeshewe)	*5 505 117	
Noupoort (Kwazamuxolo)	63 609	321 077
Olifantshoek (Ditloung)	6 956	211 765
Petrusville (Thembinkosi)	19 053	111 852
Philipstown (Lukhanyisweni)	55 226	220 355
Postmasburg (Boichoko)	39 640	856 425
Prieska (E'Thembeni)	63 792	384 503
Reivilo (Boipelo)	12 016	41 579
Richmond (Sabelo)	30 882	237 044
Ritchie (Motswedimosa)	22 509	309 488
Upington (Paballelo)	1 759 158	2 991 905
Vryburg (Huhudi)	576 768	2 066 535
Warrenton (Ikhutseng)	36 291	1 257 249
Windsorton (Kutlwano)	*246 609	

* These local authorities do not keep separate figures.

National servicemen placed outside SADF

151. Lt-Gen R H D ROGERS asked the Minister of Defence:

(a) How many national servicemen in the (i) February 1991 and (ii) August 1991 intakes were placed in organizations and institutions outside the South African Defence Force in terms of section 16 of the Defence Act, No 44 of 1957, and (b) in which organizations and institutions were they placed? B369E

The MINISTER OF DEFENCE:

(a) (i) 76

(ii) 23 (as at 10 March 1992)

(b)

Atomic Energy Corporation of South Africa	1
Administration: House of Assembly	1
Department of Local Government, Housing and Works (Administration: House of Assembly)	1
Department of Agriculture	10
Central Economic Advisory Service	1
Department of Planning and Provincial Affairs	1
Department of Foreign Affairs	2
Department of Justice	10
Department of Agricultural Development (Administration: House of Assembly)	2
Department of Environment Affairs	4
Department of National Health and Population Development	2
Department of Education and Culture (Administration: House of Assembly)	8
ESD	3
Office for Privatisation	1
Office for Regional Development	1
Office of the Auditor-General	7
Small Business Development Corporation	3
Laboratory for Advanced Engineering (University of Pretoria)	4
Armscor	7
Council for Mineral Technology	3
Industrial Development Corporation	1
Natal Provincial Administration	5
Cape Provincial Administration	1
Pretoria City Council	1
Johannesburg City Council	1
South African Communication Service	3
Teglogic	1
Department of Posts and Telecommunications	1
Transvaal Provincial Administration	2
Bureau for Mechanical Engineering (University of Stellenbosch)	1
Umgeni Water Board	1
Council for Scientific and Industrial Research	9

SA Development Trust: amounts spent

153. Mr P G SOAL asked the Minister of Regional and Land Affairs:

(a) What total amount was spent on projects in each specified independent Black state from the South African Development Trust Account in the 1991-92 financial year and (b) on what projects was this money spent? B371E

The MINISTER OF REGIONAL AND LAND AFFAIRS:

(a) The total amount spent on projects in each of the independent Black states from the South African Development Trust Account in the 1991-92 financial year is as follows:

Transkei
R585 000

Bophuthatswana
R677 000

Ciskei
R14 653 000

Venda
Nil

(b) *Transkei*

Ezibeleni — R585 000		
Police Station	R	54 000
Water Supply	R	62 000
Administration Costs	R	69 000
Settlement of farm labourers	R	400 000
	R	585 000
Bophuthatswana		
Itsoseng — R600 000		
Sewerage System	R	240 000
Public Buildings	R	57 000
Administration costs	R	3 000
Schools	R	300 000
Pampierstad — R77 000		
Public Buildings	R	77 000
	R	677 000
Ciskei		
Frankfort/Ndakana Settlement	R	123 000
Ntabathemba/Waverley Township	R	2 050 000
Settlement of farm labourers at Balfour/Stockenstrom	R	850 000
Frankfort Housing	R	9 000
Middledrift Prison	R	15 000
Bisho Health and Agriculture Building	R	138 000
Mdantsane — R8 353 000		
Streets and Drainage	R	2 538 000
Water Supply	R	312 000
Sewerage System	R	500 000
Public Buildings	R	4 000 000
Machinery and Equipment	R	353 000
Administration Costs	R	650 000
Whittlesea — R3 115 000		
Streets and Drainage	R	2 011 000
Public Buildings	R	1 085 000
Administration Costs	R	19 000
	R	14 653 000

SAP: name tags

158. Mr J VAN ECK asked the Minister of Law and Order:

(1) Whether all South African Police members in uniform are required to wear name tags at all times; if not, what is the position in this regard;

(2) whether all members on duty in civilian clothes are required to carry documents identifying themselves as South African Police members; if not, what is the position in this regard; if so,

(3) whether such members are obliged to produce these documents on request by members of the public;

(4) what steps are being taken against members failing to comply with the requirements referred to in paragraphs (1) and (2) of this question? B384E

The MINISTER OF LAW AND ORDER:

(1) Yes

(2) Yes, an appointment certificate.

(3) Yes

(4) Departmental steps for contravention of the South African Police regulations can be instituted against members.

New employment opportunities: Blacks

161. Mr P G SOAL asked the Minister of Regional and Land Affairs:

Massive boost for housing

STAR 25/3/92

Urgent need to mobilise private sector funding

339



Reports by Frank Jeans and Meg Wilson

While the increasing allocation of Government funds for housing is welcomed by the development community, this should be set against the absence of clear policy guidelines and long-term planning and the almost total withdrawal of private sector financing.

This is the consensus among housing leaders as they eagerly await the findings of the De Loor Commission on Housing.

Says Wallie Conradie, managing director of the SA Housing Trust: "It is essential to use the largest portion of funds allocated in a way which would maximise the mobilisation of private sector funds, in particular the life offices, pension funds and, where possible, financial institutions."

While acknowledging the "restraints within which the Budget had to be compiled", Mr Conradie said future allocations for housing directly from the Budget "will have to be escalated".

"The current disparities in subsidy systems, unco-ordinated planning and lack of synchronisation among delivery agents, still prevails and will have to be addressed urgently," he says.

"It is important to realise, too, that the servicing of land is a time-consuming process which could extend from, say 18 months to three years.

"Funds allocated for that purpose today will, therefore, in most cases only be used for implementation over two to three years."

A Government building society?

Urging direction from the Government on low-cost, affordable housing, Russell Glyn-Cuthbert, marketing director of Gough Cooper Homes, believes that with finance houses experiencing severe losses in the past and becoming reluctant to lend in this area, assistance could come in the form of a Government building society.

"Even in these socially turbulent times, there are many black people who are financially well positioned to buy a home.

"However, it seems as if all projects designed to solve the housing crisis are afflicted with inertia and nothing concrete ever seems to be accomplished."

Urging a long-term guide plan, Mr Glyn-Cuthbert says this would overcome "spontaneous, panic-motivated resettlements" such as the Bloubosrand debacle which "created more problems than it solved".

Gough Cooper is active in Soweto, Mamelodi and Tembisa, with houses ranging in price from R35 000 to R85 000.

A major bugbear in the housing scene is the lack of knowledge among potential home buyers in the lower income group.

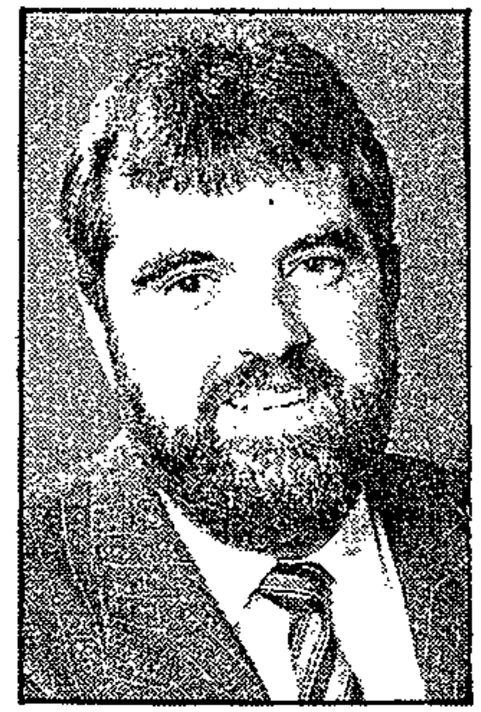
Helping to bridge the gap is Corporate Housing Consultancy, which "carries out the legwork" in homeownership on company and worker lines.

Getting across the know-how

Says Martin Doughty, of CHC: "Following detailed interviews, we establish exactly what the prospective owner can afford.

"We identify the level of housing knowledge then virtually hold the owner's hand throughout the buying process."

The consultancy, which has household names in its book, also helps companies to set up housing schemes and makes an analysis on all aspects of homeownership.



Russell Glyn-Cuthbert ... nothing concrete ever seems to be accomplished.

PROPERTY

Low-cost housing needs 'highlighted by Budget'

B/Day 25/3/92

Reports by
PETER GALLI

THE recently announced Budget has once again highlighted the need for attention to be directed towards the low-cost housing market and the problems associated with it, according to housing specialists.

"Although the restraints within which the Budget had to be compiled are fully acknowledged, it must be realised that future allocations for housing directly from the Budget will have to be escalated," SA Housing Trust MD Wally Conradie says.

In the absence of an accepted housing policy and strategy, appropriate mechanisms will have to be found in the short-term to ensure continuity in the provision and development of housing, he adds. These mechanisms will need to reduce the negative influences that subsidy disparities and lack of co-ordination have on general development.

If this is not achieved the housing backlog will continue, despite the fact that funds are available, and private sector participation will decline even further, he says.

Gough Cooper Homes marketing director Russell Glyn-Cuthbert says the low-cost housing issue requires direction and definition from government. Unless this happens soon the problem will worsen.

"The private sector will also be able to assist more effectively if such a plan is in place and financing is available. Unfortunately, due to the heavy losses incurred in the past, the finance houses are reluctant to loan money and are becoming more selective in approving candidates.

"They urgently need assistance and a government building society would be a possible solution," he says.

Even in the present economic climate and "socially turbulent times" there are many black people well positioned to buy a home. Effective housing has a stabilising effect on a community and contributes to long-term economic growth.

To stimulate the housing market, government released funds from the sale of oil reserves. Of R1,9bn realised from such sales in the previous budget year, R562m was allocated to housing, infrastructure and land.

"In the 1992/93 Budget, a further R500m was earmarked for this purpose. Although the addition of these funds is welcomed, the allocation is 11% less than in the previous year," Conradie says.

The total allocation to housing rose by only 7% from R1,96bn to R2,153bn which, with inflation around 15%, shows an 8% decline in real terms, he adds.

The market was characterised by low affordability levels, an absence of clear policy guidelines and the resultant inhibition of long-term planning and the almost total withdrawal by the private sector.

"It is essential that the largest possible portion of the funds allocated be used to maximise the mobilisation of funds from the private sector, particularly the life offices, pension funds and financial institutions," he says.

Basic decisions on these issues will have to be taken in the short-term to maintain and expand the momentum regarding the delivery of infrastructure and housing.

Create 'building society'

By JOSHUA RABOROKO

THE Government has been urged to establish a building society to help alleviate the critical shortage of black housing which has become a "hot potato" in South Africa today. Sowetan 26/3/92

Property developers and experts contend that finance houses have experienced severe losses in the past, are now reluctant to lend monies and are increasingly more selective in approving candidates.

The private sector will also be able to assist more effectively if such a plan is in place and financing is available to help poor black families.

Now that the referendum is over and the country has affirmed its commitment to reform, it is essential that immediate Government action is taken and a formal housing strategy put forward, according to Marketing Director of Gough Cooper Homes, Mr Russel Glyn-Cuthbert.

Time bomb

The critical shortage of black housing, just like the unemployment crisis, is rapidly becoming a "time bomb" about which very little appears to be happening.

While the need for immediate informal housing exists, a longer-term view is also required, according to developers and experts in the building industry.

To tackle the low cost "affordable" housing requires direction and definition from the Government and unless this is soon forthcoming the problem will become worse by the day.

The building industry urgently requires a long-term guide plan for the development of urban areas.

This will avoid spontaneous, panic motivated, resettlements such as the Bloubosrand debacle that created more problems than it solved.

Gough Cooper is one such company that has always committed itself to the black housing market and aims to supply a product that is both affordable and of a desirable standard.

Glyn-Cuthbert says: "Even in these socially turbulent times there are many black people who are financially well positioned to buy a home."

"The quality aspect is a factor for all South Africans. We have a responsibility to develop land and offer a range of house worthy of home owner pride," he said.

Property

Trust moves to work for jobless

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26/3/92

THE South African Housing Trust (SAHT) is again contributing towards community participation and job creation, according to the trust's corporate communications manager, Mr Hennie Crowther.

By JOSHUA RABOROKO

The SAHT's annual design competition and its builder of the year competition are furthering their efforts to serve low income communities.

This year both competitions will be hosted for the fourth time.

The trust promotes and facilitates the provision and funding of low-cost housing and security of tenure for lower income communities.

Minds

"Community acceptance and participation are foremost in the minds of the SAHT management for this year's competition to design a multi-purpose centre for entrepreneurs.

"The aim of the competition is to produce a design for a multi-purpose centre in a newly created or already existing (informal) residential neighbourhood," Crowther said.

Entry submissions for the competition are required to research the general needs for which such a centre for entrepreneurs should cater. In addition, provision must be made for design flexibility allowing for a high degree of community participation in the decision.

Needs

The R350 000 multi-purpose community business centre is earmarked for a newly established or developing neighbourhood.

"Planning of the building has to be done in such a way that it can be adapted to the community's changing needs," he added.

The national winner receives R10 000 and the runner-up gets R2 500. The prize-winners will be announced during November 1992.

The "Builder of the Year" competition is the annual showcase for local builders who specialise in affordable housing for low-income communities.

Crowther said: "The housing trust is in the unique position of providing employment opportunities in the areas most in need of both homes and jobs — low-income communities.

By January 1991 some 1 848 labourers, 485 artisans, 115 contractors and 10 mini-developers were involved in the trust's Local Builder Development Programme.

"This resulted in the construction of 3 087 houses in 17 projects, totalling approximately R370-million."

The adjudication of the regional finals will be held during July this year.

A completed house and one under construction will be inspected to determine the quality of the finished product and the actual construction work. General house-keeping and the organisation and control of the different trades will be taken into consideration.

"Through this competition the trust recognises the work, skill and expertise of local builders, and we are proud to be associated with this annual competition," Crowther said.

Boost for homeless

Sowetan 26/3/92

By JOSHUA RABOROKO

MORE than 300 blacks have been trained by the South African Lumber Millers Association to build their own basic timber-frame home units.

Building material depots in or near areas where millions of homeless people have erected temporary shelters were also established.

By the end of the year it was expected that a substantial number would be trained, the company's head of community services, Mr Rulf Mahloko, said this week.

The Urban Foundation estimates that there is a shortage of about 1,2 million units in major metropolitan areas in South Africa today.

The foundation also says in order to eradicate this shortage, more than 61 000 units will have to be erected a month for the next 20 years. About 7 million people are living in informal housing, including backyards and squatters.

Urban areas

It contends that the situation might become serious as the population continues to grow as a result of migration into the urban areas According to the foundation, if the South African population continued to increase at a rate of 2,8 percent each year, by the year 2000 an additional 9 million people would need housing.

Mahloko said there were indications that this number might increase.

He added: "Only a total effort of all the people of this country as well as the Government and the private sector can eliminate this shocking housing backlog.

"We cannot afford this state of affairs. Unless progress is made with improving housing, a continuous conflict situation will result in our society that was traditionally divided along racial lines."

At the request of communities, the company had established training facilities where more than 310 people were trained free of charge to built their own basic home units.

Secondly, he said, the company was assisting communities and groups to establish depots countrywide where most people have the greatest needs in terms of decent, affordable building materials.

Great interest

Depots have been established in areas such as Soweto, the East Rand, Durban and eastern and western Cape. At the depots people can buy timber at almost cost price.

Black communities expressed great interest and many community leaders, especially civic organisations, have visited the company to hear the full story and to see for themselves what the timber frame homes look like.

The company's public relations officer, Miss Zigi Rwairwai, said that the many families in South Africa who live in informal settlement areas share a common dream that some day, they too would become homeowners.

But, she added, for the dream to become a reality, they have to go through a great deal of pain and humiliation. The fact that they do not own land, have no resources or skills, compounds their problem.

The dream

She said in that light, Salma decided to join the other actors already involved in the quest for "the dream". The first thing the company did was to consult with the communities as well as getting them to participate from the onset.

"This approach has had positive results so far because the communities themselves are actively involved in making their dream a reality."

Although this was still the beginning, she said, 1992 could prove to be a very busy year at Salma as more communities were hoping to participate in the training programme.

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Allies work on convertible rouble

8|Day 26|3|92. 337

GERALD SEIB and DAVID WESSEL in Washington

THE US and its allies are accelerating work to create a multibillion-dollar fund that would help Russia turn the rouble into a convertible currency, and could come to terms within a few weeks, said Bush administration officials.

Until recently, President George Bush and his top advisers had endorsed the concept of a currency stabilisation fund, but had said that creating such a fund would be premature. "That has changed," a senior US Treasury official said on Tuesday. Among the important issues to be settled in the coming weeks are the precise size of the fund and whether Congress will have to approve the US share, the Wall Street Journal reported yesterday.

The work on a currency stabilisation fund, which has become an important symbol of the West's commitment to support economic and political reform in formerly communist Russia, comes as the Bush administration considers packaging a series of pending proposals to help ease the former Soviet Union into one legislative initiative.

A series of forces, political and substantive, have come together to spur the administration to move more quickly now on aid to Russia. Bush has been criticised recently by former president Richard Nixon and others for failing to do more to smooth Russia's transition to democracy, so the administration is eager to show it is not dawdling. At the same time, the Russian government of Boris Yeltsin has pushed the process ahead by enacting recently a broad programme of economic reform acceptable to international financial institutions.

US senators who met Bush this week urged that he put various pieces of aid for Russia into a comprehensive proposal, and they said later that a package could be unveiled before Congress leaves for its Easter recess in mid-April. "We had indicated that we felt it would need to be a free-standing Bill and it should be comprehensive," Republican Senator Richard Lugar, a leading Senate spokesman for foreign policy, said in an interview. In this election year in which foreign aid is politically unpopular, Lugar said there might be "only one opportunity to form a bipartisan consensus". Lugar also said that congressmen told Bush it was "imperative" that he throw his personal support behind any aid package and "do so in a very large way".

A currency stabilisation fund would be a backstop for the rouble as Russia allows its currency to be traded for other currencies, a milestone in Russia's integration into the world economy. A similar fund was instrumental in Poland's transformation into a capitalist economy. The IMF estimates that Russia would need a stabilisation fund of about $6bn, but the size depends on several unresolved issues, such as whether Russia tries to set a fixed value on the rouble or allows it to fluctuate against other currencies.

Even if the US, Germany, Japan and other wealthy nations establish such a fund soon, Russia probably would draw on it no sooner than about mid-year, when it is likely to begin integrating itself into the world economy. Russia and its sister republics are expected to become members of the IMF and the World Bank soon, allowing them to begin drawing on the collective resources of the capitalist world by late May or early June. The IMF estimates that, apart from the stabilisation fund, Russia needs between $12bn and $17bn in 1992 to pay its bills.

Congress voted to give the Poles $200m for their $1bn stabilisation fund, but Congress probably would not have the stomach to vote more than $1bn for a similar fund for Russia. One alternative to contributions by individual nations is to have the IMF finance a fund. To do that, the IMF would need money.

One option under consideration by the US is to invoke a little-known IMF mechanism, known as the "general agreements to borrow", in which the US would give the IMF dollars in exchange for paper assets denominated in special drawing rights. For the US government, this would not count as an outlay against the spending ceilings of the 1990 budget law and would not require a congressional vote, administration officials said.

The Bush administration has been criticised by some Democrats as well as by ex-president Nixon for failing to do more to help Russia make the transition to democracy. But senior administration aides privately fault Democrats in Congress for not moving more quickly to pass proposals Bush has made. Those include an initiative for a new round of humanitarian aid and a proposal to waive restrictions on government lending.

Now, administration aides and congressional leaders are thinking that the way to defuse the political sniping may be to package a series of pending aid ideas into an "omnibus" aid package that both parties could support. — AP-DJ.

Fm 27/3/92

TOWNSHIP DEVELOPMENT

On the fast track

Consulting engineer Hill Kaplan Scott (HKS), a leading player in low-cost housing, says only a lack of finance is holding up speedy development of townships for poor people.

The industry has been at pains to remove all other obstacles such as a lack of community involvement, red tape and inappropriately costly standards of servicing. It wants speedy improvements.

HKS township specialist Redmond Taggart says latest management techniques have reduced workloads that used to take years to months or even weeks. Coupled with this is an unprecedented level of co-operation among all the professional bodies concerned with township development.

Taggart says plans for township development on a massive scale have been drawn up. The Transvaal Provincial Administration (TPA) is committed to providing 315 000 stands for squatters over the next four years and the Independent Development Trust is providing finance for 100 000 stands. Even more land could become available.

HKS's call for urgent action is not dissimilar to that of the TPA, which recently told the *FM* that if private-sector employers were to make loans as low as R2 000 available to employees, shack-dwellers would be able to build at least one room and improve their living conditions.

Taggart estimates that the cost of a serviced site could vary between R2 000 and R5 100, depending on whether the land cost is taken into account. ■

Trust is ready for battle with poverty

Sowetan 30/3/92

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THE Independent Development Trust had to run the gauntlet of a whole series of sniper attacks when it seemed to be slow in waving a magic wand that made poverty and deprivation vanish at a single stroke.

Launched two years ago with R2 billion from Government funds, the IDT was hailed as a main standard bearer in a post-apartheid march across the debris of apartheid to seek solutions to black socio-economic problems.

Waves of optimism spread about an instant tidal wave of new low-cost houses, new schools, new clinics and health services.

When the wait for a start of actual construction work dragged on into weeks and even months, the snipers started to draw aim. Had the Government merely scored a few political points - and tucked its promises away in the filing cabinets of yet another expensive but ineffective bureaucracy?

Hurling missiles

Was the IDT dawdling because it was making a mint out of the investments it had made with all its cash - more interested in expanding its fortune than in making a start?

Former high court judge Mr Jan Steyn, drawn from the Urban Foundation to head the IDT operation, was even busier behind the scenes than the critics hurling missiles, however.

Now, he believes, the IDT can show the wait for action was worth it, as more and more robots turn to green on a formidable programme of schemes aimed at black upliftment.

The gathering momentum of the operation is reflected in the steep climb in the supply of subsidised housing sites for homeless black families. The rate of deliveries is striding out towards a target of 8 000 a month en route to a total of 100 000.

The quickening pace has also started to make its impact in the flow of new classrooms, new fresh water and sanitation projects, new clinics, new community services in even the most remote rural villages.

What's more, Steyn believes, the down-to-earth effectiveness of the whole exercise has been ensured by the mixture of the experts he has assembled to design and handle operations - from politically hardened Robben Island veterans of the ANC to high-browed specialists drawn from academia.

"Without an approach that was totally realistic, assured of impact at grassroots level, the exercise would have sunk into oblivion," he says.

Critics accused the Independent Development Trust of dragging its heels when it was first launched with R2 billion from Government funds two years ago. Chairman Mr Jan Steyn believes he can show the wait was worth it as more and more robots turn to green on a massive programme aimed at improving the lot of underpriveleged black families, reports MICHAEL CHESTER.

"We could easily have taken an easier route - splashing out free hand-outs. We agreed, though, there were no quick fixes. It was going to take time and sweat to make permanent rather than temporary repairs on the damage done to the fabric of society in decades of apartheid.

"Experience all over the world has proved it is utterly useless to assume socio-economic problems will all be solved simply by throwing cash at all the issues. Blank cheques alone will not provide lasting solutions.

"The evidence shows the key to sustainable development is finding a way to give even the smallest and poorest community a new dignity and confidence that it has a real stake of its own in shaping a better future.

A new spirit

"That is why we aim at schemes in which communities themselves have a hand in planning and which they themselves can take over and run once the ball has started rolling.

"Inspiring a new spirit of confidence inside many communities does not come automatically in a society long torn by divisions caused by apartheid and intolerance, still racked by spasms of violence and political conflict, in communities that poverty has filled with distrust and suspicion.

"We were sometimes accused of dragging our heels. A few critics may have been silenced if we had simply handed out the money on a first-come first-served basis. It would have made marvellous headlines. By now, however, the cheque book would have been exhausted - and the tragic list of unresolved issues would be longer than ever.

"It could have been equaily tempting to hand out largesse to applicants merely because they were able to set down well-articulated reasons why they deserved priority. But where would that leave the 50 percent of the population that is illiterate and unable to spell out elaborate plans about how donations would be spent - often the communities that deserved help most of all?"

Rather than rely on hand-outs as a temporary balm to relieve despair, he says, the aim has been to inspire whole communities to aim at self-reliance - instead of dependence on outsiders to hold a temporary lid on problems.

"We decided a far better approach was to devise radical new ideas to use development aid to build bridges out of poverty and towards peace and harmony on a durable basis."

Experts from all the main political camps were persuaded to join the exercise to achieve as much non-partisan neutrality as possible. The team was also made thoroughly multi-racial to ensure the widest impact.

All shared a fundamental assignment: to abandon traditional ruts in thinking and devise brand new strategies to ensure that development funds reached basic grassroot levels.

"We are not seeking headlines with grandiose schemes that risk the fate of firework spectaculars that soon vanish without trace," says Steyn. "However modest on its own, each project is being designed to start a sustainable process of community upliftment."

The IDT has moved in on several flashpoints that a more timid team would have preferred to make detours around. Projects that cross political antagonisms have often served to calm tensions and call truces while everyone gets involved in new schemes that promise to benefit the whole community.

That is confirmed by Professor Wiseman Nkuhlu, the principal of the University of Transkei, a no-nonsense graduate of Robben Island who has been a trustee of the IDT from the start and who at the moment is spending a 12-month sabbatical as a full-time executive director.

Nkuhlu ensures the trust stays in close interaction with all the key extra-parliamentary groups, such as the ANC, PAC and Inkatha.

"There are still tensions from time to time, of course," he says, "But it's clear the IDT is setting its priorities in the right order."

Projects for poor pick up pace

STAR 30/3/92

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IDT INDEPENDENT DEVELOPMENT TRUST

Critics accused the Independent Development Trust of dragging its heels when it was first launched with R2 billion from Government funds two years ago. Chairman Jan Steyn (right) believes he can show that the wait was worth it as more and more robots turn to green on a huge scheme aimed at improving the lot of underprivileged families, reports MICHAEL CHESTER.



THE Independent Development Trust (IDT) had to run the gauntlet of a whole series of sniper attacks when it seemed to be slow in waving a magic wand that made poverty and deprivation vanish at a single stroke.

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Former judge Jan Steyn, drawn from the Urban Foundation to head the IDT operation, was even busier behind the scenes than the critics hurling missiles, however.

Now, he believes, the IDT can show the wait for action was worth it, as more and more robots turn to green on a formidable programme of schemes aimed at black upliftment.

The gathering momentum of the operation is reflected in the steep climb in the supply of subsidied housing sites for homeless black families. The rate of deliveries is striding out towards a target of 8 000 a month en route to a total of 100 000.

The quickening pace has also started to make its impact in the flow of new classrooms, new fresh water and sanitation projects, new clinics, new community services in even the most remote rural villages.

What's more, Mr Steyn believes, the effectiveness of the whole exercise has been ensured by the mixture of the experts he assembled to design and handle operations — from politically hardened Robben Island veterans of the ANC to high-browed specialists drawn from academia.

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Professor Nkuhlu ensures that the trust interacts with key extra-parliamentary groups, such as the ANC, PAC and Inkatha. "There are still tensions from time to time, of course," he says, "but it's clear the IDT is setting its priorities in the right order."

Like everyone around him, however, the professor keeps a fretful eye on budgets. More than R1,8 billion of the original R2 billion in IDT funds has already been firmly committed to the portfolio of programmes.

"We need more funds from State allocations," says the professor. "We are reducing backlogs in various spheres but there's still more to be done.

"It's unthinkable that the whole exercise should have to start slowing down because funds are running out.

"We have mapped out and started down the route that development must follow to make the most impact. There can be no slowing down now."

Mr Steyn agrees, though he believes the next major signposts will not be erected until the proposed new interim government takes a stance on development strategies.

"The creation of an interim government will make things a great deal easier, of course. The World Bank, the International Monetary Fund and financial institutions in the private sector are likely to adopt a much more dynamic approach towards investment in development once South Africa has an interim government in place. But we can't depend entirely on that." □

New ideas at housing XPO

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SOWETAN 31/3/92

By TSIDI THINANE

THE second "Affordable Housing and Technology XPO" will be held at this year's Rand Easter Show.

The exhibition puts together all the components of an informal settlement and physically demonstrates what could be done to address the shelter and related needs of low income communities.

A range of new and innovative housing systems, costing from R2 500 and more, would be displayed. These systems are to service people who cannot afford to enter the conventional "brick and mortar" housing market.

The houses can be upgraded on an ongoing basis.

The exhibition will demonstrate many exciting new products and concepts from the latest credit card home electricity metering systems which allows the user to monitor his electricity consumption as well as water heating devices, solar powered street lights, water pumps and toilets.

Fifteen companies and organisations will participate in the XPO.

Govt ready, but problems plague low-cost housing

STAR 31/3/92

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By Shirley Woodgate

The Government has budgeted R3,3 billion to catch up on South Africa's massive housing backlog — estimated at 200 000 units a year for the next 10 years — but doubts have been expressed about the availability of suitable low-cost housing models.

Housing consultant Philip Hamm said: "A vast range of homes costing between R5 000 and R10 000, as well as materials and expertise, are available to accommodate millions of people in South Africa's poorer sector.

"But there can be no progress in addressing the housing crisis before financial organisations make funds available, subject to security being provided by the prospective homeowners."

Reviewing the choices, he said brick houses were the cheapest and most popular type of low cost unit, despite innovative advances in building techniques to meet the housing needs of some five million homeless.

This became clear at the recent Golden Highway Housing Expo, regarded as a landmark in the evolution of low-cost housing.

The exhibition was launched by the Department of Planning, Provincial Affairs and Housing near Orange Farm, south of Johannesburg, where various types of houses went on show on 100 stands.

Units were suitable for families with total incomes from R700 a month — comprising about 75 percent of the population working as gardeners, house servants and messengers — Mr Hamm said.

The homes were not subject to the national building regulations and stands were supplied with minimum services: dirt roads, water from taps on every eighth stand and septic tank sewerage systems.

The cost of the housing units ranged from R111/sq m to R357/sq m.

Certain facts and fallacies about low-cost housing surfaced:

● Fact: Brick and concrete masonry houses were by far the most popular choice among prospective buyers.

The winning entry judged by votes cast by the public was a R10 000 52 sq m four-roomed concrete/face brick/masonry house which attracted 9 000 orders within three weeks. The runner-up house was a R5 000 21 sq m concrete masonry unit.

● Fallacy: Brick houses are not more expensive than other types of industrialised building. In fact, single skin (one solid outer wall) 150 mm thick, opposed to the conventional 220 mm cavity wall brick houses, were among the cheapest on show.

● Fact: Timber-frame units were very cost-effective. The cheapest homes on display were made from timber board cladding at R111/sq m.

But they were not windproof without insulation, and once they were lined with gypsum board inner linings the price increased to more than that of brick.

● Fact: The cheapest houses were built by local African builders. They had community approval as they created job opportunities for out-of-work trained and skilled builders.

Development of low-cost housing sites given boost

B/Day 2/4/92 SHARON WOOD 339

DEVELOPMENT of low-cost housing sites was given a boost yesterday by the successful private placement of R120m in unlisted debentures issued by Land Investment Trust (LIT) to institutional investors.

The funds are to be used to buy raw land and to provide bridging finance to community developers for site-and-service land, including land subsidised by IDT capital.

"Unlike the major developers such as Murray and Roberts and LTA, community developers need bridging finance because they cannot wait to get the money at the end of a site's development," said UAL senior manager Daan Wandrag.

The LIT debenture issue, the first of its kind, was taken up by the pension funds of AECI, Anglo American Corporation, De Beers, Eskom, Everite, Fedlife, Metal Industries Group, the Old Mutual, Sage Life and Sanlam.

"The intention is to raise further tranches when required," said UAL GM Leon Kirkinis. UAL Merchant Bank was commissioned by LIT to raise R175m from institutional investors.

Investors would receive either a floating rate based on the Eskom Capital Project Bill rate and reset every six months, or a fixed interest rate, Wandrag said. Of the R120m raised, R50m would be used to finance land holdings and the balance would be used to finance the development of land.

Innova, a subsidiary of the LIT, would buy land well in advance and hold it until development to prevent land speculation.

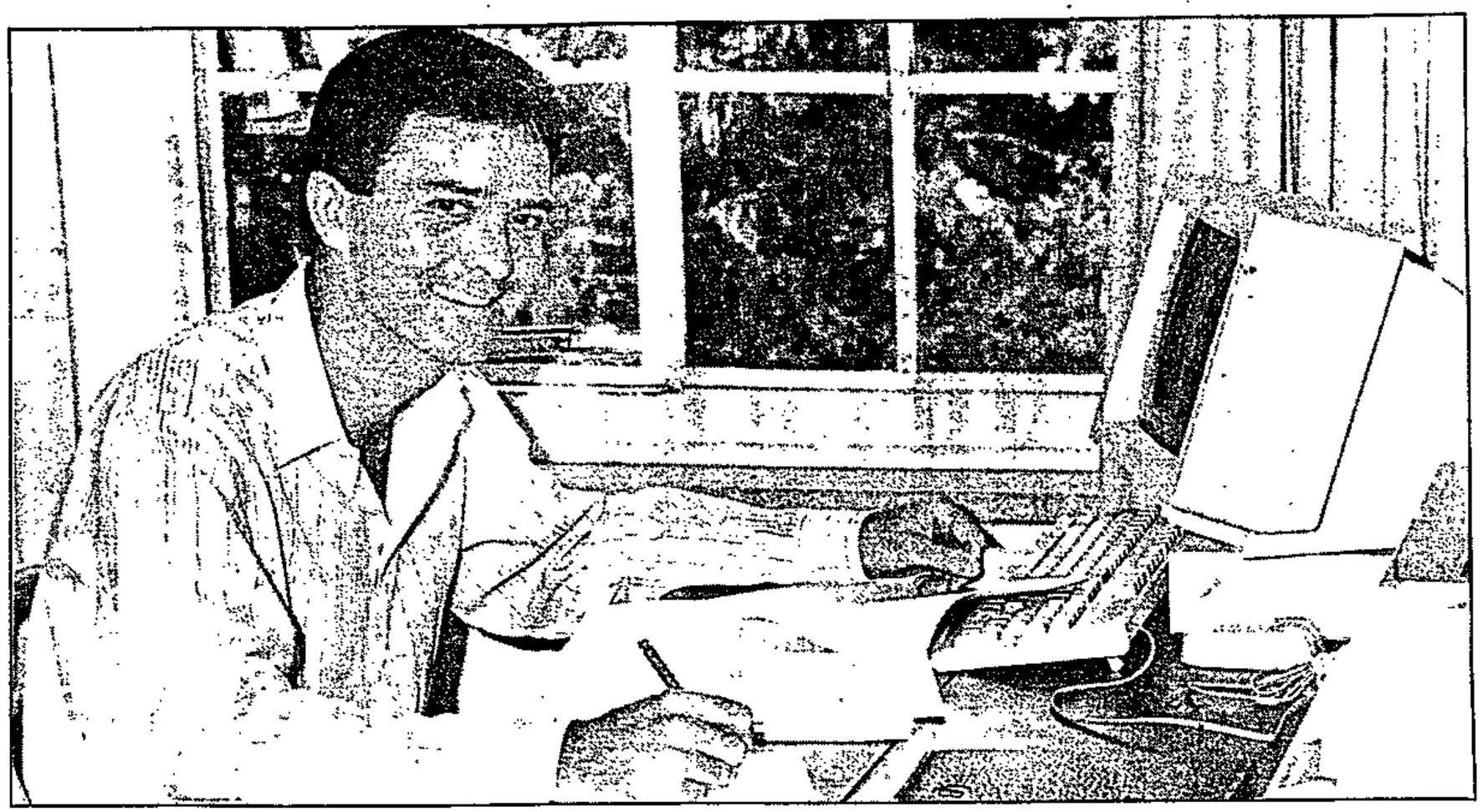
LIT is a non-profit financing organisation specifically established to be a catalyst for an effective land delivery process. It is a subsidiary of the New Housing Company, an independent national housing agency established during restructuring of the Urban Foundation.

Giving a lesson in confidence

IDT INDEPENDENT DEVELOPMENT TRUST

STAR 7/4/92 339

The R2 billion Independent Development Trust has become best known for its work on the housing crisis and the provision of more and better education and health services. It is also showing its talents as an invisible peacemaker at community level, reports MICHAEL CHESTER.



Peacemaker . . . Neil Otten at work in his office in a restless search for solutions to frictions at community level, to clear the way for new development projects.

THE CHANCES of success must have looked remote when Neil Otten arrived a few months ago at Ikageng, the sprawling black township outside Potchefstroom, to ' to create an element of harony at community level.

As social consultant to the Independent Development Trust (T), covering the western ansvaal, he was assigned to lve under layers of discord d somehow persuade all the tions to sit around the conence table and start mapping t a new future.

At the outset of the launch of R750 million programme to kle the worst pockets of the ick housing crisis, the IDT d put Ikageng among about) black poverty zones around country in most desperate ed of help.

Mr Otten found abundant evince of the urgent need for astance. The problem was how motivate the community to dge full co-operation and al involvement in an action ogramme.

The IDT had already proved diplomatic prowess as a acemaker in its exercise with Development Bank of uthern Africa to find neutral ound where even the ANC d Inkatha had room to reach reement to join in the launch the National Housing Forum a mission that had been wily regarded as impossible.

Its peacemaker talents had o succeeded in defusing hosities in a number of unrest ots elsewhere — at any rate g enough to put development nemes ahead of factional abbles.

Even so, Neil Otten could eashave been daunted by the ssic signs of social conflict at compounded problems on s particular assignment. The ageng Town Council, like ny other black councils, had g collapsed in political turoil. Municipal affairs were w in the hands of a white offial sent in by the Transvaal Provincial Administration to fill the vacuum.

The large block of township hostels, once packed with workers who commuted to jobs in Potchefstroom, lay in ruins — devasted by a series of riots.

There were even tensions inside the "People's Delegation" that now claimed to be the true representative of the community — with members drawn from the local civic association, church and women's groups, and the ANC Youth League.

All hope of finding a catalyst to motivate a new community spirit rested on an IDT project to provide Ikageng with 700 or more subsidised house stands to relieve the plight of the most impoverished families in the township — all equipped with basic water and sanitation services and to be delivered at no cost to the new owners.

It was IDT insistence on community involvement in the project, particularly in the actual allocation of the 700 serviced sites, that persuaded all sides to shelve their differences, at least temporarily, in the interests of Ikageng as a whole.

Once the burial of hatchets had started, the next step seemed purely logical: the creation of what has been named the Development Forum, where the People's Delegation and the remnants of the local authority could sit down in negotiations to iron out community issues.

"The IDT," says Mr Otten, "was already well underway with its longer-term objective — to create confidence inside communities so that they themselves had the chance to make the key decisions about their future.

"Ikageng had a brand new confidence as soon as they saw the community itself was having the final word in the housing project. It unlocked a whole new world."

The IDT, staying as invisible as possible, was on its way to yet another success as peacemaker, showing how socio-economic development should take priority when the future of a community was at stake.

All of a sudden the Development Forum had a full agenda of more issues that needed to be tackled. In weeks, it was thrashing out new ideas about what to do with the hostel block — try a salvage operation, or flatten the wreckage and find alternative uses for the site?

Next came the question of town planning and the location of the best available land for future housing initiatives.

Channels have been opened with the National Parks Board to discuss proposals about the creation of a new 10 000 ha game reserve bordering the area — long viewed with suspicion but now seen as a potential benefit to the community.

TPA funds had been allocated for the creation of two new clinics. Now the Development Forum believes it can have a say in where they are located and how they are designed and constructed.

That brings into play how Ikageng can discuss interaction with IDT programmes for the improvement of health services as a whole in underpriveleged communities.

Professor Len Karlsson, the IDT director of health services and rural and community development, has already made a deep impression in numerous communities, in even the most remote rural villages, with the down-to-earth way he sets projects in motion.

Next, the forum has drawn in a local church welfare group that has been planning the provision of creches to take care of the children of parents with jobs. How can the creche scheme be tailored to fit alongside IDT proposals about a new approach to pre-school educare at community level?

Inevitably, the issue of new schools has come on the agenda. That brings Ikageng to tune in once again to the matrix of IDT development programmes that are breaking new ground.

Professor Merlyn Mehl, director of the education programme, has already outlined a nationwide R300 million scheme to build a staggering 50 000 new classrooms where they are needed most.

His radical new thinking is acting as an inspiration to hundreds of communities as they lay their development plans. For example, Professor Mehl envisages major breaks with traditional thinking when he talks about new schools being the cornerstone of community centres that will bustle with activity from dawn until late into the evening — weekends too.

Why not make provision not only for primary and secondary school education levels, but also include educare facilities for pre-school toddlers? When school hours are over, why not use the classrooms for adult education sessions running into the evenings?

Why not use the school hall seven days a week as a civic centre for community meetings recreation, entertainment? And why not leave the school sports fields open for the whole community to use?

"Ikageng has learnt there are many crucial decisions about its future that perhaps, for the first time, the community can make itself," says Mr Otten.

"The IDT — via its initiatives in housing and education and health services — is striving to bring together even the most divided communities and show them what can be achieved if they set the wheels in motion.

"We have no intention of abandoning our interest and making a quick exit once a particular project has been completed. Instead, we try to show communities how to take on the basic responsibility of development planning themselves and build confidence in longer-term self-reliance.

"No one can lay down a set formula on how problems should be tackled. A solution in one community may not necessarily be a success elsewhere. We stay as invisible as possible — but on hand with ideas and possible guidelines.

"Our ambition is to win the trust of communities as advisers and help to cultivate confidence that, even with strict limits on resources, they can stand on their own feet and make many key decisions themselves on which route they want to take to shape a new future." □

Homeless bosses set for meeting

Sowetan 9/4/92

By JOSHUA RABOROKO

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THE first-ever countrywide meeting of leaders of South Africa's seven million homeless people, will take place in Johannesburg from April 29 to May 2 to form a strategy to help solve the housing crisis.

The chairman of Operation Masakhane for the Homeless (Omhle), Mr Dan Moshugi, said his organisation had about 600 000 members of whom about a thousand would attend the first national conference at a venue to be announced later.

"We at Omhle want to help rid the country of the insightly, unhealthy slum conditions presently sheltering millions of homeless people in and around cities and towns."

According to the latest SA Institute of Race Relations estimate of the number of informal settlers in 1991 varied from 3,5 million to seven million.

The Urban Foundation estimated that the housing shortage in South Africa, including 10 homelands, was 1,2 million units.

The Independent Development Trust allocated R750 million for one-off capital subsidies for the development of 100 000 sites for occupation by informal settlers.

According to Government sources the legal squatter population is at present estimated at 1,5 million, while there are about two million backyard dwellers.

Moshugi said: "We want decent homes for every family. Our people will build the homes themselves.

"All we are asking for are serviced building sites, training and building materials at affordable prices.

"During our first national conference the leaders from different homeless communities will discuss a strategy to implement and speed up housing reform.

"We may not be able to change the situation overnight, but hundreds of our people have already been trained to build and we are on the way."

He said the conference would be of the utmost importance to coordinate their efforts.

Property

Shortage changes climate

Sowetan 9/4/92

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THE housing shortage, estimated to be 1,2 million units in South Africa, creates a climate where potential home buyers are keen to get houses that they often look at financial packages available, and not necessarily at value for money.

Some organisations in the building industry prepare very attractive packages at first sight, but on thorough investigation it has been found that these packages might have various disadvantages, either in terms of eventual payments for their whole project, or in terms of size, number of rooms or finish.

This is the opinion of the general manager of Anvacon Limited, Mr Johann Marx, who said that building systems differed tremendously at present, and it was extremely important to establish which methods of building were used before signing a contract.

He warned potential homebuyers to do their finance through known institutions in order to protect their interests.

These institutions will be eager to visit the site and give advice, he added.

The critical shortage of homes in South Africa, especially in the PWV, is estimated by the Urban Foundation to be 1,2 million units (excluding homelands), according to the latest South African Institute of Race Relations 1991/92 survey.

The institute says estimates of the

By JOSHUA RABOROKO

number of informal settlers in 1991 varied from 3,5 million to 7 million.

Marx said that a badly contructed brick house could cause immense problems in the long run.

What might seem to be relatively maintenance free construction, might turn out to be expensive in the long run.

Many different new building methods have been developed over the past few years, Marx said, but some of these building methods have also proved to be unsuccesful due to the type of material used.

When considering a conventional building method, the type of bricks used and the method of construction became very important.

He advised home buyers to:

- investigate and compare the different building methods before deciding on a house.
- do the finance through a known bank or building society.
- make sure the material used is durable, fire resistant, and complies with building regulations, if you build a prefabricated house.
- rather start smaller and more durable, than big and not durable.

Millions face homeless hell

C/Press 12/4/92

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By DESMOND BLOW

THE NEXT South African government faces an almost impossible task: providing adequate housing for the increasing number of homeless.

More people are sharing accommodation and more informal settlements are mushrooming as the housing crisis worsens.

Research by the Urban Foundation in townships in the PWV area showed that an average of 10 or 11 people live on one stand in a township.

Six people live in a (formal) house and an average of three to four people live in the backyard of the house.

In many cases two or three families share a hostel room designed for two people, while more than one million men live in 440 000 beds in 220 hostels countrywide.

These figures are quoted in the Race Relations Survey 1991-1992, an annual encyclopedia of data and projections of SA's economy, population, housing, labour, education and other fields.

According to the UF, working on an average household of 6,5 people, there was a shortage of 1,2 million housing units in SA in 1990, of which about 47 percent were in the PWV area, 20 percent in the Durban area and 10 percent around Cape Town.

By the year 2000 basic services would have to provide for an additional nine million people in the urban areas alone.

The UF estimated by the year 2000 there would have to be sufficient housing to accommodate 48 million people, of which the black population would number 37 million compared with 28 million today.

If everyone was to have accommodation by 1995 an average of 174 000 houses had to be built every year.



NO PLACE TO STAY ... Millions of people in SA have no home to call their own and the crisis is getting worse.

In May 1991, then Minister of Provincial Affairs and National Housing Hernus Kriel claimed some of the major obstacles to the provision of housing were:

- The inability of the government to finance the buying and development of land for housing;
- The inability of the majority of the black population to afford conventional housing; and
- Increased urbanisation.

Research by the Development Bank of Southern Africa revealed that between 60 percent and 80 percent of urban blacks could only afford about nine percent of their income (between R35 and R75) a month for housing, which meant that most blacks could not afford formal housing without heavy subsidisation. Between 1985 and 1991 the population in the the metropolitan areas increased by 2,8 million.

Durban is the fastest-growing city in the southern hemisphere and there are three million people in the area at present, but by the year 2010 the population would reach between eight million and 10 million, according to research by a professor at the University of Natal.

He found the reason for this was the scrapping of influx control and the worsening economy. People flocked to Durban in the hope of finding work.

One survey found in May 1991 that as a result of such rapid growth in Durban about 1,7 million people, or more than half Durban's population, were living in shack settlements surrounding the city, many of them unemployed.

The econony of Natal could only absorb 58 percent of the 2,3 million active population at present, of which the formal section could only absorb 36 percent.

In the PWV area the informal settlers in the PWV area in June 1991 of whom 900 000 lived in backyard shacks.

To house these people will cost R300-million, plus a further billion rand to provide rudimentary services.

In the Port Elizabeth-Uitenhage area the average growth of the metropolitan population has been five percent compared with two percent in the rural area and the urban population in 1989 totalled 1,5 million.

This area depended greatly on the motor industry which declined substantially in 1985 and 1986, says Professor WJ Davies of Rhodes University.

In 1989 the proportion of people unemployed in Port Elizabeth was 27 percent and in Uitenhage 21 percent. Registered unemployment in the Eastern Cape in April 1991 was double that of 1990.

The *Eastern Province Herald* reported that one of the reasons was that out-of-work miners had migrated to the area in search of work.

About 45 percent of the black population in Port Elizabeth live in informal settlements.

In 1991 Cape Town was the only city in SA where the white population outnumbered the black population.

In 1985 blacks accounted for only 20 percent of metropolitan Cape Town's population, but this would likely increase to about 28 percent by the year 2000.

The UF said most of the newly urbanised black population was housed in informal settlements on the Cape Flats and the conditions were unusually harsh A study by the University of Cape Town revealed in 1991 that there were more than 60 000 shacks in the Cape Town area.

total population, according to the Urban Foundation, is 7,2 million and this would increase to 12,3 million by 2000.

In 1989 the economically active population of the PWV area numbered four million and the formal economy could provide employment for 61 percent while the total absortion capacity of the region was 90 percent.

There were 1,3 million

PROPERTY

Townships can be built 'within weeks'

BDay 15/4/92

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PETER GALLI

IT IS possible to reduce the time it takes to develop a new township from years to months or even weeks, said national consulting engineers Hill Kaplan Scott, a player in low-cost residential development.

Hill Kaplan Scott's Redmont Taggart said development could be accelerated by using the latest project management and computer-aided design techniques.

"We have found the main obstacles to fast track development to be finance, red tape and lack of community involvement, all of which are interrelated. Also, different standards of servicing required by different municipalities cause unnecessary delays," Taggart said.

"Nevertheless, it is encouraging to note that more appropriate standards of township development are now acceptable to various bodies and communities.

"Providing local authorities are genuinely involved from the outset, delays caused through red tape can be cut to a minimum."

The need for the rapid development of townships was extremely urgent and plans for township development on a massive scale had been drawn up, Taggart said.

The Transvaal Provincial Administration was committed to providing 315 000 stands for residents of squatter camps and the Independent Development Trust was providing finance for 100 000 stands.

Given the urgency of the situation, underlined by the Zevenfontein squatter problem, the protracted process of normal township development should and could be tightened up considerably, he said.

Technically there was no reason why it could not be done. There was excellent co-operation between local consulting engineers, town planners, geologists, land surveyors and other professional bodies.

Taggart said close co-operation with communities could do much to encourage their acceptance of new developments and assist in overcoming the massive problem of vandalism.

"Providing we work together, we can do much to satisfy the needs of most of the people within present financial constraints.

"Another sensitive issue is the effect new developments will have on the environment. This is taken very seriously by professional teams and the adverse environmental impacts, such as transport needs, can be minimised through careful planning."

Hill Kaplan Scott recently moved its Randburg operation into larger premises to better service the Randburg community. The firm's Johannesburg office was well located to serve the Thembisa, Alexandra, Sandton and Midrand areas.

Pension funds to the rescue

Sowetan 16/4/92

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THE urgent need for providing bridging finance to developers of low-cost shelter for very poor urban black communities has been given a significant boost.

An innovative mechanism involves the private placement of R120 million of unlisted debenture issues by the Land Investment Trust

This R120 million funding has been raised from institutional investors on a purely commercial basis specifically for the low-cost end of the market.

The funds will be used to finance the acquisition of strategic raw land and the development of site and service land as well as for land earmarked for starter housing.

The LIT is a non-profit financing organisation specifically established to be a catalyst for an effective land delivery process.

It is a subsidiary of the New Housing Company, an independent national housing agency established out of the recent restructuring

By JOSHUA RABOROKO

of the Urban Foundation to control various trading and land investment operations.

LIT general manager Mr Taffy Adler pointed out the board comprised a unique mix of community representation as well as business and professional skills.

The mix would help to ensure that socially responsible investment directed at the most needy communities took place in a viable and long-term manner.

LIT chairman Mr Selwyn MacFarlane said that with nearly 60 percent of the black urban population currently unable to afford housing priced at more than R15 000, the need for creative ways of attracting funds from the institutional sector was crucial to the resolution of the country's housing crisis.

"Housing policies currently being pursued by major housing development agencies are designed to assist poor families who wish to buy a serviced site in a site and service scheme or informal settlement by providing a capital subsidy of R7 500 on the selling price of the site.

'The need for creative ways of attracting funds from the institutional sector was crucial to the resolution of the country's housing crisis.'

"The LIT will play a crucial role in facilitating the provision of this form of shelter. Bridging finance will be made available, especially to community-based developers who cannot get such finance from conventional financial institutions."

The first tranche of R120 million was raised from the AECI Pension Fund, Anglo American Corporation Pension Fund, De Beers Pension Fund, Eskom Pension Fund, Everite Pension Fund, Fedlife Limited, Metal Industries Group Pension Fund, Old Mutual, Sage and Sanlam.

UAL assistant general manager (securities) Mr Leon Kirkinis said: "The intention is to raise further tranches when required."

The funds raised by the LIT would be used to finance the development of two categories of land:

- That which is subject to the Independent Development Trust subsidy;
- Land earmarked for starter and strategic raw land, with available land around the country having already been identified.

Stop talking, start building

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By JOSHUA RABOROKO

THE only way in which a significant contribution could be made to the housing crisis was to build more and talk less.

This was said by the new managing director of Basil Read Homes, Mr Leon Nel.

Although he was not opposed to conferences and conventions to discuss the acute housing shortage, he felt most of the debates and talks were centred on the problem and not the possible solutions.

In an interview with *Sowetan* Property, he said he believed that the sooner people in the industry started building, the sooner the situation would improve.

He said a number of developers still believed in home markups and selected business in the upper-income environment.

Those days were gone and developers had to put in a concerted effort to get involved in the lower end of the market with small profit margins but high income volumes of turnover.

Institutions should realise the simple fact that there was nothing wrong with lowering standards and minimum requirements, provided it did not affect construction quality.

If a prospective buyer qualified and was prepared to accept his financial commitment for a 30 sq m house, it should be financed.

The market should also realise that some people simply could not afford a full specific house and that electricity, for example, which was a luxury that could be installed later without compromising quality of the home.

Low-cost housing: Banks fear boycotts

Sowetan 16/4/92

By JOSHUA RABOROKO

LEADING construction companies have accused financial institutions of being reluctant to give poor families loans for low-cost housing.

The chairman of the Mortgate Lenders' Association, Mr Tim Hart, yesterday said that new designs for low-cost housing would not solve the housing crisis as long as organisations continued to place financial institutions' loans at risk by supporting rent boycotts.

However, he said that banks had to be careful of advancing funds without high certainty of repayment, because they were dealing with trust money.

It was not the function of banks to solve the social problems, he said, adding that that was the responsibility of the State and the private sector.

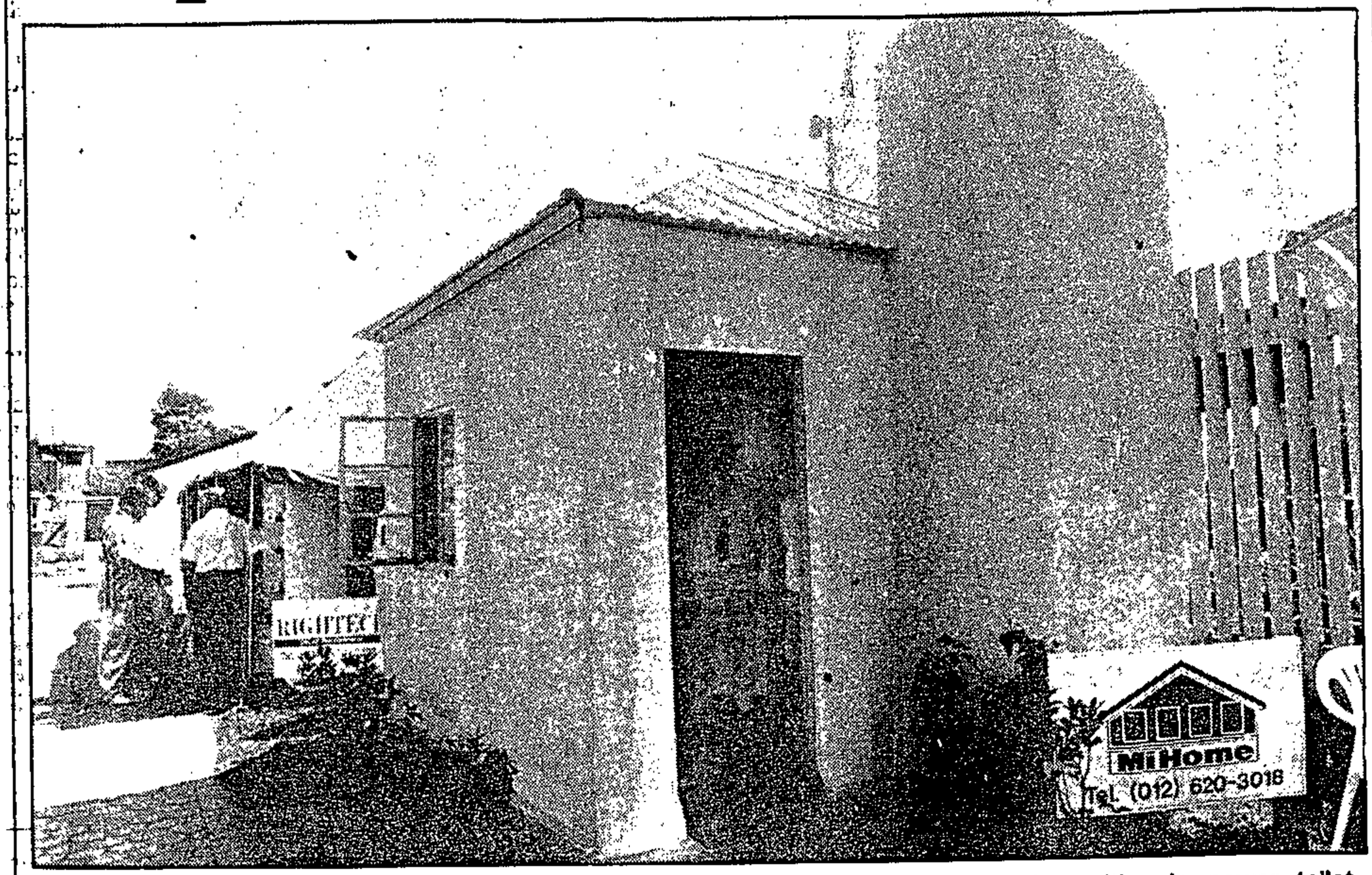
The Urban Foundation and the association launched the loan guarantee fund in July 1990 and started lending money in October 1990, according to the latest survey of the South African Institute of Race Relations.

The survey says by August 25 1991, 1 996 loans had been processed through this fund. Amounts lent were as low as R12 500 but were not to exceed R35 000.

The objective of the loan guarantee fund was to address two constraints on lending in the low income housing market - the risk of not recovering funds loaned and the non-profitability of small loans.

It also aimed to make housing finance available to an additional 30 percent of the population by lowering the normal lending threshold and the deposit required.

Innovative designs could help solve housing backlog



Low-cost winner . . . this house is built from standard precast concrete slabs, complete with solar power, toilet and shower for R8 500. Picture: Karen Fletcher

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STAR 16/4/92

By SHIRLEY WOODGATE

A STAR attraction at the Rand Show is a tiny 11 sq m precast concrete house, complete with carpet squares, toilet, shower and solar-heated water, erected in only four days for R8 500.

Hardly Buckingham Palace, but then this is part of the affordable homes display organised by Shanti Industries to focus on adequate housing for homeless people.

The MiHome, which can be expanded for R3 500 a room, is much sought after as a starter home, a holiday house, a hunter's cabin or domestic workers' quarters and orders have already been booked until the end of August, claimed organiser Alan Stokes.

This was one of several examples of low-cost structures needed to fill a huge housing backlog, he added.

The 27 sq m three-roomed Zinki, complete with veranda, costs R5 820 plus R580 for erection which can be done in three hours for someone who wants a house in a hurry.

Consisting of high-tensile galvanised steel panels on a concrete slab, this house is considered maintenance-free for 15 years and has a 50-year lifespan.

Debrell Projects director Haydn Cairns stressed that reservations about extremes of temperature in metal structures were largely countered through roof insulation.

Another galvanised steel unit on display is Murray and Roberts's 30 sq m unit costing R13 500, including erection.

Examples of wooden homes are Sappi's Elite weather-proofed timber-frame fire-proofed unit, selling at R4 600 for a 24 sq m house with a flat corrugated iron roof. It can be erected by a handyman using tools costing about R200.

There is also a weatherboard pine unit built to SABS standards.

The 24 sq m home costs only R6 000.

Mr Stokes said there had been excellent consumer interest in the innovative styles on show, with the emphasis on homes as opposed to huts.

"We have produced innovative building techniques, now we say to the financial institutions that they must stop hiding behind the counter and provide the loans.

"They must match our innovations by producing imaginative methods of lending money to prospective homeowners," he said. □

House plans assessed

THE value of house plans passed in the first two months of 1992 rose 11,8% in current terms to R575m and flats and townhouses by 46,4% to R213,3m against the same period last year, but in real terms the value of residential plans rose 8,3%, says the Central Statistical Service. The value of nonresidential plans dropped 29% (37,6% in real terms) to R441,6m.

Company to build 6 000 homes

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Minrav International has pledged to built more than 6 000 homes in black residential areas with the aim to alleviate the serious shortage of homes.

The company's director Mr Chris Nel said that they have acquired substantial number of sites that have become available in the market due to the recession in the housing market.

The sites have been made available in the PWV areas where the Urban Foundation estimates that the shortage of homes was 47 percent out of a total of 1,2 million units for the whole country.

Nel said that with the land in store the company was gearing up to expand their existing successful marketing division in order to accommodate the increasing demand for their product.

The company was enjoying an "excellent standard" and the support of their major financial institutions. The stability of the company was a major concern when purchasing a house.

He said through their commitment to help with the shortage of homes, the company had housed over 6 000 families to date. They have more than 2 000 available sites.

SOWETAN
Building the Nation
DRC FOCUS

'Codesa' for housing is on the cards

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By JOSHUA RABOROKO

Plans are afoot by leading experts to form a "Housing Codesa" at a time when the shortage of homes in South Africa is estimated to be 1,2 million units.

The National Association of Home Builders (Nahb) is hosting a housing conference with the theme "Nation Building Through Homeownership" to find out whether a "Housing Accord" can be formulated and applied.

Other possibilities to be discussed include:

Can a Nation Building be promoted by homeowners?;

Can a national housing forum provide the long awaited impetus in and resurgence of the housing industry?;

Can South Africa turn the problems into economic - and job opportunities?;

Among key speakers at the conference will be the presidents of the ANC, Mr Nelson Mandela, PAC's Mr Clarence Makwetu, Azapo's Pandelani Nefolovhodwe, National Association of Stokvels of SA, Mr Kehla Lukhele.

Nahb's executive director Mr Daan Roelvert said the political stability, job creation, education, health and housing were the five most important issues to determine the future of South Africa.



MAKWETU



NEFOLOVHODWE



MANDELA

He said: " Nahb is requesting all political parties to set our their housing philosophies and strategies to solve the problems during its 1992 housing conference.

"Various inputs of the role players in the housing field will be studied possibly culminating in the formation of a "Housing Codesa".

Ability

Nahb chairman Mr H Hardy said there was little doubt that there was a direct relationship between the country's ability and the percentage of home owners.

"We have a long way to go in South Africa to provide at least basic shelter for all who need it," he said, adding, "1991 proved to be a contradictory year."

"The delivery of new houses dropped alarmingly, but there was encouraging progress in a number of respects. The first steps in land reform have improved security of tenure for many people and the abolition of the Group Areas Act opens the door for vastly accelerated development of inner city land,"

He said the Independent Development Trust initiative in subsidising 100 000 serviced sites for the poorest of the poor had drawn criticism from many quarters, but it was a bold step which in some areas was already stimulating the construction of small houses.

Housing policy after years of neglect has been put under the spotlight, both by the De Loor task group and, for the first time since apartheid has been officially declared dead, two World Bank Missions.

The conference comes at the time when the Urban Foundation has estimated that the housing shortage in South Africa, including the homelands, was 1,2 million units.

According to the South African Institute of Race Relation's latest survey estimates of the number of informal settlers in 1991 varied from 3,5 million to 7 million.

In 1991 approximately 59 percent of the population of South Africa, including the homelands was urbanised - indicating the serious demand for homes.

Low-income homes boost

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Sowetan Reporter

THE Government is budgeting to boost its spending on low-income housing by 50 percent in the current fiscal year, according to an analysis by building economists Medium-Term Forecasting Associates of Stellenbosch.

Mr Johan Snyman, a director, said initial reports had indicated that budgeted expenditure on housing would almost double.

Closer inspection revealed that this comparison was invalid because it included the "off-Budget" spending on housing by the Development Bank, the SA Housing Trust and Independent Development Trust in the 1992-93 estimates - while spending by those agencies was excluded last year.

Housing would receive 49 percent of the total amount derived from the sale of strategic oil stockpiles - almost R800 million going to housing and general infrastructure compared with R149 million a year ago.

In addition, the first portion of R500 million that formed part of the State President's R1 billion housing fund had been earmarked for low-income housing and related infrastructure.

This spending, said Mr Snyman, was also to be financed from sales of strategic stockpiles and was in addition to the R800 million.

Altogether, R1 600 million was now available to help eradicate the backlogs in housing, education and health care and about half (R791 million) was available for housing and infrastructure.

"Judging by experience, long delays in the implementation of housing are to be expected and it is unlikely that the total amount of close on R4 billion that is currently available for low-income housing will actually be spent in the 1992-93 fiscal year," said Mr Snyman.

"Indeed the housing delivery process has not yet been streamlined and is cause for concern."

He said Finance Minister Barend du Plessis in his Budget speech had pointed out that an aspect receiving urgent attention was the simplification of procedures to speed up orderly township development.

R1,5m for urban study

A DONATION of R1,5 million has been made to UCT by BP for research in urban areas.

Professor David Dewar, director of the UCT School of Architecture and Planning and the BP Chair in Urban and Regional Planning, said part of the urban problem was a lack of housing.

(339)CT 24/4/92

It was increasingly being realised that the national housing policy was in a state of chaos, he said.

"Management systems have broken down. The costs to the people of the city are reaching breaking point."

Prof Dewar said the unprecedented growth of cities needed urgent attention.

No 'pie in the sky'

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PUTTING ground under people's feet rather than a roof over their heads is the Independent Development Trust (IDT) approach to housing.

Although housing is only one of the aspects of the IDT's work, for many it is the most crucial.

The trust's capital subsidy scheme has attracted fierce criticism as well as accolades.

ANC housing spokesperson in the Western Cape, Mr Basil Davidson, says the trust is "not independent, trustworthy or developmental".

Members of the Urban Network group of service organisations say the IDT is aggravating rather than solving the problems of urbanisation.

Officials in the CPA and municipalities are outraged that they did not receive IDT funds.

In response, IDT housing director Mr Ben van der Ross says he is not interested in "pie in the sky" talk.

A former lawyer, estate agent and Urban Foundation employee, Van der Ross says: "In this job we look at whether a scheme is practically achievable and do our sums.

"We are not solving the entire housing crisis nor are we into debating 'isms'."

Essentially the capital subsidy scheme is a one-off subsidy which allows a form of home-ownership for about two percent of South Africa's poorest people by providing the funds for site and service and upgrade.

The underlying argument for this approach, first mooted by the Urban Foundation, is that people are given a stake in society through a foothold in the market and the chance to consolidate this through upgrading.

The scheme is available to heads of households earning less than R1 000 a month, who are over 21 and have dependents. They must be first-time homeowners and have no other form of subsidy.

Van der Ross says there is an inbuilt incentive to lower costs by increasing density and reducing the level of services.

Community involvement is regarded as crucial.

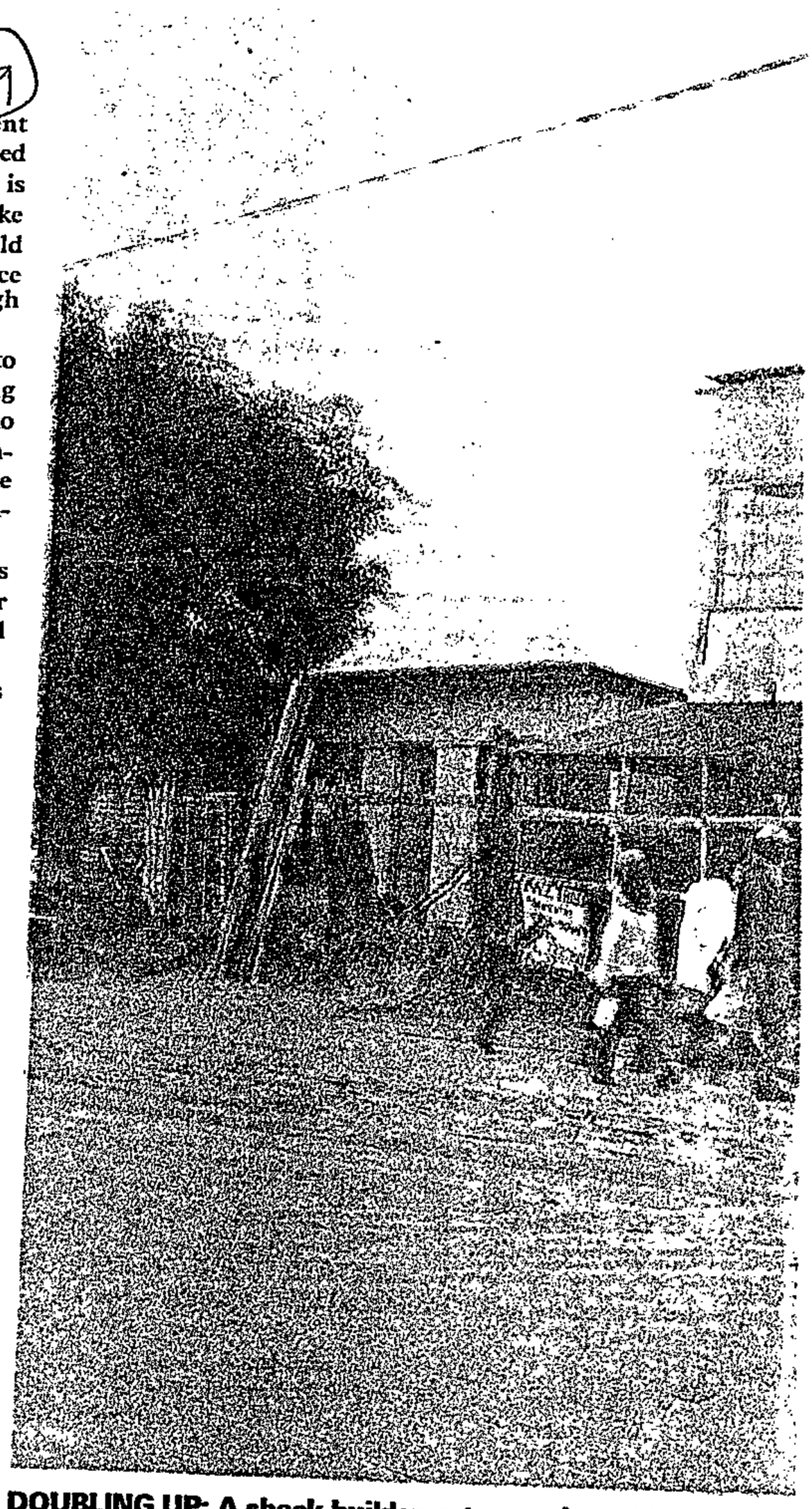
Out of more than 400 applications received last year, just over 100 were approved.

In Cape Town, the IDT has allocated more than R30-million to a development by a consortium of developers and Wecusa in Khayelitsha. It has also allocated funds to developments in Ocean View and Browns Farm in Philippi.

According to Van der Ross, the major criteria was the level of community involvement and whether applicants appeared able to follow through on a project.

He argues that the existence of the IDT demonstrates the need for the state to use autonomous agencies for house delivery.

"We might be a drop in the ocean but for those families we assist, the IDT is a beacon of hope," says Van der Ross.



DOUBLING UP: A shack builder gets creative with this doubl



home

Photos: Yunus Mohamed

What house should Jack build?

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FUTURE URBAN policy is under discussion in several extra-parliamentary groupings. Much of the research and strategising is taking place in non-governmental organisations concerned with land and housing which have formed the Urban Network to pool ideas and information.

In Cape Town, the network includes the Foundation for Contemporary Research, the Surplus Peoples Project (SPP) and the Development Action Group (Dag)

Their thinking differs sharply from the site-and-service approach being implemented.

They argue for a variety of options, inner-city housing, development which mixes different income groups and residential, business and light industrial use of land and an overall densification of the city.

SPP spokesperson Ms Josette Cole says: "Site and service came to be viewed almost by default as the only solution. It is rejected by communities and we need to think through other options."

She says a cross-sectoral approach which takes into account regional and national economic questions is needed.

Dag spokesman Mr Alistair Rendell says past mistakes must not be repeated.

"We don't need an endless housing estate but a variety of projects which provide people with choices."

While Dag looks to the state for a policy framework as well as financial assistance, the group says total centralisation should be avoided.

Interestingly, the Urban Foundation, which pioneered site-and-service schemes and private sector involvement, also argues that the state must ultimately assume responsibility for housing.

Rendell says informal settlement should be a "very small component" of housing strategy and should not be used as a means of urban infill.

"Placing squatters next to formal housing is a recipe for conflict which is not conducive to greater stability," he said.

He acknowledges that peripheral and decentralised development like Khayelitsha and Atlantis cannot be wished away.

"We see a two-way process. Housing in the city; business and industry encouraged to expand to the outskirts."

Crucial to inner-city development are tracts of state land. In Cape Town alone there are more than 1 200 hectares of state land. Dag also has its eye on unused or underutilised private land in the inner city.

But is there money for housing?

Several financial experts say finance for formal housing is available. Economists from the University of the Western Cape have argued that reshuffling the current budget could provide an extra R1-billion for housing.

Mr Bob Tucker of the Perm says blacks invest more than R40-billion in "white banks" — money which could be placed in a black development bank to finance housing.

Mr Ronnie Bethlehem of the Old Mutual has argued that South Africa could build a million houses by 1994.

Crucially the state would have to provide a framework for private sector investment to persuade investors whose money is presently on the stock exchange to spend on housing.

One suggestion by a local consultant is the formation of a utility company to select potential bondholders from low-income communities. These people would act as managers and rent collectors in small schemes until the bonds were paid.

A member of the Co-operative Housing Association of Ontario in Canada says aspects of co-operatives could be adapted here.

Cole says further research is essential and development should not be hurried until thorough investigation takes place.

"Urbanisation has always been a crisis and always complex.

"This particular phase where we are looking for solutions has the potential for even greater conflict than in the past.

"Where previously one could speak of 'the community', now different interest groups are emerging. We need to be sensitive to the dynamics. Who has access to inner-city development? If it is only the formal working class, another major divide will be created.

"There is the gender question. Although women are a higher percentage of the population, they do not have a say in decisions and are excluded from the allocation process.

"Access to housing and land has become a tool in communities for individual gain."

The ANC is expected to come out soon with a draft housing policy document.

ANC spokesman Mr Basil Davidson says the real issue is the authorities' negative attitude towards urbanisation — a point made in the eighties by the Urban Foundation.

Property tax 'should go up'

B/Day 27/4/92

LINDA ENSOR

CAPE TOWN — Property taxes in SA could increase by 50% and still remain within international norms, University of Western Cape economics professor and ANC fiscal policy adviser Lieb Loots said at the weekend.

Loots, speaking at the annual Rode conference, said a tax on immoveable property was inevitable and necessary to provide revenues for local authorities which would be required to play a greater developmental role in a new SA.

They would have to take responsibility for far more than the infrastructural and municipal services they provided.

Many functions which were the responsibility of central government would be decentralised to local authorities.

Loots said an insignificant proportion of overall general government revenue was obtained from property taxes although they made a significant contribution (about 15%) to the revenues of local authorities. In most developing countries the property tax share of municipal revenues was less than 20%.

"In rough terms, international comparison suggests that property tax in SA can probably increase by about 50% of its present level (that is another 0,7% of GDP to reach 2% of GDP) in order to move closer to a more balanced overall tax structure."

Loots said property taxes were revenue efficient and cost effective.

He believed a wealth tax would be neither feasible nor desirable, and while there would be pressure for a capital gains tax this would have to be approached with caution.

Our Cape Town correspondent reports that Loots said another reason for introducing property tax would be to avoid distortion in investment decisions.

He said it should be indexed and updated annually on the basis of a formula instead of a rating revaluation every 10 years.

PROPERTY

Homeless people plan to take action

Sowetan 27/4/92

REPRESENTATIVES from 700 homeless black communities are to launch a national campaign to help alleviate the plight of millions of destitute people.

By JOSHUA RABOROKO

The Operation Masakhane for the Homeless (Omhle) under the chairmanship of Mr Dan Moshugi has called a special conference to be held at the Catholic Renewal Centre in Kensington, Johannesburg, from Wednesday to Friday.

Moshugi said: "We have visited homeless communities in all provinces and are appalled by the situation.

"With winter approaching, it seems certain that many will die from exposure in their cardboard and plastic shanties.

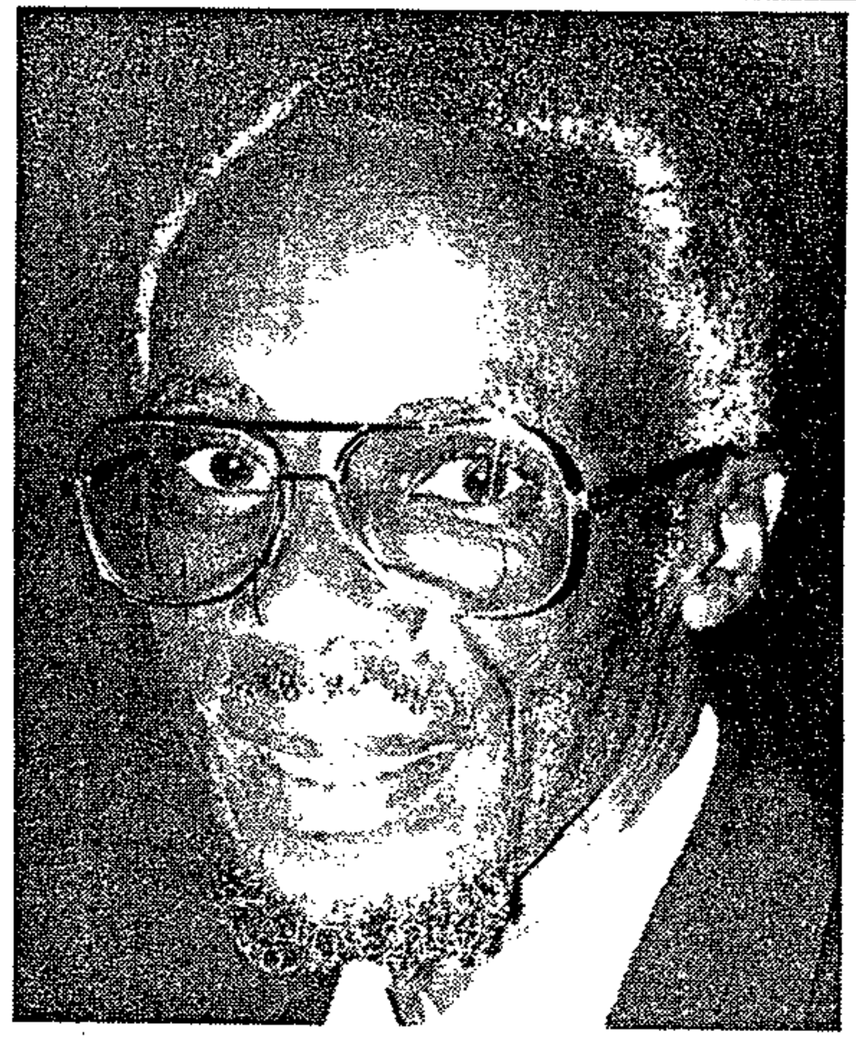
"All South Africans should work together to help the homeless people to help themselves."

He added that the homeless people would build their own homes to replace the shacks, "but we need serviced sites, training and building material depots where we can get good quality materials at affordable prices."

Matters such as the security of homeless people, medical and educational facilities, employment and economic upliftment, and many others will also be discussed.

Another positive development was that international financial aid might be available to finance material depots where the people live because they do not have transport to buy their materials from distant outlets.

"This offers new hope to the homeless, but what is needed now is a national conference to co-ordinate our efforts and to get positive input and participation from all sectors of the housing fraternity in South Africa," Moshugi said.



DAN MOSHUGI

Consult the homeless, conference told

SA's homeless — estimated at up to 10-million — were systematically excluded from decision-making on issues directly affecting them, Operation Masekhane for the Homeless (Omhle) chairman Dan Moshugi said in Johannesburg yesterday.

Opening the first conference on the homeless, Moshugi said the major problems facing SA's homeless were poverty, inhuman living conditions and exclusion from consultation and decision-making in housing matters.

He pointed out that the De Loor Commission on Housing, which recently delivered a report to government, had not bothered to talk to

Business Day 30/4/92

ANDREW KRUMM

Omhle, a grassroots organisation which claims to represent 600 000 people in 800 homeless communities.

"This insensitivity does not only apply to government — other institutions are equally to blame."

Moshugi said site and service housing projects undertaken by independent developers without consultation were often "a recipe for instant slums".

He said if organisations like the Independent Development Trust and others combined efforts with Omhle, the result would be more and cheaper housing.

"Our people are willing to help themselves, but need proper building skills and affordable, good quality materials."

Moshugi proposed the initiation of building material depots and linked self-help training programmes in homeless communities to stimulate the housing market and provide employment.

"Initial funding to get community depots started would cost a fraction of site and service developments, and training programmes supported by the Department of Manpower could stimulate employment and building development."

Housing spending forecast 'incorrect'

ANDREW KRUMM

REPORTS that budgeted expenditure on low-income housing will nearly double this fiscal year are incorrect, says Stellenbosch-based Medium-term Forecasting Associates (MFA).

Director Johan Snyman said reports comparing 1991/92 to current fiscal expenditure were invalid as they included proposed "off-budget" items such as spending by the Development Bank, SA Housing Trust and the Independent Development Trust, but excluded similiar items in the 1991/92 estimates.

An MFA analysis put the figure at a 47% increase in nominal terms (32% in real terms).

Snyman said a total of R3 747m was available for low-income housing in 1992/93 compared to the R2 558m from all sources in 1991/92.

The major component of the rise was the allocation of R500m and R294m to housing from the State President's R1bn fund and the sale of strategic oil reserves respectively.

Snyman said it was unlikely the full R3 747m would be spent.

"Judging from experience, long delays in the implementation of housing are to be expected."

He attributed this to government's failure to "streamline the housing delivery process".

Snyman said although Finance Minister Barend du Plessis had referred to speeding up township development in the Budget speech, "it is regrettable the Minister never referred to the De Loor Commission report on housing policy".

The report has not been made public.

The challenge that binds the nation

BDay 30/4/92 . 339

At a time of widespread violence and hostility, SA's leaders could find a unifying cause in the battle against poverty and homelessness. Independent Development Trust chairman JAN STEYN sets out the task.

IT IS perhaps a bitter irony that, at the precise stage in our country's history when we have most need for an expansion of human opportunity, there are so many factors impeding the exercise of our capacity for development.

SA is going through a difficult transition to democracy. Democracy is indeed a necessary condition for progress. However, it is clearly not a sufficient condition. What about the socioeconomic milieu in which this fragile democracy will have to be launched and take root?

Last year our rate of absorption of new labour dropped to well under 10%, at least in the formal sector. The recession, which deepened in the latter part of 1991, has caused an unprecedented surge in urbanisation. The drought will add to the push towards urban areas. There may be well over 7-million people living in informal accommodation in and around our cities.

In urbanising SA, there is not only competition for jobs but also for living space, and there is great pressure on all urban facilities. The result is a climate in which violence flourishes.

The economy, while sluggish, is not without promise. The favourable export performance is one indication of strength. The so-called informal sector seems to be expanding, even though earnings per entrepreneur have dropped. We have some 25% spare capacity in manufacturing. Although the flow of capital from abroad is constrained, raising funds through bond issues and commercial loans abroad is becoming more and more real and necessary.

We need to unlock this potential as far as our internal industrial plant and markets are concerned. This is where housing provision and the construction industry in general have such an important role to play.

Proposals have been made for using housing delivery as a "kickstart" to inject vitality and a higher growth potential into our economy. I am fully aware of the criticism of these proposals. I accept that attempts to use specific growth stimulus like housing and electrification cannot be at the expense of other established sectors of wealth creation, like our basic industries, our export earnings, our diversified corporate enterprises with their immense capacity to invest. Obviously we should not look for "quick fixes" from single elements in a complex economic mix.

Nevertheless, site provision and housing delivery are some among other important bases of renewed economic activity. There are multipliers of up to a factor of two or even three associated with the development of accommodation. Like our other growth potentials, this strategy cannot be ignored.

We must also consider that we have the instruments for such development in place. The capital subsidy scheme for first-time site owners, administered by the IDT, has already started to produce substantial numbers of new property owners:

- ☐ Work has started on a total of 45 000 sites (greenfields 25 000, in situ upgrade 20 000);
- ☐ More than 3 000 sites had been transferred by April 1. This will build up to 20 000 by the third quarter this year;
- ☐ By the end of May, construction will be completed on the following projects: Zwelihle-Hermanus 460 stands; Thabong-Welkom 1 898 stands; Manyatseng-Ladybrand 234 stands; Zizamele-Butterworth 568 stands; Moleleki-Katlehong (E Rand) 1 500 stands; and
- ☐ The present rate of transfer is 650 a week. We are paying out a total of R5m a week in implementation.

The cost of implementation has been at 1,5% of the amount administered, and the project is managed by a total of five IDT staff members.

Now that the most recent Budget has continued to allocate special funds for low-cost housing, R500m having been provided for housing and related infrastructure, we in the IDT could well be positioned to maintain and increase the impact of this exciting initiative. Indeed, it is imperative that we should be empowered to do so.

We do hope, however, that once the De Loor working group's recommendations have been translated into an acceptable national housing policy and a single housing department is established, a wider range of subsidies will be available to ensure a more balanced and rounded financial framework.

We believe the IDT is poised to make its role in socioeconomic development more effective and more attuned to the complex pattern of needs and requirements. We are determined to work with influential political, economic stakeholders and relevant negotiation initiatives in achieving a policy which will be jointly "owned" and broadly supported within the political communities.

Clearly, however, the sociopolitical environment is presently not conducive to this kind of broadly based development thrust. The rent and service boycotts, which wax and wane, do not inspire investor confidence; nor do the politically inspired, unsatisfactory levels of bond repayments in some areas. Political constraints on the repossession of houses even after elaborate procedures to correct arrears, constitute a further problem. Crime, consisting of vandalism on construction sites and payroll robberies, adds to the constraints.

The quality of leadership in our politics has time and again salvaged the political negotiation process. This same quality of leadership should also actively pursue the facilitation of the socioeconomic development processes so necessary to accompany the political changes being negotiated. This does not stop at public statements; it requires active encouragement on the ground for constructive involvement in development initiatives.

All societies aside from competitive politics and unavoidable conflicts of interest need some kind of underlying collective commitment to a common cause. Some societies are fortunate in that they have a common nationalism or a generally respected monarchy, flag, constitution or set of national symbols. We do not yet have these binding elements. However, we do have common and shared challenges, and a realisation that we have to address these challenges as a unified society.

Development has to become our binding force and the basis for the underlying cohesion that all societies need. My plea is: let us make the battle against poverty a national priority binding us together, committing ourselves to seek its ultimate eradication. It is an achievable goal.

☐ **This is an edited extract from a speech Steyn delivered yesterday on the opening of the Kaalfontein facility of Blue Circle Cement.**



HISTORY WORKSHOP
UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Monday May 4 1992

7-m living in shanties - IDT chairman

MORE than 7 million people may be living in shanties in and around South African cities, according to the Independent Development Trust.

Speaking at the opening of a multi-million rand cement plant at Kaalfontein near Kempton Park recently, IDT chairman Mr Jan Steyn said recession and drought had caused an unprecedented surge in urbanisation.

The IDT should be given access to the Government's recently announced special fund of R500 million for low-cost housing, he said.

"The IDT could be well positioned to maintain and increase the impact of this exciting initiative. Indeed it is imperative that we be allowed to do so," Steyn said.

He said the IDT's R750 million capital subsidy scheme would create more than 100 000 sites, providing homes for nearly a million people.

The IDT accumulated vast knowledge and experience in building low-cost housing during the past year and was able to limit implementation costs to as little as 1,5 percent of the project, he said. - *Sapa.*



JAN STEYN

Low-cost housing: Finance the problem

Sowetan 5/5/92

MR PIERS Kenyon has an alarming sales technique. He throws petrol bombs at the wooden shacks he sells to squatter camps.

The South African builder says it helps convince customers in violence-hit communities that his specially treated shacks are fire resistant.

But lack of finance, not fire risk, is the main barrier to the building industry's dream of creating a boom out of cheap housing for the 7 million squatters in South Africa.

"We're all dressed up with nowhere to go," said Kenyon. "Lack of end-user finance is the main constraint."

Building companies erected a model squatter village near Johannesburg last month showing a range of sturdy, do-it-yourself "kit" homes of zinc, wood or concrete and low-cost sewerage, water and solar electricity systems.

The aim is to provide healthy, safe housing for some of the poorest and most volatile settlements and end a housing backlog estimated at more than 1,2-million units.

"This market goes to billions of rands. It's limitless," said Mr Sango Mboni of Dwelling Enterprises, which makes a R5 000 zinc home that can be assembled in half an hour.

Delegations from Botswana, Zambia, Namibia and Swaziland, as well as Western diplomats, were highly impressed by the exhibit at the annual Rand Show.

"It's very exciting," said Ms Jane Gold, chief town planner of neighbouring Namibia.

"In Africa there is definitely a change in attitude towards South Africa and perhaps it's the right time to start marketing these products farther north."

Mr Bob Tucker, former managing director of Permanent Building Society of South Africa, said: "We have incredible technological capability to satisfy the needs of the people of this country and those to the north of us who are as badly deprived."

Builders argue squatters using a hodge-podge of scrap materials pay more in the long run because their homes disintegrate within weeks.

Builders' kits encourage squatters to learn formal construction skills and allow an incremental approach - insulation and frames first, then walls and ceilings.

The exhibit displays houses costing from R1 400 to R13 000, cheap solar power systems and toilets. Organisers say the show will be mounted in Kenya and Angola.

But back home, builders are struggling to penetrate the market because white-oriented lending institutions have been reluctant to lend money to the blacks on society's bottom rung.

Development agencies have started pilot projects based on hire-purchase or on stockvels.

'You can't make money in this business if people won't pay their mortgages.'

The main banks and building societies say they are studying the market, but Kenyon says it could be two years before a viable home loans system for the poor is developed.

Initially enthusiastic institutions have left the townships in the past two years because of unrest, difficulties in repossessing homes pledged as collateral and repayment boycotts by borrowers angry at shoddy building or political injustice.

Residents sometimes place a tyre on the roof of a repossessed home, signalling anyone moving in will be killed. Thieves can strip newly equipped homes in minutes.

"It's a market that has left us with very deep scars," said Mr Ken Maggs of building company Rabie Holdings.

"You can't make money in this business if people won't pay their mortgages."

Mr Hilton Katz of Schachat Homes Group said it was difficult to get finance for homes of less than R50 000.

Development Bank of Southern Africa researchers said most Johannesburg blacks earned R400 to R800 a month, too low to finance homes over R18 000.

"We put on the exhibition to show financial institutions that we have got our act together and to encourage them to start taking risks," said Kenyon.

"After all, squatter camps are part of the South African landscape. They are here to stay."

African National Congress housing expert Mr Basil Davidson said the exhibition's homes "could definitely fill a niche and they must be seriously considered".

But he had doubts about what he called industry's very sophisticated promotion of home ownership. The ANC wanted a choice of tenure, including communal ownership and rental.

Most township residents rent, but the government in recent years has started granting ownership to long-time residents.

The Urban Foundation development body says 174 000 homes must be built annually, four times the present rate, if the entire 37 million population is to have shelter by 1995.

South Africa spends only two percent of its gross domestic product on housing, less than half the five percent the World Bank says is the norm for similar developing countries. - Sapa-Reuter.

Trust creating slums, says homeless group

339

Star 6/5/92

By Zingisa Mkhuma

An organisation claiming to represent 8 million homeless people has launched a stinging attack on the Independent Development Trust (IDT), accusing the Government-funded body of promoting slum conditions.

The IDT was started in 1990 to provide site-and-service schemes for homeless people.

Dan Moshugi, president of Operation Masakhane for the Homeless (Omhle), said at a press conference in Johannesburg yesterday that the IDT was responsible for creating instant slums, despite the brick and mortar structures it was building.

Mr Moshugi said the IDT channelled large sums of money to contractors who provided poor workmanship and did not consult the homeless people.

The 36 sq m houses in Vosloorus Extention 14 were built on 150 sq m sites, and had no room for expansion, he said.

"There is no privacy between the parents and children right now. What happens when the family grows? The erven are small. Ten years down the line, the houses would be falling apart".

He said Omhle had building schemes where people built their own houses at reduced costs.

But IDT communications director Jolyon Nuttall has rejected Omhle's claims, saying that before the IDT embarked on its task of "trying to break the cycle of poverty in this country, it consulted widely, right across the political, social and economic spectrum".

The IDT invited Omhle to visit a selection of the 106 developments, with 100 000 serviced sites, to view for themselves how false their allegations were.

Mr Nuttall added that the IDT was addressing the need for advice and materials through its follow-up consolidation programmes.

Said Mr Nuttall: "In our experience, once people get a serviced site, they take it from there, with tremendous energy and resourcefulness arising from pride and ownership."

He urged Omhle to take a constructive role in resolving the housing needs of the country, rather than acting as a "gatekeeper" of the process.

Sanlam supports IDT call

BLoomy 6/5/92 LINDA ENSOR 339

CAPE TOWN — Sanlam has come out in support of the Independent Development Trust's (IDT's) call for the private sector to become active in social involvement.

IDT chairman Jan Steyn told the SA Institute of Chartered Accountants' congress this week that the private sector should become strategically involved in projects such as low-cost housing and job creation.

Sanlam GM responsible for corporate affairs Leon Koen said in a statement that Sanlam's social upliftment spending was concentrated on tertiary education.

It had also invested R27,5m with the IDT for low cost housing, R8,3m with the Urban Foundation and R33m with the Greater Soweto Electrification Project.

HOUSING CONFERENCE

Housing report will be sent to Codesa

THEO RAWANA

NATIONAL Housing Minister Leon Wessels promised yesterday that the recommendations of a major commission of inquiry into housing policy would be left to a transitional authority to consider.

Wessels told a national housing conference in Sandton yesterday the De Loor Commission had completed its task and would hand its keenly awaited report to him next week.

The Civics Association of Southern Transvaal has criticised the commission, saying it and other community organisations were not properly consulted. It has also urged government not to implement the commission's findings.

Wessels said yesterday commission chairman Joop de Loor would brief role players involved in housing.

Wessels said he considered referring the commission's proposals to a transitional body established by Codesa to be a priority "in order that all political role players may accept joint ownership for a future housing policy".

Wessels said a future housing policy called for joint planning.Deficiencies in the provision of housing were being aggravated by the high unemployment rate, sanctions and lack of access to loans.

Government assistance in the past did not adequately focus on the needs of the lowest income groups and even now a significant portion of state assistance was directed at middle and higher income groups who could afford their own housing.

The Perm CE Hugh Maclachlan said there could be no quick-fix to the housing crisis. "Yes, there are innovative schemes, and Perm has been in the forefront of developing some of them. But the resolution of the home ownership problem is a long-term one."

MacLachlan said financial institutions were there to serve people who needed and could afford finance for home ownership and were prepared to save.

"Our responsibility is to ensure that we safeguard the funds that are invested with us — funds that come from all sectors of the population, to ensure that they too can be part of the developing social contract."

Government and local authorities also could not escape their responsibility in providing low-cost housing, he said. He stressed the importance of joint decision-making and co-ordination between the authorities, private enterprise, representatives of the communities, non-governmental organisations and service organisations.

Property owners must face 'reality'

STAR 8/5/92. 339

By Meg Wilson

Existing property owners can expect little sympathy from a government seeking areas suitable for low-income urbanisation, close to employment centres.

That is the message from John Mavuso, Transvaal Provincial Adminsitration MEC, physical planning and development, who says homeowners are going to have to accept that their vested interests will be negatively influenced by the development of low-income housing areas close by.

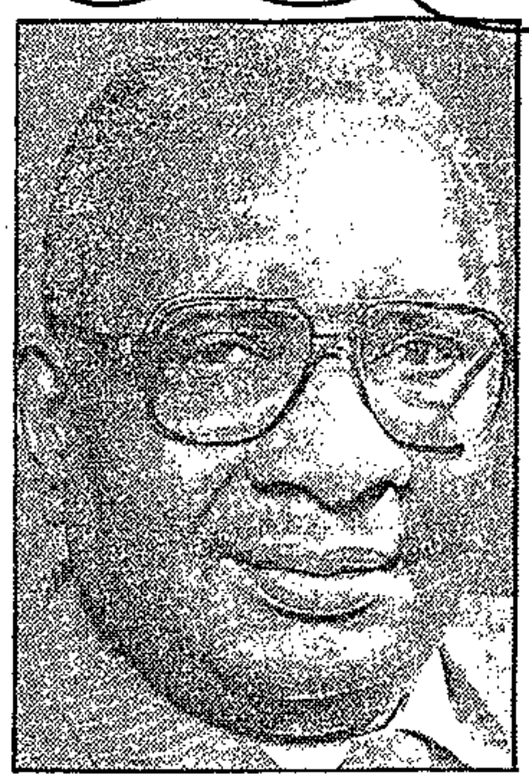
The process is necessary, he says, to rectify the imbalance in South Africa's urban structure.

He told delegates to the National Association of Homebuilders housing conference yesterday that the outcry experienced when the TPA tried to identify land for low-income development to the north of Randburg and Sandton was to be expected.

"But it is inevitable that a more balanced urban structure should be striven for, and the necessary steps then taken to bring it about, especially in those areas where no provision has been made to afford people the opportunity to acquire a home close to their place of employment.

"It will further have to be accepted that informal structures will become part of our urban structure, at least for the forseeable future."

Mr Mavuso said the ultimate



John Mavuso . . . necessary process

housing goal was obviously "a dwelling of generally acceptable standard with the necessary amenities" but that the current enormous housing backlog meant the aim had first to be to provide the necessary sites with affordable services.

"What is envisaged is an approach which provides an opportunity for the poor person or family to acquire a piece of land on which they can erect their own house with the means at their disposal and of a standard they can afford."

However, he said, it was estimated that almost 70 percent of black families had a total income of less than R1 000 a month and it was evident that the risk and profit perceptions of mortgage lenders in the low-income hosuing sector were still negative, which meant that the burden of catering for the sector still rested on the State.

As a result, the TPA had already become one of the largest township developers in the country, but the magnitude of the problem was so great that it had to seek ways and means for the private sector to become involved.

Mr Mavuso proposed three options, the first being that the TPA ask for submissions from the private sector to fulfil an identified need within a specific area for serviced sites and enter into an agreement for the delivery of a certain number of sites at an agreed maximum price.

This would mean that the identification, acquisition and development of land was left entirely to developers.

The second method which could be considered was that the Government acquire the land and then ask for proposals to develop it, within the required parameters. This would have the advantage of restricting interest and holding costs.

The third option was to make serviced sites available to builders to erect houses and sell them for their own benefit, with costs owing to the Government to be repaid only after such sales were made.

This method would enable the builder to deliver a product at lower than usual cost, as large capital outlays and holding costs would be eliminated.

De Loor report out next week

STAR 8/5/92 339

By Frank Jeans

The long-awaited De Loor report on housing will be handed to Minister of Housing Leon Wessels next Wednesday and its recommendations will be put before a press conference.

This was announced by Mr Wessels when he addressed the NAHB conference yesterday.

"The De Loor report will make an important contribution to the current housing debate," he told delegates.

"In tandem with this initiative, I will also engage in talks with all interested groups in an effort to negotiate an agreement."

Mr Wessels said it was unacceptable today that there were political role-players present who could not take up their place in Parliament to debate housing in each other's presence.

Last occasion

"I hope this will be the last occasion where it is necessary for us to bring together politicians to speak on housing outside the debating chambers of Parliament."

Calling for an end to all sanctions, Mr Wessels said South Africa needed investment now and that in the event of the political process not moving fast enough to find solutions for a transitional constitution at Codesa, leaders in the housing field would have to look at other ways to find suitable solutions for the housing problem.

"South Africa can no longer tolerate the poverty of our people and the serious housing shortage in our communities," he said.

ANC 'would channel funds from military'

THEO RAWANA

AN ANC housing policy would seek to provide housing for all by diverting military expenditure towards this end, national executive committee member Thozamile Botha said yesterday.

SACP spokesman Essop Pahad said land for housing should be taken from the biggest land owners — the military and the mining houses.

ANC president Nelson Mandela, in a paper read on his behalf by constitutional head Zola Skweyiya, told the Sandton housing conference if 25% of GDP was used for housing, this would meet SA's needs.

The conference, with the theme "nation building through home ownership" was hosted by the National Association of Home Builders, and had as its vision the building of 1-million homes and provision of 2-million affordable sites by the year 2000.

Botha said the ANC envisaged a "cohesive housing policy which makes housing an instrument of socio-cultural and class integration".

He said: "This can be achieved by replacing all racially based housing institutions with non-racial, legitimate and accountable housing institutions."

All those committed to alleviating the SA housing crisis should evolve a "consensus position around (an) implementable and sustainable housing policy", Botha said.

SACP secretary-general Chris Hani said there was a need for a more concerted effort to assist and develop the building industry.

"It is the duty of the state to house its less privileged people, but we are aware that the private sector can play an extremely positive role in assisting with the process. We would also encourage the financial institutions to make appreciably more finance available for housing," said Hani.

State duty to supply homes

Sowetan 8/5/92 (339)

THE Government and local authorities cannot escape the responsibility of providing low-cost housing for the increasing urban population, Perm chief executive Mr Hugh Maclachlan said yesterday.

Speaking at a conference on housing in Sandton, Maclachlan called on all involved in developing national housing strategies to recognise the importance of the issue.

"They need to understand that there is a direct link between the socio-economic and political dispensation which is being thrashed out in the corridors of various negotiating forums on housing. The one impacts on the other."

Schemes for low income housing was not the domain of the banks alone. The provision of a paltry R1,56 billion by the Government for housing in the 1991/92 financial year was nothing short of a travesty.

"Nation building and a new social contract cannot develop if people find themselves being forced to live in shelters that cannot become homes.

"If South Africa is to become the leader, which should be its destiny, in Africa, as a harmonious, progressive country in which social and economic opportunity thrives, then the State, local authorities, private sector and community organisations all have the task of providing the infrastructure that can lead to home ownership."

Home ownership was the surest way for people to accumulate wealth and play their part in bolstering the economy. It was a matter of extreme concern that budgeted expenditure on housing for the 1991/92 financial year was "a miserable 1,8 percent of the Budget".

Turning to local authorities, Maclachlan said the renovation of highrise and other buildings which were allowed to decay during the infamous years of the Group Areas Act, was urgent.

"Local authorities should not be tempted to hide behind the fact that financial institutions are loathe to lend in some of these areas or that it is simply not their concern. It is their concern; the residents of these areas are their ratepayers."

- *Sapa*



Business Day's youngest Blue Chip Challenge winner, Kelly Orme, 6, of Pinetown, scooped the pool on Friday to receive R1 800.

Hall urges business to bring peace

B/Day 11/5/92

ANDREW KRUMM

NATIONAL peace accord chairman John Hall said at the weekend business was uniquely suited to halt SA's slide into anarchy and violence.

Speaking at the final day of the National Association of Homebuilders conference in Sandton, Hall said SA was made up of thousands of mini-economies, many unaware they were "on the endangered species list.... Some communities are sinking into anarchy and violence and taking their business communities with them."

Although nurturing the peace accord was everyone's responsibility, the business community possessed the ability to play a major role as facilitator and mediator. He urged individual businesses, as "honest brokers of peace and stability" to become heavily involved through organisations.

"When violence becomes endemic, the downward spiral is hard to reverse — ask Marlborough businessmen," said Hall. He said economic growth could be achieved only through collaborative effort to restore peace.

Housing forum may still see De Loor report

B/Day 11/5/92

ANDREW KRUMM

GOVERNMENT's closely guarded De Loor commission report on housing policy might be made available to the National Housing Forum, its working committee chairman Khehla Shubane told a National Association of Homebuilders' conference in Sandton on Friday.

He said Minister Leon Wessels had indicated he would like to make the report available after local government finished processing it.

The forum was formed by the Independent Development Trust and Development Bank last year to provide housing solutions, and includes trade union, business, political and development organisations.

Government withdrew from the forum in January, saying it was an attempt at "interim rule by stealth". Shubane said this sprang from unease over an agreement that decisions be binding on all parties.

HOUSE OF DELEGATES

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Transfer of homes to Blacks free of charge: policy

*1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Local Government and National Housing:

(1) Whether the Government has decided on a policy to transfer certain homes to Blacks free of charge; if not, why not; if so, what are the details in this regard;

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

D140E

The DEPUTY MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

(1) No; it is assumed that the hon member is referring to the homes which form part of the stock of State-financed family rental homes. In this regard I would like to mention that the National Housing Policy and Strategy Task Group investigated this aspect fully with a view to the formulation of proposals for a national housing policy and strategy. The Task Group's proposals with regard to State-financed rental units will be handled as part of the formulation of a new housing policy and strategy.

(2) The Minister intends to further elucidate the handling of the report of the Task Group during the debate on Budget Vote No 29, later today.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Deputy Minister's reply, I am going to ask an awkward question. Is the hon the Deputy Minister aware that the hon the Minister has written to me on this particular issue, which has been taken far further than the hon the Deputy Minister is aware?

The DEPUTY MINISTER: Mr Chairman, I was not aware of that fact, but if the hon the Leader of the Official Opposition has a problem regarding my answer, he should feel free to submit his question in writing. We will then answer it.

Dog-fights/attacks on people by dogs: investigation

*2. Mr M RAJAB asked the Minister of Justice:

(1) Whether his Department is investigating (a) dog-fights and (b) attacks on people by dogs; if not, why not; if so, (i) what progress has been made, and (ii) what proposals is his Department considering, in this regard;

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

D143E

The DEPUTY MINISTER OF JUSTICE:

(1) (a) and (b) Yes.

(i)and (ii) In the past on several occasions I have made mention of the fact that I have requested the Department of Justice to investigate into the whole matter pertaining to the occurrence of dog-fights and attacks by dogs on people. The first phase of the investigation has been completed and I may now announced that the Government has decided that—

* a Bill, in which dog-fights as well as attacks on people by dogs will be addressed, is to be published for comment shortly; and

* a project is to be launched in terms of which the dog ordinances and regulations of the Provinces and municipalities will be consolidated in a general dog statute, concomitant with the involvement of the various dog breeders associations, animal protection associations, interested state departments and other interested organizations and institutions in deliberations on and preparation of such a dog statute.

The Bill referred to by me is in a final stage of preparation and further particulars will be announced shortly.

(2) A statement is not necessary.

Phase 6 Export Scheme: abuses

*3. Mr M RAJAB asked the Minister of Trade and Industry:

(1) Whether any abuses of the Phase 6 Export Scheme have been brought to his notice or that of his Department; if so, what are the relevant details;

(2) whether his Department has taken any steps to investigate these abuses; if not, why not; if so, what steps;

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

D144E

The DEPUTY MINISTER OF TRADE AND INDUSTRY:

(1) Yes, certain abuses have been identified by the Department of Trade and Industry and brought to my notice. These relate, inter alia, to rebates of excise duty granted to motor vehicle manufacturers by Customs and Excise in terms of the provisions of the Customs and Excise Act, 1964, in respect of the export of unassembled motor vehicles by Beira Motor Industries (Pty) Ltd and bolts and nuts by CET Trading (SA) (Pty) Ltd (CET) and certain other export trading houses. In all instances the export values were overstated and the export proceeds were not repatriated. In the case of bolts and nuts the export trading houses concerned ceded the overstated export value instead of the net foreign currency earnings to certain motor vehicle manufacturers.

The Department of Trade and Industry was only responsible for the payment of excess rebates to motor vehicle manufacturers on advice by Customs and Excise. Certain parties in the private sector were responsible for abusing the incentives in terms of Phase VI of the Local Content Programme for the Motor Vehicle Industry.

(2) Yes, the following steps were taken:

(a) A Co-ordinating Task Group, consisting of representatives of the Department of Trade and Industry, Customs and Excise and the S.A. Reserve Bank was formed to investigate the abuses;

(b) Payment of the excess rebates in respect of which doubt existed was summarily suspended by the Department of Trade and Industry;

(c) The matter was referred to the State Attorney and a legal opinion was obtained from senior counsel;

(d) The Auditor-General and the Directors-General of Finance and of State Expenditure were fully informed in respect of the state of affairs;

(e) Following the suspension of payments, Beira Industries (Pty) Ltd instituted legal action against the State. The case was opposed by the State and a legal team gathered evidence in Hong Kong to which the motor vehicles were allegedly exported. The case was dismissed with costs by the Supreme Court on 22 April 1992;

(f) After CET was placed under provisional liquidation, additional liquidators were appointed at the insistence of the Department of Trade and Industry and Customs and Excise to attend to the interests of the State;

(g) Chartered Accountants were appointed as inspectors in terms of the Companies Act, 1973 to investigate, inter alia, the affairs of CET and its associated companies;

(h) The Commercial Branch of the S.A. Police and the Office for Serious Economic Offences were also included in the investigations;

(i) A legal team is presently abroad to gather evidence with a view to possible legal action against guilty parties.

(3) No, since the investigations have not yet been finalized, no further details can be supplied or a statement be made at this stage.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising from the hon the Deputy Minister's reply, was it ever divulged during the course of these investigations that officials of the customs and excise department, also of neighbouring countries, might possibly have aided such persons in undertaking such

Cont—P

Investment in housing will bring jobs and aid growth

BIDay 14/5/92

BILLY PADDOCK in Cape Town 339

SOUTH Africa could satisfy two pressing needs if government and the private sector changed their views on housing and investment, and acted swiftly.

This would alleviate the desperate housing shortage and the blossoming of squatter camps caused by rapid urbanisation; and it would also give a substantial injection to economic growth.

This is one of the main findings of the De Loor task group's investigation into housing whose report was published yesterday.

Government's White Paper on Land Reform earlier acknowledged that widespread and increased urbanisation was inevitable. The task group report states that about 198 000 housing units a year have to be built in the next 10 years to deal with this.

Under the chairmanship of former auditor-general Joop de Loor, the task group of experts says it is generally accepted that a properly functioning housing sector would contribute substantially to alleviating some of SA's economic problems.

"Housing can play an important role in generating income and employment opportunities, and it can encourage people to save. Furthermore, investment in housing need not be inflationary."

Thus far the housing sector has not functioned optimally and, especially in the low-income segment, housing has often not been regarded as an economic commodity. This perception has led to a negative impact on the entire housing market and on the savings and consumption patterns of individuals, the report argues.

State expenditure and commitment to housing is also very low, which helps perpetuate this perception. Budget appropriations for housing and housing-related matters in 1990/91 totalled a mere R1,6bn or 2,1% of expenditure. In spite of rapid population growth and a high urbanisation rate the contribution of housing to the economy had remained almost constant during the '80s.

Over the entire period, investment in housing as a percentage of GDP was far lower than in other countries at the same stage of development — running at below 3% and some years as low as 2,6%, according to the World Bank — indicating there was ample scope for increased investment in this sector.

"It is consequently essential that investment, especially in low-income housing, should be substantially increased and that total investment should be normalised around 5% of GDP," the task group says. There is also a need to increase its portion of the Budget, and to make more productive use of the existing budgetary amounts.

It opposes classical development theory which assumes that industrial development leads to urbanisation, and that the market would provide for additional housing requirements.

The report says all serious students of housing accept that sustainable provision of acceptable housing creates large measures of social stability, while at the same time providing important income and employment opportunities.

"As stated by the World Bank, it is generally agreed that for the economy and for cities to function well the housing sector must function well."

Apart from the direct effect on income and job creation, construction has strong indirect effects through backward and forward linkages.

Backwards, it is linked to building material industries, to products such as stone, cement, bricks, glass, steel and processed wood. The forward linkages are less obvious, but homeowners are strongly motivated to purchase furniture, equipment and other fixtures which may have a strong effect on many industries.

The World Bank had estimated that the income multiplier for housing construction is about two. In Korea, about 14 additional jobs were created for every $10 000 invested. Similar figures prevailed in Pakistan, India and Mexico, the report states.



□ DE LOOR

There are other, less tangible, employment benefits. Investment in housing is particularly well suited to absorbing labour resources.

Newly arrived migrants often work in construction, where a large majority of workers are unskilled, and they use this as a launching pad to other opportunities in the cities.

The task group found that the labour-absorptive capacity of SA's economy had assumed daunting proportions.

In the period 1965 to 1970, the capacity was 73,6%, from 1970 to 1975 it dropped to 62,7% and thereafter it dropped drastically to 12,5% in the period 1985 to 1989.

The construction of low-income housing on a stage-by-stage basis allows labour to be used incrementally. Countries adopting a wide range of self-help, mutual-help and hired-labour methods had benefited from the flexibility enabling houses to be built at nights and over weekends.

Another advantage of investing in low-income housing is that most of the industries it is linked to require minimal imports during the first phase and this provides potential for contibuting to development and growth that would otherwise not be possible, it states.

De Loor argues that every R1 invested in the housing sector through deficit financing would lead to an increase of about R2,70 in the GDP, whereas the increase would be 28c if it was done through increased taxation.

Using the work of the World Bank reconnaissance mission, the task group says there is a reasonably well-functioning housing market in the higher income brackets in the white segment, but not in the lower income segments. This has led to persistent housing shortages, poor quality housing, overcrowding, high home prices, a general unwillingness to spend or invest in housing, and undercutting of the revenue-generating potential of residential property in those areas.

The commission concludes that, for housing to make this substantial contribution, a change in the composition of government expenditure in favour of housing is required. This would lead to a redistribution of income and changes in demand patterns which bode well for economic growth and job creation.

To succeed in this venture, the housing sector should be integrated into the market economy and a more balanced approach adopted.

"However, housing expenditures alone could not lead to permanent long-term growth. Attention should also be given to programmes such as the promotion of small business development and the provision of education and training," the report states.

Deregulation, commercialisation and the employment of sound policies which strengthen market forces and provide access to opportunities are all strategies needing strong promotion and high priority.

In spite of the sound proposals contained in the report and the laudatory comments from politicians across the board on the report, government has not accepted it and has said it will not result in a White Paper or direct implementation.

Local Government and Housing Minister Leon Wessels yesterday said that, because the report was not a result of widespread consultation with extra-parliamentary political groups and the "main players", it will be used as input for discussion, possibly going to Codesa. It will be buried along with the other 33 inquiries into housing since 1970.

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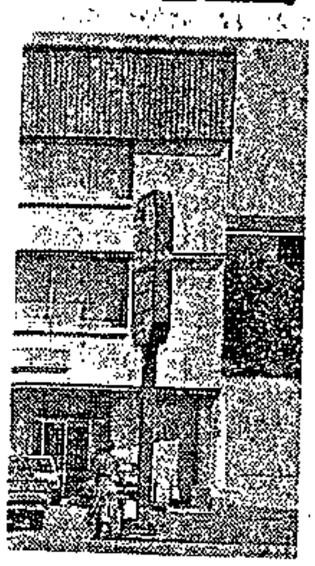

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New subsidy plan mooted to tackle homes shortage

339 B10dy 14/5/92

BILLY PADDOCK

CAPE TOWN — The De Loor task group investigation into eradicating SA's housing backlog has recommended a single housing department and single financial institution to administer policy.

The group, under the chairmanship of former auditor-general Joop de Loor, also recommended that government play only a facilitating and enabling role in housing, leaving the bulk of development to the private sector and communities.

The task group proposes that to implement the proposals and provide housing at the rate of 198 000 units a year to cope with backlogs and growing urbanisation, government will have to introduce a single subsidy scheme.

It also proposes that government increase expenditure from R1,6bn in 1990/91 to R3,5bn within three years and maintain that level in monetary terms for 10 years.

"Furthermore, it is important to find additional sources of income by means of loan capital (domestic and foreign), providing guarantees by governemnt to support and guide private sector financial involvement in low-income housing," the report said.

A financial policy should aim to increase the housing sector's 3% share of GDP to 5%.

Poor

The recommended subsidy scheme envisages a system graduated according to income and starting with the provision of access to sites with basic services and progressing to more sophisticated alternatives with beneficiaries getting once-off capital subsidies and contributing from their own resources.

It has proposed that the scheme, with a fiscal implication of R1,8bn a year, be administered in four categories:

- In category 1 it is suggested the scheme provide newcomers to urban areas and the very poor with site and services on a non-ownership basis but with security of tenure. Beneficiaries will be required to make monthly contributions to costs of services; and
- The remaining three categories would be aimed at promoting home ownership among households with incomes of up to R3 000 a month. Participants will be required to contribute cash deposits of 10%-20% of their annual incomes as well as regular monthly instalments.

The report proposed category 2 beneficiaries be provided with site and services and technical assistance during building. Categories 3 and 4 beneficiaries should be given one-off grants of R7 000 and R6 000 respectively.

The National Housing Department should have overall control over the assistance scheme with funds for category 1 coming from central government and administration and provision of sites and services being undertaken by second- and third-tier authorities.

Funds for category 2 should be provided to the Housing Finance Corporation by the department while the balance should be mobilised from private sector sources.

Housing malpractice fears

Political Staff

CAPE TOWN — Wide-ranging exploitation and malpractice by some commercial housing developers among low-income people had induced certain communities to seriously challenge the role of the private sector in housing delivery, the De Loor task force said yesterday.

"Concern has been expressed about the large number of low-income families who have had no previous exposure to or experience in the formal market and are all too often exploited," it said in its report on proposals for a housing strategy.

Provision had to be made for a more effective form of consumer protection and advice without inhibiting the normal functioning of the market economy.

Malpractices identified by the Urban Foundation included falsification of income information which forced consumers into unaffordable commitments; incomplete disclosure of associated costs; brokering firms which charged a fee to secure bond finance which was not reimbursed if the application failed; excessive deposits which were not refundable on failure to complete the house; the collection of deposits by non-approved estate agents which were rarely seen again; and the sale of sites to squatters where the land was not owned by the seller.

The task force also called for an in-depth investigation into monopolies and over-concentrations in the building material supply industry.

It said government should consider relaxing import controls and lowering tariffs on building material to promote domestic competition.

In many instances, building material could be imported at much lower costs compared to the locally manufactured product if no tariff protection measures existed.

A superficial analysis of the suppliers' profit records indicated a continual improvement.

This indicated a pricing policy in terms of which prices were adjusted upward to allow a supplier to maintain profit margins even when demand for a product declined, the task force said.

Eskom to take on township supplies

339

B/Day 14/5/92

ESKOM was negotiating with more than 100 black local authorities to either assist in the provision of electricity or take over supply rights and assets, a spokesman said yesterday.

In about a quarter of the cases, "serious negotiations" were likely to produce an agreement within the next few months, Eskom negotiating manager Martin Opperman said.

Civics Association of the Southern Transvaal (Cast) general secretary Dan Mofokeng said yesterday negotiations were nearing completion on taking over electricity supplies from black local authorities in Katlehong, Tembisa and Vosloorus. He said agreements would be signed "within two months", once Cast had put the details to its supporters.

Mofokeng said Eskom had agreed to certain criteria, including involving communities, preserving non-political council workers' jobs as well as clarifying the options regarding tariffs and the technical and financial implications.

Last week the Vaal Triangle Negotiating Forum indicated that "negotiations with Eskom had reached an advanced stage".

ADRIAN HADLAND

The negotiations form part of Eskom's electrification drive, which aims at supplying up to 170 000 houses a year for the next five years.

Mofokeng said a national energy supply and electricity forum would meet in August to discuss future energy policies.

He said the Development Bank of SA had been asked to convene the conference which would include representatives from the ANC, trade unions, political and community organisations, and Eskom.

Government had so far refused to participate until groups such as provincial administrations and white local authorities were asked to join.

Of the 3-million SA homes requiring electricity, 2,3-million fall within the ambit of local authorities or homelands.

So far only Soweto has agreed to transfer its rights and assets to Eskom.

Eskom spokesman Robin Larsen said the utility was installing prepayment electricity dispensers to cut costs while allowing consumers to control and budget electricity usage.

Govt to buy 'useless' land

(13) Globe (339)

Pretoria Correspondent

STAR 14/5/92

The Government is going ahead with plans to buy land from white plot-owners outside Soweto in spite of warnings that the land might be useless for housing development.

According to a memorandum from the Department of Local Government and National Housing to the Department of State Expenditure, the Transvaal Provincial Administration is to buy out an area known as Doornkop 239 IQ, west of Soweto, after an unnamed Cabinet minister promised the white owners that the State would buy their land.

About 70 smallholdings form the area.

According to the memorandum, the Cabinet was approached to approve transfer of funds set aside for the black community from the National Housing Fund to pay for the land because "the purchase of this land is the direct result of urbanisation and it is therefore regarded as justified to use funds allocated for the black community for this transaction".

The land, which was originally valued at R50,3 million and zoned for township development, was rezoned in July last year for agricultural use by the Deputy Minister of Planning only after the TPA said the ground was dolomitic and could not be used for townships.

At the same time, the land was revalued at R26,4 million.

Housing

The report also recommended that:

☐ A housing assistance scheme, graded according to income, be introduced as soon as possible to replace all existing subsidies (excluding for farm workers);

☐ Density policy guidelines be drawn up and made available to all local authorities to use in compiling urban structure plans;

☐ A housing finance corporation be established to support a new national housing department once state housing funds were dissolved;

☐ The provision of houses, flats and rooms

☐ From Page 1

for rental be left to the private sector and to local authorities wishing to provide accommodation with their own financial resources. The Rent Control Act should be phased out as soon as possible and the Sectional Titles Act reviewed to simplify the sale, ownership and management of sectional title units; and

☐ Informal housing be accepted as part of the solution to SA's housing crisis and no formal building standards be laid down for such structures.

● See Pages 7 and 16

Blueprint for housing may be stillborn

BILLY PADDOCK

THE De Loor task group's work to draft a policy and strategy on combating SA's housing crisis is set to become the 34th housing investigation in 20 years whose proposals government will not implement.

The far-reaching 400-page report on the task group's 18-month investigation under chairman Joop de Loor said 198 000 houses a year would have to be built for the next 10 years to eliminate the housing backlog.

Government would have to increase spending on housing from R1,6bn to R3,5bn, with R1,8bn earmarked for assistance subsidies for the very poor and newcomers to urban areas.

Local Government and Housing Minister Leon Wessels said yesterday, when the report was released, that "no White Paper or legislation will flow from this report, although it is a very valuable input in the debate on housing".

He did not want to act unilaterally and wanted to discuss the report with major political players and key housing groups.

He said De Loor and his team would hold briefing sessions, and he would simultaneously embark on consultations.

One of the options is to refer the report to a preparatory council on housing, which government had suggested to Codesa "to engage in the widest possible consultation". The aim of this would be to depoliticise housing, he said.

Task group member Nthato Motlana said that at the very least interim proposals should be implemented as these were in broad agreement with what communities wanted.

De Loor also urged that red tape be cut to ensure speedy approval of township development and the allocation of land for informal housing development. Otherwise, he said, it could be up to seven years before houses were built.

The report also proposed that rent control be phased out or scrapped to make rentals market-related.

Our political staff reports that the task force called for a single department of national housing.

☐ To Page 2

Foundation stone for new SA on solid ground

STAR 14/5/92 339

The De Loor report on housing in South Africa was released in Parliament yesterday. Here are some of the findings and recommendations of the 400-page report.

A UNIFORM, non-racial, market-oriented policy with maximum private-sector participation and community involvement under the jurisdiction of a single National Housing Department forms the cornerstone of the De Loor Task Group's proposals on a policy and strategy for housing in South Africa.

The 400-page report was officially presented to Minister of National Housing Leon Wessels yesterday.

The report says it is clear that Government spending on housing should be increased from the present R1,6 billion for capital expenditure to about R3,5 billion and be sustained over the longer term.

The target should be to increase the housing sector's present share of less than 3 percent of gross national product to about 5 percent.

A new structure of one-off housing subsidies has been proposed which would cost about R1,8 billion a year.

A housing assistance scheme is recommended which is graduated according to income and would start with providing access to a site with basic services. It would progress to more sophisticated alternatives, with beneficiaries receiving a capital subsidy and as well as making their own contributions.

Private-sector finance is vital and without its involvement, it would be impossible to catch up the backlog, increase the share of housing to about 5 percent of GDP, and effectively link the housing sector to the market economy.

All private-sector initiatives must be encouraged and supported and the public-sector agencies involved in the low-income mortgage finance market must remain active.

The use of potentially vast resources of SA Special Risk Insurance Association, life offices, pension funds and stokvels should also be looked into.

The establishment of a new banking institution, the Housing Finance Corporation, to support the new National Housing Department is imperative. The structure of the Development Bank of Southern Africa should be used to accommodate the proposed corporation.

There are serious problems in the management and administration of housing development funds in Government departments, and it is recommended that all eight central Government housing-related development funds be dissolved and their fixed assets liquidated "to the best advantage of the State".

All the housing funding responsibilities of these departments should be transferred to the National Housing Department and the Housing Finance Corporation.

The provision of welfare housing is an important government function but is not part of housing policy and strategy. It is recommended that the responsibility for capital projects be transferred to the relevant welfare departments.

In regard to two other funds involved in housing finance, it is recommended that the Economic Co-operation Promotion Loan Fund should abstain from financing any projects in the TBVC states. Capital obtained from the proposed Housing Finance Corporation and the Local Authorities Loans Fund should be transferred to the proposed Housing Finance Corporation.

Some other important principles in the report are:

- Savings from duplication elimination would mean that additional taxation should be unnecessary.
- To cut through red tape to achieve objectives more quickly and at a lower cost by removing or amending many complicated and time-consuming regulations.
- To create a system of quick and effective land provision and advance planning.
- That the private sector "be brought back to play its proper role", with the role of Government being to facilitate, enable and provide infrastructure.
- To depoliticise housing because progress is hindered by strife and disharmony.
- To ensure that the lowest income groups get the most help and that the entire household, as opposed to the main breadwinner, be looked at.
- Absolute security of tenure.
- Densification and better use of the basic infrastructure in cities so that new housing need not necessarily require new infrastructure.
- A subsidy scheme to benefit the household and not the developer.

The report stresses that the ideals for a National Housing Department cannot be fully realised before a new constitution has been negotiated.

"It is, nevertheless, possible to agree on interim steps where constitutional constraints delay the immediate realisation of longer-term ideals.

"A variety of improvements in the present system can be undertaken without any constitutional implications." — Sapa □

339

market

STAR 14/5/92

collapses

THE breakdown in law and order had led to a collapse in the normal functioning of the housing loans market and an inability to enforce the legal consequences of non-payment, the De Loor report found.

Political action such as bond boycotts had caused significant losses to mortgage lenders and undermined the functioning of the process which sustained viable housing delivery.

Bond boycotts, together with a lack of affordability and the risk of non-recovery due to dismissals and retrenchments, placed constraints on the small housing loans market.

To sustain viable housing provision, the whole process surrounding home-ownership had to be allowed to function within established systems.

The State should provide remedies for mortgage lenders. — Sapa. □

protect

STAR 14/5/92

consumers

WIDE-RANGING exploitation and malpractice by some commercial housing developers, particularly of people in low-income groups, had led certain communities to challenge the role of the private sector in housing provision, according to the De Loor Commission on Housing.

Provision had to be made for a more effective form of consumer protection.

Malpractices identified by the Urban Foundation included falsification of income information, incomplete disclosure of associated costs (eg transfer costs), brokering firms which charged a fee to secure bond finance which was not reimbursed if the application failed, excessive deposits which were not refundable, collection of deposits by non-approved estate agents, and the illegal sale of sites to squatters. — Sapa. □

industry

STAR 14/5/92

probe call

AN IN-DEPTH investigation into monopolies and over-concentrations in the building material supply industry should be undertaken, the De Loor Commission on Housing has recommended in its report.

The commission said the Government should also relax import controls and lower tariffs on building material to promote domestic competition.

The building material supply industry was dominated by a few local conglomerates protected from foreign competition by effective trade barriers.

In many instances, building material could be imported at substantially lower cost.

A superficial analysis of the suppliers' profit records indicated that prices were adjusted upwards to allow a supplier to maintain profit margins even when demand for a product declined. — Sapa. □

Report urges major house subsidy plan

(339) STATE 14/5/92

By Peter Fabricius
Political Correspondent

CAPE TOWN — The Government-appointed De Loor Task Group has recommended an entirely new national housing policy with a new, dedicated Ministry of Housing and a doubling of the State's annual housing budget to R3,5 billion.

A major house subsidy scheme for households earning less than R3 000 a month is at the heart of the report which task group chairman Dr Joop de Loor handed to Local Government and National Housing Minister Leon Wessels yesterday.

The report said the long-term goal of a new, completely non-racial housing policy should be to provide all South Africans with secure tenure of at least a formal, four-room house with a bathroom in a safe, healthy environment.

This was not attainable immediately and interim goals, which included building informal houses, would have to be set.

Soweto activist Dr Nthato Motlana, a member of the task group, said it was vital that the subsidy scheme be implemented immediately, as an interim measure.

Dr de Loor said he was confident that the basic principles of the report would be acceptable to all political groups — although extra-parliamentary groups, such as the ANC and PAC, had not formally taken part and had only been consulted individually and informally.

Mr Wessels said the report was not a Government White Paper but was an important document to be debated.

The report recommended that all present housing functions of State departments should be transferred to a new department and ministry concerned only with housing.

The Government would have to accept responsibility for the attaining of the national housing goals and the Minister of Housing would have to explain to Parliament if it did not.

All existing housing funds should be scrapped and replaced by a single private-sector Housing Finance Corporation — a banking institution to mobilise house loan funds.

The National Housing Department's functions would be to set overall policy and guidelines and administer a subsidy scheme for low-income groups.

Second and third-tier authorites would implement policy.

The subsidy scheme would be divided into four categories for different income groups.

1/ Households earning less than R1 000 a month would get secure tenure — but not ownership — of an informal site with basic services. They would pay no deposit but would have to contribute to monthly service charges.

2/ Households earning up to R1 500 a month would get ownership of an informal site plus technical building assistance, for a deposit of 10 percent of their annual income, plus a regular monthly instalment.

3/ Households earning up to R2 000 a month would get a one-off cash grant of R7 000 to buy a formal house, for a deposit of 15 percent of their annual income, plus instalments.

4/ Households earning up to R3 000 a month would get a one-off cash grant of R6 000 to buy a formal house for a deposit of 20 percent of their annual income, plus instalments.

One of the goals would be to transfer all existing rented houses in low-income areas to tenants, mostly for free.

The subsidy scheme would get R1,8 billion a year from State coffers plus money through the Housing Finance Corporation.

The De Loor report said three out of four households in SA would qualify for some form of assistance.

Housing policy had never been adequate.

● Foundation stone for new SA on solid ground — Page 17

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a char

The FIRM COMPUTER

Hospice Week

R300m to upgrade hostels

B10 aug 15/5/92

CAPE TOWN — The condition of hostels was unacceptable and government was making R296,6m available in the 1992/93 financial year for their conversion and upgrading, Local Government and National Housing Minister Leon Wessels said yesterday.

He also said that, given the right circumstances, all South Africans could be adequately housed within 10 years.

During debate on his budget vote, he said this hostel upgrading would be done through consensus among all interested parties.

Government, with the provincial administrations, was also going to institute a mechanism to co-ordinate urbanisation.

He said regulations would not prevent people from coming to the cities. "The dynamics of urbanisation have washed over the ideology of apartheid."

He had been stunned by the dignity and goodwill encountered among squatters. Squatters were SA citizens with human needs, he said.

There was a need for a long-term housing vision that would enable all South Africans to obtain a formal house of adequate size, in a safe, healthy residential environment and reasonable access to the workplace. Urban sprawl had to be contained and work had to be done on increasing the density of cities.

"Given the right circumstances this vision could become a reality within 10 years," he said.

A viable policy on housing should be based on the principle that it be accessible and equitable for all legal residents.

It was not possible to overemphasise the importance of community involvement and the private sector would have to contribute more. He did not want to be unnecessarily aggressive, but one of the reasons why this was not happening was that there were still people who propagated sanctions and a ban on international loans.

The institutional setup was fragmented and confused and drastic steps had to be taken to rationalise it.

It was essential that non-racial local authorities be established as quickly as possible so housing could be planned and executed effectively. — Sapa.

Programme for blacks urged

B/Day 15/5/92.

339

GERALD REILLY

PRETORIA – A black housebuilding programme on the scale recommended by the De Loor task group could help lift the building industry out of its two-year slump, Building Industries Federation (Bifsa) economist Charles Martin said yesterday.

He was commenting on the task group report in which chairman Joop de Loor recommended that 198 000 houses should be built a year for the next 10 years to eliminate the backlog.

Spending on housing would have to be increased to R3,5bn a year to finance the programme, the group recommended.

Martin said the effect on the building industry would depend on how much of the allocated funds was earmarked for site and service development and how much for actual housebuilding contracts.

A large-scale building programme could initially result in a major materials shortage as there had been little capacity expansion because of the recession.

Martin said the shortage of skilled labour could also be a problem if the industry had to expand to meet such a large building programme.

Martin added that a large-scale housebuilding project would also have to take off gradually if highly inflated costs were to be avoided.

Latest Central Statistical Service figures show that in the first quarter of the year, building plans passed rose by just 2,1% to R2,78bn compared with January to March last year.

Martin said activity in the industry could come down further in the short term and an upturn was unlikely until mid-1993.

The CSS said the value of non-residential buildings passed plunged by 25,8% to R766,3m.

This, Martin said, reflected the saturation in new office space and the fact that institutional money was going elsewhere.

The big increase in plans passed for flats and townhouses of 54% to R340,7m indicated a drift of families from houses to more secure and possibly cheaper community lifestyles. This was also borne out by the small (8,7%) increase in the value of plans for houses (to R878,2m).

Loans market collapses

STAR 14/5/92

THE breakdown in law and order had led to a collapse in the normal functioning of the housing loans market and an inability to enforce the legal consequences of non-payment, the De Loor report found.

Political action such as bond boycotts had caused significant losses to mortgage lenders and undermined the functioning of the process which sustained viable housing delivery.

Bond boycotts, together with a lack of affordability and the risk of non-recovery due to dismissals and retrenchments, placed constraints on the small housing loans market.

To sustain viable housing provision, the whole process surrounding home-ownership had to be allowed to function within established systems.

The State should provide remedies for mortgage lenders. — Sapa. □

Appeal to protect consumers

339

STAR 14/5/92

WIDE-RANGING exploitation and malpractice by some commercial housing developers, particularly of people in low-income groups, had led certain communities to challenge the role of the private sector in housing provision, according to the De Loor Commission on Housing.

Provision had to be made for a more effective form of consumer protection.

Malpractices identified by the Urban Foundation included falsification of income information, incomplete disclosure of associated costs (eg transfer costs), brokering firms which charged a fee to secure bond finance which was not reimbursed if the application failed, excessive deposits which were not refundable, collection of deposits by non-approved estate agents, and the illegal sale of sites to squatters. — Sapa. □

Building industry probe call

STAR 14/5/92

AN IN-DEPTH investigation into monopolies and over-concentrations in the building material supply industry should be undertaken, the De Loor Commission on Housing has recommended in its report.

The commission said the Government should also relax import controls and lower tariffs on building material to promote domestic competition.

The building material supply industry was dominated by a few local conglomerates protected from foreign competition by effective trade barriers.

In many instances, building material could be imported at substantially lower cost.

A superficial analysis of the suppliers' profit records indicated that prices were adjusted upwards to allow a supplier to maintain profit margins even when demand for a product declined. — Sapa. □


Conradie

Senior GM Johan de Ridder, speaking for MD Wallie Conradie, says no more than 600 houses are being built monthly and he sees this dropping to a mere 200. "Should we reach that figure, it is expected that big cuts in staff will be made."

The trust started in 1987 with funds of R400m in interest-free loans from government, followed by an additional R45m and government guarantees for R800m to be raised from the private sector. De Ridder says: "The group's total capital base is largely contracted to long-term loan obligations. The implication is that further growth is being limited. But there is no talk of insolvency."

He feels that added funding from government is essential to carry on with the granting of loans because the private sector has abandoned the low-cost housing market. He denies that weak management decisions, a lack of technical control and vast increases in spending on overheads by the trust's managers are to blame for the crisis.

"The fact is that business volume has decreased considerably because the trust is unable to sustain its own development activities coupled to long-term loans for home buyers. As a result, there has been pressure on the trust's current income sheet, like all other businesses dependent on sales volumes to maintain the necessary profit margin," De Ridder says.

In 1989 Simon Brand (who died recently), then trust chairman, foresaw problems. Brand wrote: "The cumulative effect, over the four-and-a-half years since inception, of product quality problems experienced as a result of supporting emerging smaller builders, insolvency of small construction companies ... compelled the board of directors to be conservative in making provisions for potential losses."

Inside sources

He warned that unless an appropriate funding solution was forthcoming in the short term, the activities of the trust would have to be drastically curtailed.

De Ridder says that about R9m will have to be spent on repairs as part of the programme to support small builders. But he denies that a total figure of R47m (mentioned by sources inside the trust) has been budgeted for repairs in the low-cost housing market.

But there is one incident where the trust footed the bill after defective work had been done by a construction company. De Ridder says the trust felt morally bound. It paid about R2m for rectification work due to poor workmanship by a contractor, Domenico, and has also lost R400 000 it lent without guarantees to the company when it was in financial trouble.

Former Domenico MD Nic Opperman later joined another company, Ardito, as an executive and Ardito has since been awarded a major contract by the trust. De Ridder confirms this but blames the "unauthorised action of a specific (trust) official" for the allocation of the contract to Ardito.

"The allocation was at such an advanced stage when it became known to management that it was impossible to withdraw the contract," explains De Ridder. He says it has been decided not to allow such allocations in future.

The *FM* also put it to De Ridder that, when rectification work was done to houses built by Domenico at Tumahole near Parys, the trust building inspector overseeing the work was the father of the developer. The same happened in Kroonstad where the father and son involvement was again questioned by the *FM*.

De Ridder admits this but says the work at Tumahole has not started. In Kroonstad the trust staff "had unfortunately refrained from taking the necessary action which could have avoided a possible conflict of interests." He says, however, no irregularities took place.

Eddie Botha

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HOUSING

Building on sand

FM 15/5/92

The SA Housing Trust, main player in the field of low-cost housing, is now almost incapable of doing its job. Its capacity to grant long-term loans has diminished considerably now that major financial institutions are keeping funds away from low-cost housing. The future for millions of homeless blacks is bleaker than ever.

Housing progress labelled pathetic

STAR 15/5/92

The De Loor Commission on Housing which was released this week focused on low-cost housing and attracted more than 40 top local speakers as well as several hundred delegates from as far as Swaziland, reports SHIRLEY WOODGATE.

THE release of the De Loor Commission on Housing report this week backs up widespread dismay over the existing situation, expressed at the recent National Association of Home Builders' (NAHB) annual housing conference.

"Pathetic" was how outspoken NAHB chairman Gavin Hardy labelled progress in the provision of housing. Only 20 000 units were delivered last year, when 200 000 were needed annually merely to keep pace with demand, he said.

The frustration of the delegates was typified by a groundswell of response to National Party MP Dr Dries Oosthuizen's invitation to the private sector to put proposals to the Government.

"What do you think we have been doing for the last couple of years," they responded angrily.

There were denials that the various organisations involved in housing were at loggerheads.

Everyone at the conference stressed the need to involve the State, the private sector and the community itself.

But there was an uncomfortable stir when Ian Fraser of Bison Board asked why no representatives from the community were present.

Then Development Bank of Southern Africa MD Johan Kruger said a major deterrent to private-sector involvement was the confusion created by the proliferation of housing departments in the four TBVC states, six self-governing territories, four own affairs dapartments, four major parastatals, as well as a host of other players including regional services councils and the Department of Water Affairs — each with its own housing policy.

"That is the real constraint — not finance, where R6,8 billion has been made available by the private sector and financial institutions."

Despite that injection, the country faced its biggest crisis in housing provision, he said.

Speaking before the release of the De Loor report, Mr Kruger, a member of the De Loor task team, called for the removal of housing from the political field and; as a last resort, financial intervention even if it was necessary to provide subsidies for up to 76 percent of the population. □

Cash boost to upgrade hostels

CAPE TOWN — The condition of hostels was unacceptable and the Government was making R296,6 million available in the 1992/93 financial year for their conversion and upgrading, Minister of Local Government and National Housing Leon Wessels said in Parliament yesterday.

Speaking during debate on his budget vote, he said the Government, with the provincial administrations, would also institute a mechanism to co-ordinate urbanisation.

He had been stunned by the dignity and goodwill found among squatters. They were SA citizens with human needs, he said. — Sapa.

Report 'a good start to housing debate'

B/Day 15/5/92

LINDA ENSOR

CAPE TOWN — The De Loor task group's report should be regarded as a major input into the deliberations of the soon to be formed National Housing Forum (NHF), which provided the best opportunity for the establishment of consensus, an Independent Development Trust (IDT) statement said yesterday.

"The report should be seen as the start and not the end of the debate," IDT communications director Jolyon Nuttall said.

He said it was unlikely the De Loor recommendations would be given effect within the next 18 months to two years and efforts by the private and public sectors to address housing needs should be strongly supported in the interim.

Nuttall said the IDT had reservations about the fact that in terms of the report the poor would be afforded a lesser opportunity to acquire the benefits of ownership and full tenure than for example in the IDT scheme. The IDT also took issue with the suggestion that serviced sites could be produced at a cost of R4 500 per site, regarding this amount as inadequate.

Meanwhile ADRIAN HADLAND reports that the Civics Association of Southern Transvaal (Cast), has rejected the report and urged government to return to the NHF (93)

General secretary Dan Mofokeng said yesterday commissions were incapable of persuading government to implement housing proposals. (339)

He said government had not addressed the question of land ownership. "In order to redress the legacy of apartheid, free land must be provided for people to build their own houses."

Mofokeng said Cast believed the R3,5bn proposed by the report was inadequate.

Seeff Organisation chairman Lawrence Seeff criticised the report for failing to address the issue of funding for end-user purchasers of houses.

New crash

h plan to ease black house crisis

S/Times (Buss) 17/5/92

(339)

THE Government is considering a new package of proposals to encourage the R22-billion-a-year mortgage lending sector to re-enter the crisis-ridden black housing market.

The plan — contained in the De Loor Commission report released this week — involves a major initiative by the Government and private sector to mobilise finance for lower-income housing.

Among the main proposals:

- The R2,4 billion accumulated by the South African Special Risks Association (Sasria) could be used to insure financial institutions against loss from bond boycotts and political unrest.
- A special relief fund should be set up for the unemployed to help them carry on with their bond payments.
- The Government should step up its support for group credit and loan guarantee schemes.

The rescue plan has been considered by the Government and sources indicate that many of its elements are likely to be approved. However, the plan has still to be negotiated with other parties, such as the ANC, as part of a general national housing policy.

Violence

The ANC has not officially responded to the proposals, but it is believed that the report has been seen by some of its national executive committee members.

The plan for rescuing the collapsing urban black housing finance market comes amid warnings by developers and financial institutions that private-sector involvement is unlikely to increase while violence continues.

Johan Kruger, general manager at the Development Bank of SA, believes the proposals are important in persuading the private sector to engage in the lower-income market.

The De Loor Report objective is a non-discriminatory, market-related housing policy in which communities are involved.

It suggests a single housing department and financing authority, increased subsidies, relaxation of building standards and zoning regulations, greater spending, the integration of local authorities, a higher density of population in urban areas and increased employee activity in housing.

The report identifies four reasons for restricted availability of small loans: affordability, the risk of non-recovery, the breakdown of law and order and low profitability.

The report finds that the extent of defaults among those most exposed to recession has risen to unacceptable levels. Some bond boycotts also inflicted large losses on mortgage lenders.

In a key recommendation, the report suggests that Sasria's accumulated assets be used to give risk cover in an attempt to make mortgage lenders more active in the lower income part of the market.

Sasria was established to offer insurance against losses caused by political upheavals.

The De Loor recommendations follow warnings by banks and building societies that the breakdown of law and order in many townships, the inability to repossess homes in the event of bad debt and increasing unemployment make it difficult to consider providing additional funds.

Private-sector response to the proposals is still mute.

Banking and building society executives spoken to by Business Times this week, however, insist that support would be needed if the private sector is to begin heavy reinvestment in low-income housing.

Perm chief executive Hugh Maclachlan said recently that it would be absurd to expect financial institutions or private companies to invest in black housing if rent and mortgage bond boycotts continued.

It would be foolish to commit personal savings, pension or life-assurance funds to black housing.

"This would amount to mortgaging the future of thousands of people of all races to the whims of people and organisations committed to politicising every issue in the furtherance of their own short-term political objectives.

"In the end it would represent a constraint on the capacity of the economy to satisfy black material aspirations and mean that the ability to address the scarcity of houses would be rendered useless."

The Perm's exposure to the black market amounts to R2,8-billion and about 86% of this is serviced monthly.

John Gafney, managing director of the NBS, a pioneer in black housing lending, has a book of R1,1-billion in this sector, representing 12,5% of total assets.

But he says it is not the job of the banks or building societies to meet the needs of those who are unable to qualify for loans under normal circumstances, especially while lawlessness exists.

He proposes the establishment of a special agency to use aid funds from abroad to overcome the problem.

Mr Maclachlan agrees, saying it would need an effort between financial institutions, the Government, local authorities, non-government bodies and public consortiums to resolve the housing shortage.

Role

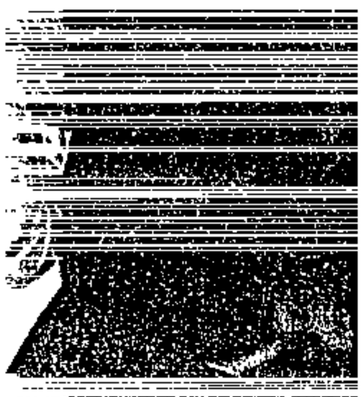
Andre Latre, chief manager home loans and property finance at First National Bank (FNB), says that although financial institutions have a major role to play in providing finance, they cannot be expected to solve the country's home ownership problem.

"The formal banking sector must be involved in the economically active population which has a regular income and steady employment."

Like the Standard Bank, FNB does not have a breakdown of its exposure to black housing, but Mr Latre says it is increasing its lending.



JOOP DE LOOR: Far-reaching proposals to house the millions



Picture: CATHERINE ROSS

et the ing

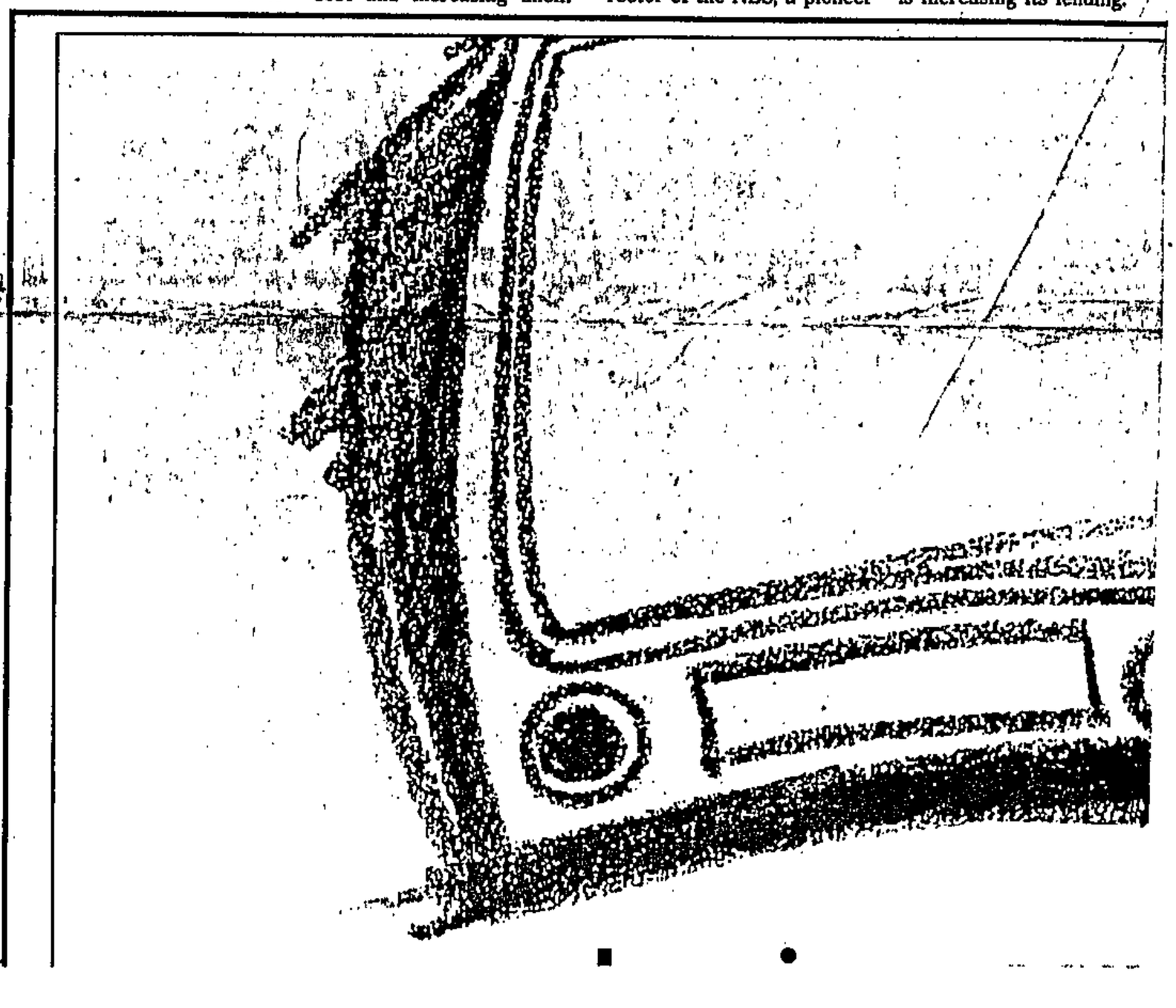
(232)

JULIE WALKER

about capital gains tax at least some holders to shares. This week Mr Ander- that the incremental scrap- securities tax in Sweden in liquidity. the Governments grant in the equity markets. tax-deductible contributions whose fund managers only in the stock market. It ing the playing fields." market-makers focuses on . The Big Bang in Lon- liquidity of easily tradeable nothing for smaller com-

another important matter. pure pyramids as well as companies. Propor- the components to mem- companies might help trade. requirements are good can change the next day ," says Mr Andersen. Share derivative markets, dealing periods would also have .

maiden review speech was Wednesday when the JSE's was released. A surplus of 000 was made against the R8,7-million loss.



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R296,6-m to upgrade hostels

Express 17/5/92

THE government was making R296,6-million available for the conversion and ugrading of hostels, Minister of Local Government and National Housing, Leon Wessels, said this week.

Nat housing report scrunched by high black hopes in coming r

DE LOOR VER

By COLETTE CAINE

THE best thing that can be said about the government-commissioned De Loor task group's proposals on housing policy is that they won't be implemented.

When the former auditor-general was appointed head of the commission 18 months ago, the government hoped to use his findings as the basis for a policy on housing to address the country's housing crisis.

Now, with multiparty interim government on the horison, the National Party will not be deciding housing policy alone.

De Loor's report will be submitted to the Transitional Executive Committee, and forums reporting to it, as just one of the parties negotiating a housing policy to address the crisis created by the government's non-policy on black housing.

De Loor's proposals have already been rejected as unacceptable and out of touch by organisations which will influence future housing policy.

While some of the recommendations in the 400-page report incorporate what community and political organisations involved in housing have been calling on the government to do for years, the report as a whole has been harshly criticised for perpetuating apartheid policies and creating instant – albeit legal – slums.

Proposals in the report are:

- One National Housing Department to replace the present eight government housing departments;
- A housing bank to support the housing department;
- An increase in government spending on housing from – R1,6-billion to R3,5-billion;
- A graduated subsidy scheme for households with income of less than R3 000 per month.
- Legalised informal settlements;
- Government-supplied bulk infrastructure;
- Cutting red tape in government departments;
- The transfer of all council houses to tenants.

One of the cornerstones of De Loor's proposals is private sector provision of housing at all levels.

While criticising the role of the private sector to date – especially the high-priced building materials industry and unscrupulous housing developers – De Loor wants to see private enterprise taking full responsibility for building the 1,3 million homes backlog and for housing in the future.

CAST general secretary Dan Mofokeng said the civic movement rejected the De Loor report as "a waste of taxpayers money".

Mofokeng said the proposals "entrench apartheid and are yet another failure by the government to address the housing crisis seriously.

He said the government withdrew last year from the National Housing Forum and pursued its own out-of touch investigation through the De Loor task group, which did not consult people affected by their proposals.

"CAST rejects De Loor's graduated subsidy scheme, with households earning less than R1 000 qualifying only for tenure on a site with basic services and no assistance to build a house.

"De Loor's proposal that a future housing policy should aim at providing a four-roomed matchbox house for people at the top end of the scale and a self-built shack for people at the bottom, is an insult.

"We want a future democratic government to allocate the billions presently spent in the defence budget to fund massive housing programmes.

"It will be totally unacceptable to a future democratic government to leave millions of people in corrugated iron and cardboard shacks," said Mofokeng.

De Loor says "informal housing" must be accepted as part of the solution to the housing crisis.

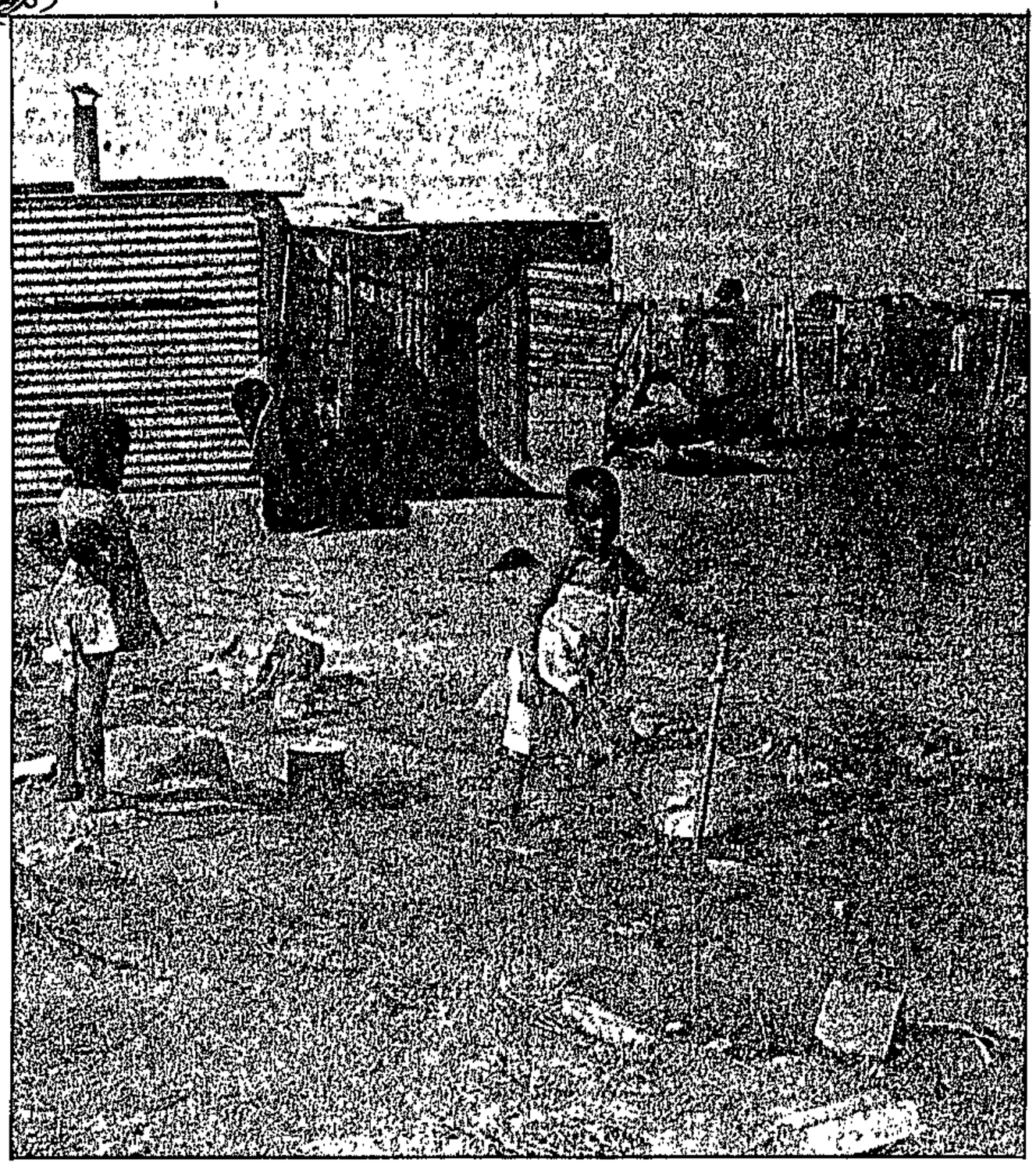
The report cautions against a policy which "overemphasised the unrealistic elimination of backlogs and the programmes and finance required to address this backlog."

OMHLE general secretary Keith Montsisi said his organisation, which claims to represent the views of the estimated eight million homeless people, totally rejected these proposals.

"We see shacks as part of the problem, not part of the solution. The De Loor proposals do not change the government's present policies of creating massive, instant slums around the country housing millions of people," Montsisi said.

"De Loor's suggestion that people earning less than R1 000 should not have freehold ownership of their sites and should not get any government assistance in building their homes is unacceptable to the majority in our country, " he said.

"It is the birthright of every South African to have a house, and it is the duty of the government to see that all its people are decently housed. If we were not spending billions on defence and promoting apartheid, we would have enough money in South Africa to house and educate all our people. We will not settle for less."



NO SHELTER ... The report offers little in way of alleviating the ballooning black slumlands.



BLACK VIEW ... Living conditions like "

'End local monopoly'

THE De Loor report calls for a thorough investigation into the high price of building materials and monopolies in the building-materials industry.

The report says the government should consider relaxing import controls and lowering tariffs on building materials.

De Loor says the building-materials supply industry is dominated by a few local conglomerates which are protected from foreign competition by trade barriers.

He says building materials could be imported at substantially lower cost than locally made products if no tariff protection measures existed.

How

THE subsidy – billion a year – from the prop... would be ... monthly ...

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Up to R1 500 ...

ack hopes in coming new order

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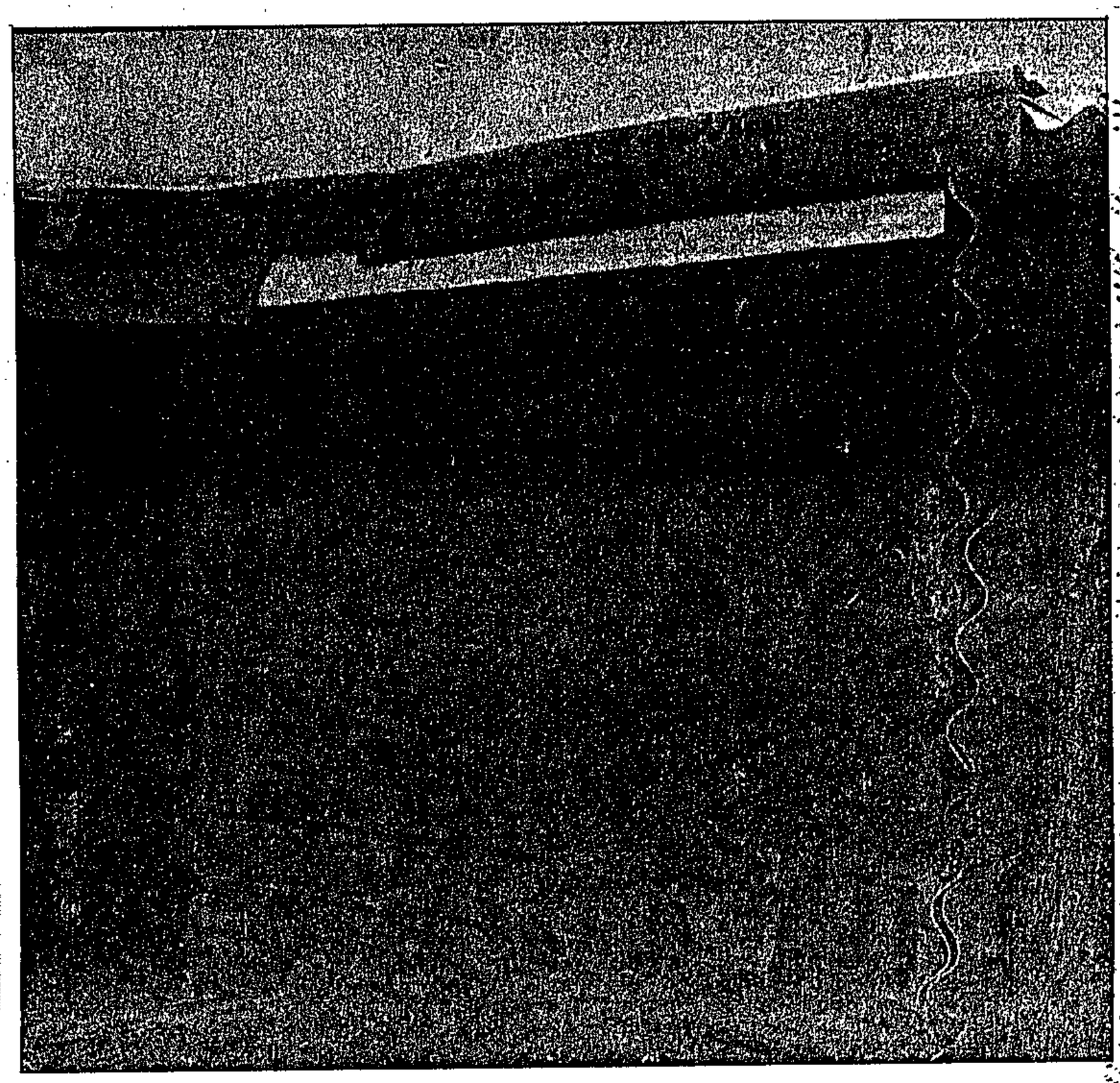

BLACK VIEW ... Living conditions like these are fuelling powerful aspirations for massive State expenditure.

Cipren 17/5/92

'End local monopoly'

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How grants would be made

THE subsidy scheme, which would get R1,8-billion a year from the government, plus finance from the proposed Housing Finance Corporation, would be divided into four categories based on monthly household income:

1

Up to R1 000 – secure tenure, but not ownership, of a serviced site.

They would pay no deposit, but would be charged monthly for services

2

Up to R1 500 – ownership of an informal site plus technical building assistance for a deposit of 10 percent of their annual income, plus a regular monthly instalment

3

Up to R2 000 – cash grant of R7 000 to buy a formal house for a deposit of 15 percent of their annual income plus instalments.

4

Up to R3 000 – Cash grant of R6 000 to buy a formal house for a deposit of 20 percent of their annual income, plus monthly instalments.

slumlands.

appeals do not the government's policies of creating instant slums the country houses of people," said.

Loor's suggestion earning less 1 000 should not ownership sites and should any government in building is unacceptamajority in our " he said.

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Time Holdings loses R14-m

STAR 18/5/92

By Frank Jeans

Low-cost housing has been a massive drain on the earnings of Time Holdings, which reports a R14 million loss for the year to December.

The operating loss of the now discontinued low-cost housing division was R11,5 million and following a re-evaluation of the remaining housing assets a below-the-line write-off of R6 million has been made.

In contrast, the operating profit of continuing operations, primarily TimeProp and Time Life, was 32 percent higher at R14,3 million.

This reflected higher profitability of the commercial property division and the group's Botswana operations.

The group's attributable loss before extraordinary items was R9,6 million (1990: R2,6 million profit), equal to a loss of 26c a share.

However the company has sold its affordable housing operations to their managements and since the continuing operations are profitable and are experiencing growth, group chairman, Colin Hibbert expects a recovery this year.

Time is the last major housebuilding company to withdraw from the low-cost market and Mr Hibbert says: "It is a sad reflection on the South African political environment that no major home builder is prepared to remain in this sector."

included reporting back at set times. This system was implemented prior to the investigation of the Pickard Commission.

The Government accepted the report of Judge Pickard and I deemed it necessary to send a letter to the functionaries of every authority receiving part of the estate of the now defunct Department, drawing attention to the findings, proposals and recommendations of the report so that they could take effective steps to rectify the deficiencies.

Turning to the hon member for Springfield, I agree that it is a shame that some officials abused their powers. The culprits will be brought to justice and will be punished properly, either in the courts or in terms of the Public Service Act.

Secondly, it is indeed tragic that this mismanagement took place at the expense of the development of the clients themselves. It is very tragic, because we cannot afford to further marginalise the people in the rural areas.

Regarding whether all those involved will be tracked down, I think this whole process was set in motion by Judge Pickard's report. He said that he would show us the trends, and we could follow matters up and bring all the culprits to book, as the hon the Leader of the Official Opposition suggested.

However, we will have to prove their guilt and this will have to be done in an ordinary court of law. I do not want to deal with the question of whether Mr Justice Pickard should be appointed, but we have the Ombudsman in the person of Mr Justice P J van der Walt who deals with these matters. He is there and he was put there especially for this purpose.

Mr M F CASSIM: Mr Chairman, it is always a great pity when people in high office abuse their posts and their positions. We feel terrible about that situation.

Inasmuch as we want to go after the people who have committed these misdemeanours, we must also look at the other important aspects, namely procurement, the State Tender Board and the purchases made today, tomorrow and next week. It is important that we do not allow these things to happen, but it is also important that we pronounce to the world and the country at large that this will not be tolerated. Perceptions are so important!

What is happening is that we are trying to close the stable door after the horse has bolted. However, that is only part of the solution. The more important, credible solution is the steps being taken now to ensure that these things do not happen and are not happening even as we speak.

We agree that it is good that the Government appointed Mr Justice Pickard and we compliment the Government on that. It is good that the Government intends to prosecute these people and that procedural steps are being taken to ensure that such things do not happen. It is also good that structural adjustments are taking place and that bilateral talks are taking place between the TBVC states and our country. We applaud that and we endorse that.

We wish to encourage the Government in the steps it has taken, but we say they should go beyond that and speak to the people out there in our country who do not believe that it is possible to have good, orderly and credible government. The Government should tell them that action is being taken and that active steps are being taken to put these things right. The most important thing at this stage in our country is that that which was part of an ideological system—the rot that set in was part of that ideological system—is being swept away. That is the most important thing that has happened. We now accept that the principles of apartheid and all that it spawned were rotten and that those things are being swept away. The present Government is taking the lead in doing so. [Time expired.]

Mr M RAJAB: Mr Chairman, I appreciate the hon the Minister's commitment to tracking down those who were responsible, but I must point out that they have obviously covered their tracks and that in a court of law it might be difficult to get a conviction.

I spoke about the SA Development Trust Corporation Ltd. As all hon members know the commission reported adversely on the workings of this particular corporation. We therefore also call upon the hon the State President to institute a further independent investigation into allegations of irregularities, misuse of public funds and inefficiency in the corporation's management system which were ventilated in weekend media reports.

Finally, what also needs to be investigated is how the Department of Development Aid, a State department with a budget of nearly R6 billion, managed to become such a mess and to find out who was responsible in terms of ministerial accountability, which is an accepted convention of the political system from which ours is derived. The Government's silence in this regard has been deafening.

The chairman of the SA Development Trust Corporation Ltd, Mr Van de Walles, is a former Director-General of the Department of Development Aid and has thus far escaped a full public scrutiny of his affairs. It is time that this took place.

In the final analysis, public money must be protected by the vigilant and thieves must be punished. Those who fail to prevent the theft must be called to account.

The MINISTER OF REGIONAL AND LAND AFFAIRS: Mr Chairman, I wish to go on with the point raised by the hon member for Springfield relating to the SA Development Trust Corporation Ltd. May I say at this point that, in response to the recommendations made in the Pickard Report, the auditing firm of Strydom and Company was appointed to do such a study and go into the utilisation of national assets from that angle.

With regard to the second point, I agreed with the SA Development Trust Corporation Ltd in October last year that they would transfer their functions and operations, which take place on a regional level, to regional corporations, and that is now in the process of implementation. By the end of August, 70% of this devolution should be complete.

To respond to the hon the Leader of the Official Opposition, I really believe that I would never be able to do justice to the exemplary role played by the hon the Minister for State Affairs in South Africa, specifically in respect of the policy of normalisation and that of the abolition of discrimination on the basis of race or colour. His experience was brought to fruition in the ambit of his responsibility in the Department of Development Aid.

I might say that in my office I have had the opportunity to experience first-hand the meticulousness with which he completed his work, the responsibility with which he executed his job, the depth of his knowledge and the incisiveness of his questions in comments and queries. I really do not think the ineffectiveness of the various investigations he instituted can be laid at his door.

I will have the point the hon the Leader of the Official Opposition raised about the public servants investigated in order to have this matter exposed properly.

The CHAIRMAN OF THE HOUSE: Order! I regret that the hon the Minister has exposed himself to the situation that his time has run out.

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Advisory Commission on Land Allocation

*1. Mr M RAJAB asked the Minister of Regional and Land Affairs:

(1) Whether the Advisory Commission on Land Allocation appointed by the State President has received any applications for compensation; if so, what are the relevant details;

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

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The MINISTER OF REGIONAL AND LAND AFFAIRS:

(1) No applications for compensation have been received. However the Advisory Commission have received numerous requests and representations falling within the ambit of its objectives. In a nutshell this entail advice to the State President regarding the identification of—

* land belonging to the State or any State institution and acquired for the purpose of promoting the objects of a law repealed by the Abolition of Racially Based Land Measures Act, 108 of 1991;

Cont →

* rural land with a view to the acquisition thereof for purposes of agricultural settlement;
* the planning and development of such land; and
* the allocation of such land.

Within this context and these parameters the Advisory Commission have received applications from a broad spectrum of individuals and communities across the country. Various enquiries and discussions have already taken place. No advice on how to deal with the applications has as yet been submitted to the State President. Some requests and representations could not be considered due to the fact that the relevant applications fell outside the ambit of the Advisory Commission's statutory powers.

(2) No. The Advisory Commission is an independent creation of statute which must advise the State President. It would not be proper for me to make any statements prior to or in anticipation of reports still to be forwarded to the State President.

Mr M RAJAB: Mr Chairman, arising from the hon the Minister's reply, could he tell this House whether any applications were made for the return of vacant property held by State departments to former owners of those properties?

The MINISTER: Mr Chairman, I think the answer to that question is yes. However, I am not able to supply full details in that regard, because, as I have indicated, the advisory commission is an independent body, and does not function within the ambit of my Ministry. I do not receive information directly from that commission, and therefore I shall have to make enquiries.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the hon the Minister's reply, could he let us know what the policy of the State is concerning restitution and retribution, on matters relating to the return of land that was expropriated?

The MINISTER: Mr Chairman, I refer to the hon the Leader of the Official Opposition to the White Paper we published last year on the whole process that we utilized in Parliament during the course of 1991. This led, *inter alia*, to the establishment of the Advisory Commission on Land Allocation. Within the ambit of this commission and of discussions, we reached consensus in Parliament on how to deal with this. The other matters should be debated elsewhere.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the hon the Minister's reply, is he aware of the fact that undertakings were given by former Ministers of Community Development that resettlement premises would be supplied and restoration of land, wherever applicable, would be done on the basis of the cost price at the date of construction or acquisition? If such undertakings are confirmed, is the State prepared to honour them?

The MINISTER: Mr Chairman, I have made a note of the points the hon the Leader of the Official Opposition has raised. I am not aware of these undertakings given by other Ministers, because I do not deal with that portfolio. However, I will have the matter investigated and then supply the hon the Leader of the Official Opposition with an answer.

Mr M RAJAB: Mr Chairman, further arising from the hon the Minister's reply, will he concede that, primarily because we are in a reconciliation mode, the activities of this particular advisory commission should be completed as soon as possible?

The MINISTER: Mr Chairman, I do think it is important that the activities of the Advisory Commission on Land Allocation should be completed as soon as possible. However, I also believe those investigations should be done properly. One cannot hasten a body which has to investigate fully all the circumstances, and then has to come up with definite advice for the hon the State President.

Death of certain person of Phoenix

*2. Mr M RAJAB asked the Minister of Law and Order:

(1) Whether the South African Police have investigated the circumstances relating to the death of a certain person of Phoenix who died of brain injuries allegedly sustained as a result of police action on or about 22 March 1992, and whose name has been furnished to the Police for the purpose of the Minister's reply; if not, why not; if so, what are the findings;

(2) whether he will make a statement on the matter? D154E

The MINISTER OF LAW AND ORDER:

(1) Yes, a case of murder has been investigated by the South African Police. Except for an identification parade, to be held in the coming week, and the post mortem report, which is still being awaited, investigations have already been completed. The case docket will be handed to the Attorney-General for his decision as soon as these aspects have been dealt with.

(2) No.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Rezoning of sites: Lenasia/Lenasia South

*3. Mrs R EBRAHIM asked the Minister of Local Government and National Housing:

(1) Whether any residential, crèche or religious sites in the Lenasia and Lenasia South area have been rezoned by his Department for business purposes since January 1989; if so, what sites;

(2) whether any betterment fees were paid; if not, why not; if so, what are the relevant details;

(3) whether the comments of the respective management committees were obtained in this regard; if not, why not; if so, what were their comments;

(4) whether he will make a statement on the matter? D160E

The MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

(1) Yes, the following sites have been rezoned from residential, crèche, or religious sites for business purposes since January 1989:

(a) Erf 1879, Lenasia South
(b) Erf 136, Lenasia
(c) Erf 4423, Lenasia
(d) Erf 2612, Lenasia
(e) Erf 4859, Lenasia Extension 4
(f) Erven 2434 and 2437, Lenasia Extension 1.

(2) Yes. Particulars with regard to betterment fees are as follows:

(a) Erf 1879, Lenasia South: No betterment fees were necessary because no services had to be improved.
(b) Erf 136, Lenasia: Dispute with the calculation of the betterment fees. Contribution is being recalculated.
(c) Erf 4423, Lenasia: No betterment fees were necessary because no services had to be improved.
(d) Erf 2612, Lenasia: No betterment fees were necessary because no services had to be improved.
(e) Erf 4859, Lenasia Extension 4: Contribution R506,00.
(f) Erven 2434 and 2437, Lenasia Extension 1: Contribution R236,00.

(3) Yes. Comments are as follows:

(a) Erf 1879, Lenasia South: Committee supported the application.
(b) Erf 136, Lenasia: Committee objected.
(c) Erf 4423, Lenasia: Committee had no objection.
(d) Erf 2612, Lenasia: Committee was consulted. (Comments not available.)
(e) Erf 4859, Lenasia Extension 4: Committee objected.
(f) Erven 2434 and 2437, Lenasia Extension 1: Committee objected.

(4) No.

Overseas women wrestlers

*4. Mr K PANDAY asked the Minister of National Education:

(1) Whether he intends allowing overseas women wrestlers to take part in wrestling contests in South Africa; if not, why not; if so, when;

(2) whether he will make a statement on the matter? D171E

Mass electrification programme would create jobs, says Eskom

B/Day 20/5/92

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ADRIAN HADLAND

A NEW mass electrification programme for SA could create more than 500 000 jobs, Eskom chairman John Maree said in Midrand yesterday.

He told a National Association of Home Builders' meeting that: "I believe funds for a programme of this scope would become available if projects were tackled on sound business principles."

Eskom's electrification programme is aimed at supplying up to 170 000 houses a year over the next five years.

Maree said another 500 000 jobs could be provided by 1995 if a national housing programme was introduced.

He suggested an "enormous amount of damage" had been done by not having an agreed national urbanisation strategy.

Sapa reports that Maree said the lack of such a national strategy was being partly eased by progress made on a political level, but the provision of housing had regressed severely in the past two decades.

A successful national housing programme needed a strategy, community involvement and responsibility, and good management, he said.

"As far as the economy goes, we really have no national vision or clear goals."

SA Association of Municipal Employees (SAAME) president Hans Deetlef told the conference that SAAME would do "everything possible, up to the highest political level, to prevent electricity distribution being taken away from local authorities.

"The income generated from the distribution of electricity subsidises ratepayers and if it were taken away from local authorities, rates and taxes would increase drastically," he said.

At a SAAME southwestern Cape region's conference in Stellenbosch at the weekend, Deetlef said removing the distribution of electricity from local authorities would "result in large numbers of employees becoming redundant in the electrotechnical engineer's and town treasurer's departments".

Respite for black property owners

STAR 21/5/92 339

Political Staff

CAPE TOWN — Untangling the bureaucracy of apartheid is proving a time-consuming business.

The Government has been compelled to give black property-owners who bought land in the name of a white buyer more time to transfer the property into their own names.

Provision for this was made in the Abolition of Racially Based Land Measures Amendemnt Bill that was tabled in Parliament yesterday.

The Group Areas Act was repealed by the Abolition of Racially Based Land Measures Act that was passed last year.

One of the provisions of the Act says the cases where black people bought their land in the name of white people in conflict with the Group Areas Act were deemed "not to be an illegal transaction or a transaction which constitutes an offence".

The buyers and their fronts were given six months from when the Act came into effect on June 30 last year to request the Registrar of Deeds to transfer property from the front to the real onwer.

The six months ran out on December 31.

A memorandum on the amendment Bill said the requirements of practice indicated that this period should have been longer, and "this Bill seeks to extend the period to two years".

"The extension is to be made with retrospective effect, so that there will be no interval in the currency of the authorisation granted."

'IFP ordered silence even under torture'

STAR 21/5/92

Top Inkatha leaders at meetings at Soweto's Nancefield hostel in 1991 told supporters that if anyone was arrested for being in possession of guns or for murder, they should not say anything to the police, even if tortured.

This was said in Pretoria yesterday by a witness, who may not be named, before a Goldstone Commission committee inquiring into violence on trains.

The witness said Inkatha Freedom Party members Themba Khoza, Musa Moyeni and Humphrey Ndhlovu told the meetings lawyers would be arranged for those arrested.

He said while living at Nancefield hostel from 1989 to 1991 he noticed Zulu leaders on various occasions addressing dwellers and encouraging them to fight ANC followers, especially because of attacks on IFP members in Tokoza at the time.

The witness told the committee a reason for the violence was that Zulus did not want to be ruled by Xhosas.

He said the attacks on trains stemmed from songs and slogans in coaches which insulted IFP leader Chief Mangosuthu Buthelezi. The songs were referred to at the hostel meetings.

The witness said that in 1990 he heard of a reward being offered by the police for information on illegal weapons.

Later that year he went to Soweto's Protea police station where he met Detective Warrant Officer Sjula Sithebe, who was in the firearms unit and involved in the reward offer.

"I was introduced to (a) Captain Kruger and I gave him information about people who were in possession of firearms. Acting on this information the police went to the hostel and found the firearms, and I was paid for the information."

He continued working for the police and attended many meetings at the hostel, some of which were addressed by Mr Khoza. He said he volunteered to join a group that was prepared to use spears and pangas.

He continued reporting people with firearms, and arrests were made as a result of his information. He also identified people who took part in attacks.

The witness described a number of meetings at which plans to attack train commuters at railway stations were discussed, and how the attacks were carried out.

He said that in November last year he was told by his cousin, who also lived in the hostel, that he (the witness) was to be killed because he was a police informer. He escaped through a window.

Later he was told by his contact at the police that a Captain Vermaak had sold him out to the hostel dwellers.

He said he was not paid R10 000 for information about a train attack in June 1991 nor R30 000 for additional information on a train attack in October the same year. — Sapa.



Dive into your pocket . . . and make a donation to employees Victoria Mall and M M Gooler.

Respite for black property owners

STAR 21/5/92 339

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Detained youths due home from Swaziland

STAR 21/5/92

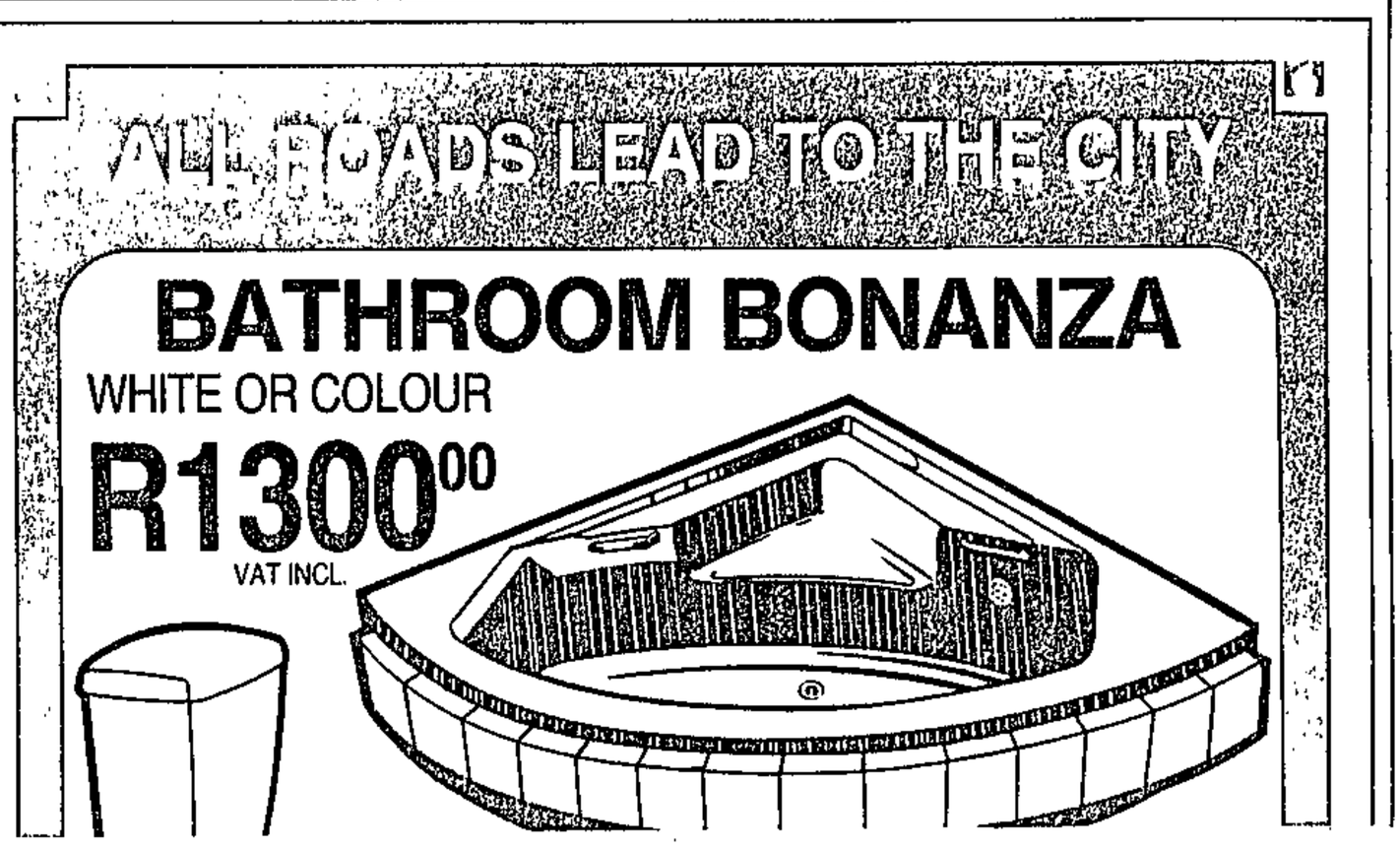
MBABANE — A group of South African youths, who were detained after allegedly crossing illegally into Swaziland and claiming they were ANC members on their way to undergo military training, were expected to return home yesterday.

This was according to a three-person ANC delegation which interviewed the 47 youths — who have been held in Swaziland's Big Bend prison for about two weeks — on Tuesday.

At a press briefing yesterday, delegation leader Jackie Selebi said the youths had told him they had been recruited in Natal, although not through the ANC offices.

Mr Selebi said his organisation was investigating.

Some of those involved in the recruitment were known to the ANC, and at least one was a member, Mr Selebi added. — Sapa.



House prices unlikely to drop - expert

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By JOSHUA RABOROKO

BOND rates are unlikely to have a significant influence in house prices despite perceptions to the contrary, says director of Real Estate Surveys Mr Erwin Rode.

Writing in the latest quarterly report on the South African property market, Rode says some experts believe that rising interest rates will create a drop in the price of homes, and that lower rates would boost house prices.

"Our research has shown that bond rates by themselves have an almost negligible effect on house prices," Rode says. Sowetan 21/5/92

He explains that a change in interest rates heralds a change in economic activity.

"During an upswing, for example, one finds that the positive effect upon affordability generated by rising disposable income tends to be more powerful than any opposing negative effect of rising interest rates.

Academic question

"To some extent this is an academic question, since no upswing has yet occurred. In any event, nominal growth in house prices typically lags the business cycle by about three quarters," he says.

But he adds that growth in house transactions is a leading indicator with a lead of about six quarters.

"Our latest forecast for house transactions showed strong growth during 1991 and 1992, which would tie in with an upturn in the economy in the latter half of this year," Rode says.

On a national basis, the prices of homes tend to follow familiar pattern; with higher priced housing taking a knock in comparison with less expensive suburbs. It is also interesting that house prices in the middle-price class are beginning to climb again.

Meanwhile the demand for flats remains extremely good with vacancy levels around zero in most areas where surveys were undertaken.

Helping the poor to help themselves

Sowetan 21/5/92 339

This is the first part of a regular series on how the Independent Development Trust hopes to usher in a better future for South Africa's disadvantaged of all races. JOLYON NUTTALL, IDT's director of communications, reports.

IDT Scoreboard

Projects supported to date: 308.
Funds allocated: R1 884 700 000.
Funds "in the ground": R530 000 000.

When will the IDT run out of money?

A GLANCE at the last line of the scoreboard would seem to indicate that this is imminent.

On the face of it, there is not much change left from the R2 billion with which we started in August 1990.

The third line paints a more accurate picture. While most of the founding grant has been allocated, actual money paid out to date is R530 million.

The difference between the two totals flows from the fact that many of the projects the IDT is supporting are three- to four-year programmes.

Take our subsidy scheme which provides ownership of serviced sites of land for breadwinners earning less than R1 000 a month, for example.



JOLYON NUTTALL

The scheme covers 104 projects involving 106 695 sites.

Each project has to be negotiated with a developer who, in turn, must involve community organisations in decisions about the size of the site, the nature of services and, most importantly, the allocation of the stands to the most deserving families.

This week, there was jubilation in our ranks as the 50th project was signed up.

Approval of the 104 projects in principle was given by the IDT's trustees in July last year.

Now, only 10 months later, we are virtually at the halfway mark in finalising contracts.

Some developments are well under way, individuals have taken transfer of their stands and, with great verve and initiative, are erecting dwellings on them.

The IDT is currently paying out R5 million a week in taxpayers' money to provide ownership of the stands. As the momentum grows, the outflow will increase to R10 million a week until the full R800 million earmarked for the scheme has been paid out - the bulk of it by the end of 1993.

Meanwhile, as a result of urgent representations made by IDT chairman Mr Jan Steyn and others, an additional R500 million was allocated in the recent Budget for further initiatives in the housing field.

Some of these funds will accrue to the IDT to extend our subsidy programme.

Another massive longer-term project is our nationwide school building initiative, aimed at overtaking the current backing of 50 000 classrooms.

Communities

Some R300 million of IDT funds has been earmarked for this. Support funding from the private sector, communities themselves, the Department of Education and Training and, hopefully, from sources further afield, could lift this total beyond R1 billion.

Up to 10 regional trust are being formed, to ensure each area in the country gets a fair share of the cake.

Our concept is that ownership of the schools will vest in the community trusts. State assistance with teaching staff and equipment will provide important support.

Each school will cost in the region of R2 million to build.

A recent model in the township of Etwatwa on the East Rand saw R800 000 of the cost go back in wages to a labour force recruited from the community and trained by the contractors.

Communities are required to raise 10 percent of the cost of each project. Our experience to date is that they do so willingly.

It is hoped to complete the first 10 schools this year. Next year, and the year after, the momentum will grow as we close in on the backlog.

So, the answer to the question posed at the start of this column is: "Not for some time yet."

The optimists among us might even add: "Ask us again in the year 2000."

LOW-COST HOUSING

I'm outta here

Time Holdings, one of SA's biggest builders of low-cost houses and traditionally dedicated to this activity, has withdrawn from the market.

Time joins a string of builders that opted out of the black market — all saying they were not able to perform properly due to a lack of government vision and poorly targeted initiatives by housing agencies.

Chairman Colin Hibbert says the company will now concentrate on its commercial property and life insurance interests.

Its two housing operations, one in the PWV and the other covering the Natal-eastern Cape coastline, have been sold to their respective managements. The sale is at net asset value with payment over five years. Lower overheads — a cut of 50% has been achieved by removing corporate running costs — and greater flexibility should ensure they return to profitability, Time believes.

The buyers, Norman Jeffery (PWV) and Murray Mackay (Coast), will, together with third parties, primarily staff shareholders, buy the bulk of the residual land designated for affordable housing still owned by Time in accordance with market demand.

Time's pullout coincides with the publication of the De Loor Commission report which advocates a centralised policy to address the housing crisis.

In his address to shareholders, Hibbert noted: "Until a single national housing policy is adopted, hopefully an issue which will be a priority at Codesa, the crisis will continue."

Jeffery and Mackay will carry on operating under the name of Time Housing, but as franchisees — Jeffery from downtown Johannesburg with a staff of 26 and Mackay from Durban with between 30 and 40 staff. They will cater for the middle market where house prices range from R30 000 to R80 000 a unit. They plan to target company and government employees eligible for housing subsidies.

Both believe the first-time home-owners' subsidy is essential to their business and that the substitute "capital subsidy" proposed by the De Loor Report and the current R7 500 grant provided by the Independent Development Trust (IDT) excludes bond financiers from the market.

They argue that both types of subsidy should be in force and that the IDT has simply created unrealistic expectations by granting capital subsidies to 100 000 people when total demand is closer to 2m.

Time is critical of the Urban Foundation (UF) because of its former role as developer in competition with home builders. The UF has since hived off its building operations in recognition of the failure of this approach.

The function of the UF, as a nonprofit company, Jeffery and Mackay believe, should be to buy and service large tracts of land and make them available to private builders who are not able to service the holding costs.

Township proclamation and post-bond transfer processes make the interest costs untenable for home builders and impossible below the R30 000 mark, they stress. ■

THE DE LOOR REPORT

Time to build on rock

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FM 22/5/92

At last, a housing plan that tries to address reality

The De Loor Report is the 33rd official housing investigation since 1970 — but it is the first to review housing as a whole on a nonracial basis, and to lay the groundwork for any "government of the day."

But don't expect action yet. One problem is that a National Housing Forum has been formed by a variety of extra-parliamentary bodies — and a Codesa housing committee has been proposed and is now being negotiated. Delay of at least a year seems inevitable.

Apart from petty political jealousies, there will have to be consensus among key political players; above all, the violence must end. Only then will major lenders regain an interest in the low-cost housing market.

Even so, Joop de Loor himself hopes that early consensus on substantive issues can be reached. This would open the way for speedy implementation of at least some of the vital recommendations.

The report was compiled by a task group appointed by the SA Housing Advisory Council, led by De Loor and comprising the council's own members as well as individual experts from the public and private sectors.

The De Loor report is far-reaching, containing some 130 substantive recommendations. It calls for a complete overhaul of the present State funding framework, and urges the devolution of central authority into regions and the merging of black and white local authorities. It also recommends new fiscal arrangements and methods for faster housing and township delivery systems, and suggests an inquiry into the building materials supply industry — particularly import control and tariff mechanisms.

The long-term vision of De Loor is that all SA families will have at least a formal four-room house with bathroom, with secure tenure; access to drinkable water, sanitary facilities, energy sources and refuse removal; and that housing will be close enough to employment and other community facilities to ensure integrated and coherent communities.

To achieve this goal, which sounds idealistic, De Loor rightly notes that access to overseas funding and strong economic growth are essential.

The report is commendably practical, recognising the necessity of informal housing to help provide shelter at least for the next decade. It sets R4 500 as the average cost of a serviced site, which includes a R500 land component (for plots of between 150 m² and 200 m²).



De Loor

The report estimates that 198 000 shelters will be required annually for new households alone (excluding the backlog) over the next 10 years, with households expected to increase from 4,8m in 1990 to roughly 6,8m in 2000 in the urban areas. Add 130 000 a year to that figure, to cover the backlog, and the total is 328 000 shelters each year.

One of the principles is that government should be responsible for certain financial and other interventions, including the provision of bulk infrastructure. The private sector would deal with the creation, delivery and maintenance of the physical housing stock and related sites. And the individual would have to secure and maintain his house. Community facilities would be the responsibility of the local authorities. This clear demarcation of roles also appears to be in line with what the building trade wants.

One of the most important recommendations is the creation of a central National Housing Department (NHD). Such a body would have jurisdiction over all population groups in the entire geographical area of SA — including the self-governing territories and tribal trust areas. This would mean the dissolution of all government housing development funds — and their bureaucracies.

Meanwhile, De Loor recommends that the Department of Local Government & National Housing be responsible for policy formulation; the provision of guidance and finance to other players; co-ordination and monitoring; and that this department immediately begins to establish and build a statistical base and monitoring system.

The report also recommends the creation of a Housing Finance Corp (HFC), which would be accommodated in the present structure of the Development Bank of Southern Africa (DBSA) — but as a second development fund under a separate board of directors.

The HFC would assume responsibility for capital mobilised for the low-cost market. Subsidisation, separated from the banking function, would be vested in the proposed NHD. This could mean the disbanding of the Independent Development Trust and the SA Housing Trust, and the streamlining of the DBSA's development functions. Again, there would be a saving on bureaucratic wastage, and greater accountability.

Concerning the economy, De Loor recommends that the housing sector's present share of GDP (less than 3%) be increased to 5% over a period of time; and that the State's annual housing appropriation from the Budget be increased over the next three years from the 1990/1991 amount of R1,6bn to about R3,5bn.

Cont →

De Loor estimates that R2,8bn is needed annually for bulk infrastructure, and more than R1,3bn for loan finance.

One of the report's key proposals is the allocation of capital subsidies to the home-owner, which it believes will increase efficiency — because the home-owner will be subsidised, not an organisation involved in housing.

The report also expects that the housing assistance of R1,8bn resulting from these proposals will not only stimulate the building industry, but will also reactivate the housing finance industry.

In 1990/1991, estimates the task group, the total investment by financial institutions in new housing was some R4bn — but less than 10% was invested in homes of people earning less than R1 000 a month. It believes that financial institutions, given a normalised social situation, would respond to this market challenge. After a few years, investment would increase by "some 35% to 50% higher than present housing investment levels."

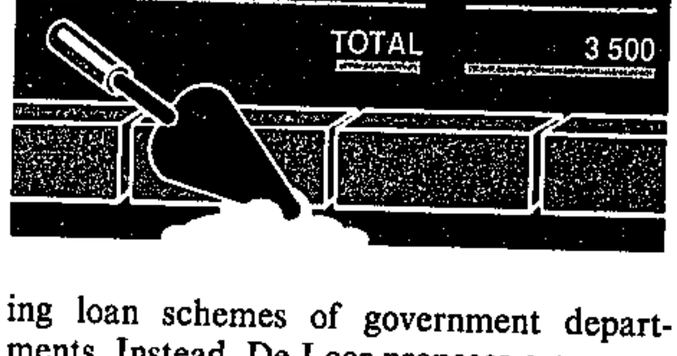
De Loor believes that if some of the money now going into the middle segment of the housing market were attracted to the lower end where the needs are greatest, it would be possible to achieve the housing goal without overtaxing the economy. But it seems clear that this would not be possible without foreign money.

The report advocates the rationalisation of existing subsidy schemes. By this it means that all existing schemes — bar the one for farm workers — should be allowed to run down and be phased out as soon as possible.

Such schemes include the first-home subsidy scheme, the housing savings scheme, the family housing scheme and the various housing loan schemes of government departments. Instead, De Loor proposes a comprehensive housing assistance scheme, the main component of which is a capital subsidy directly to the home-owner, graduated according to income.

The bottom line
Fiscal recommendations

Housing assistance scheme:	Rm per annum
• New household formation	900
• Eradication of backlog	890
Equity capital for the Housing Finance Corporation	1 340
Upgrading and urban renewal	370
TOTAL	3 500



It begins with access to a site for the very poor, and progresses to more sophisticated but flexible alternatives in which beneficiaries also have to make a contribution.

The first of the four categories includes the very poor, the unemployed and the newly arrived migrant; the aim is to get them access to site with basic services. Because these people often cannot afford the responsibilities of home ownership, this category does not provide for ownership. But security of tenure is guaranteed and provision is made for ownership at a later stage. This is a vital provision, because it accepts that even the poor can benefit from the principle of private property; they will have something to defend.

Category Two provides access to a site with very basic services plus a five-year loan (of R5 000) for the erection of a house (plus technical assistance during the building process). The property can be registered in the name of the beneficiary at the end of the five-year loan period.

Categories Three and Four provide for a one-off capital subsidy — R7 000 and R6 000 respectively — to be used for the acquisition of a site and/or dwelling on an ownership basis, or for renting a dwelling.

Household income requirements for Categories Two to Four are set between R500 and R3 000 a month. It is also recommended that beneficiaries be required to contribute an initial cash deposit of between 10% and 20% of their annual income, as well as a regular monthly instalment.

World Bank studies have found that housing construction has a definite impact on job generation. It is a spur to sales of building materials, and stimulates white goods and other consumer industries.

The report is a valuable contribution. But, as one observer points out, it runs the risk of being killed off by other players in the market — because it did not originate with them.

The ball is now in the court of the extra-parliamentary groups. The new forum, facilitated by the IDT and DBSA, so far includes the ANC, PAC, Azapo, the Inkatha Freedom Party, Cosatu, various civic associations, hostel dwellers associations, the SBDC and the Consultative Business Movement, among others.

Government, says the IDT, has specifically excluded itself from the NHF because of its role at Codesa.

So politics will probably continue to compound the housing problem for some time yet. But it cannot be said that no sensible solutions have been proposed — and the De Loor Report contains many of them. ■

House prices showing 13 percent increase

By Meg Wilson

House prices rose by more than 13 percent in the first quarter of this year, compared with the same period in 1991.

According to Absa's latest quarterly housing review, the average price of a medium-size house (178 sq m) rose 13,2 percent to R135 000.

This was 1,4 percent more than in the previous quarter.

Although the average size of a new small house fell during the first quarter from 113 sq m to 111 sq m, prices showed the highest increases, at 3,5 percent for the quarter and 14,7 percent year-on-year, to R103 000.

Average price

The average price of a large house (264 sq m) rose 2,5 percent in the quarter to R192 000, an annual increase of 13,7 percent.

Although the rise in building costs, at 14,1 percent, was below inflation for the third consecutive quarter, the differential between newly built and existing homes fell just one percent, to 23 percent, year-on-year.

The average price of a new medium-size home fell to R175 000 (R179 000 in the previous quarter) and that of an existing home rose to R132 000 (R122 000).

Figures show that in real terms, the price of a medium-size house has actually fallen 20 percent since 1986.

Supply situation

But Absa expects that economic recovery later this year will spur activity in the property market, highlighting a thin supply situation and causing a real increase of around two percent.

It also says that although interest rates are likely to fall two percent in the course of the year, homebuyers should not rely on these remaining at lower levels beyond next year, when it expects renewed inflationary pressure resulting from higher wage increases and government expenditure.

Putting houses in order

STAR 22/5/92 (339).

AS THE intense debate surrounding the chronic South African housing problem goes on, there remains a persistent misunderstanding about this major social issue.

For all the deliberations of the major players — the IDT, Urban Foundation, Development Bank of Southern Africa and the ANC's Department of Economic Policy — they appear to be missing the point that housing is both process and product.

The path to homeownership is strewn with legal, financial and political barriers, and while much is being debated and planned to get households through this morass of uncertainty, they have stopped short in systemically addressing the problem of what is being delivered, the thing on the ground — the house itself.

Even in the wake of the De Loor Commission strategy on housing delivery, we still face the distinct possibility that unless we pay urgent attention to the physical and design solutions in mass housing, we will be merely perpetuating the monotonous rows and anti-social housing lay-out so vividly evident in the townshiips.

While one aspect of housing is, indeed about access to delivery procedures and financing mechanisms, the flip side is about bricks and mortar and the physical shape of the built landscape.

In the past, township development was regarded as nothing more than a mechanism of social control for it left blacks segregated and isolated on the cities' periphery, and home ownership was never considered.

With this in mind it is both bewildering and alarming to note that within the process debate there is a clear implication, if not specification, that the site-and-service option is the desirable solution.

We therefore run the risk of generating the shackland sprawl because the product side of housing is not being absorbed into the process-dominated agenda.

Thus, by default more than by design perhaps, the new housing policy (if that is where the debate is headed) is going to deliver nothing less than an endless spread of shanty towns across the landscape.

Looking at land use in the housing scenario there is the pavilion concept or, in other words, a house surrounded by space. If the pavilion in the form of site-and-service shacks is multiplied and used as a solution to the nation's homes shortage, it will require more than 1 500 sq km of land or a further 20 Sowetos.

This is alarming because the consequences of a site-and-service policy will be disastrous at least in terms of the space, infrastructure and capital resources required.

South Africa cannot afford such a land use policy and a drastic revision of alternatives to the pavilion option will have to take place if cities are to be well integrated both spatially and socially.

It is imperative that any new housing policy takes into account variations of the built form.

Social, economic and land use implications of different kinds of design need to be absorbed and understood.

This means that the twin variables of process and product need to be tackled simultaneously by policy.

If the housing problem is to be approached in this way then it is worthwhile to speculate about why the pavilion is so inherently popular among the main institutional players concerned with both housing delivery and financing systems.

Perhaps the key issue driving this solution is the overwhelming emphasis given to home ownership as the dominant, if not only form of secure tenure. Most subsidy schemes, for instance, make ownership a necessary precondition for participation and other forms of tenure such as leasehold arrangements do not feature highly.

In an economic context where land is simply another marketable commodity which gives exclusive use rights to the owner, the pavilion mentality can, in some way, be regarded as a natural extension of that context.

This is because ownership, in a general sense, is itself related to the concept of material possession and the pavilion is perhaps the most striking physical symbol of the possession of land.

After all, the suburb, which is the archetypal personification of home ownership in pavilion form, has, for many decades in South Africa become the preferred land use model for whites and to which many blacks now aspire.

Indeed, it is the dominant model presented to society and lies at the very core of the suburban dream replete with lifestyle and values.

This has led to it being regarded as normal and inevitable and, therefore, unargued in the housing debate.

Any justification of the pavilion on the grounds that this is what people want must consequently be treated critically and with caution.

However, these ideas are merely speculative at this stage and need to be more fully explored before conclusions can be reached.

In terms of elementary or generic house shape, there are two other alternatives to the pavilion — the street (houses joined together at the sides to form the terrace effect) and the court (houses backed up against each other to form courtyards).

In overall performance the latter is the most effective because people are brought into focus and come together spontaneously.

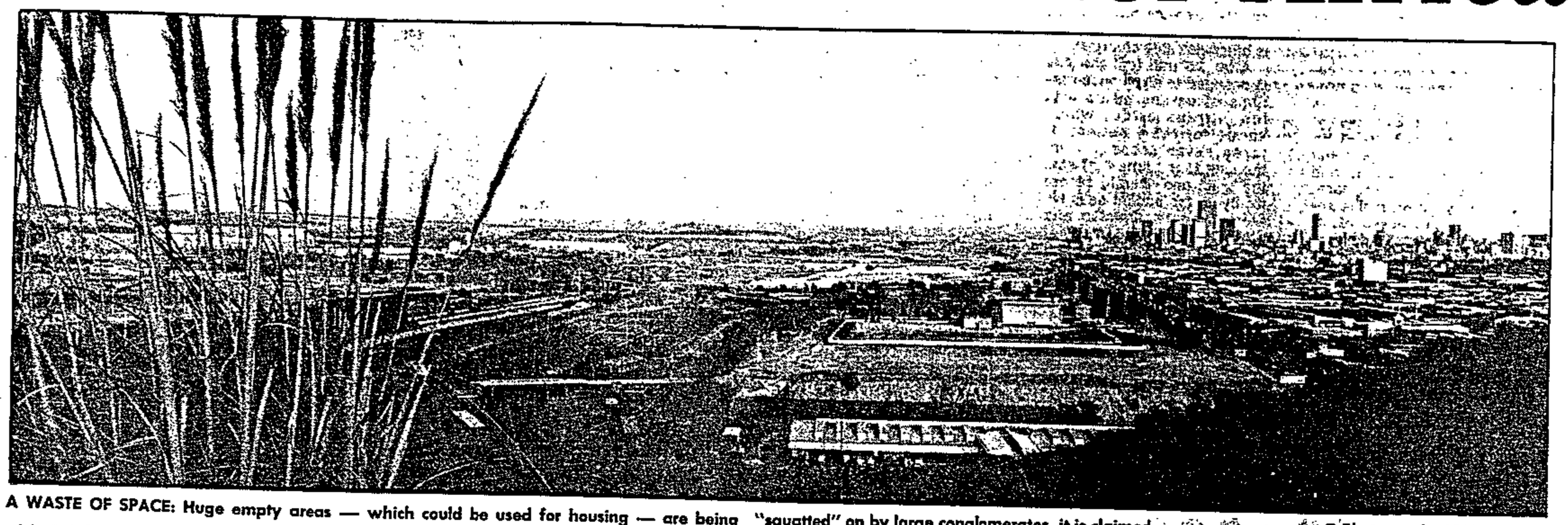
It is much more socially agreeable and certainly, economically viable.

With the process argument dominating the debate (and, presumably the new housing policy) and the built form question being unargued, South Africa runs the risk of perpetuating the worst possible solutions to its housing crisis.

It is therefore crucial that the major players in the housing debate now raging take stock so that the question of built form may be systematically absorbed. □

Glen Mills is Professor of Architecture at the University of the Witwatersrand.

There's urban land for Africa



A WASTE OF SPACE: Huge empty areas — which could be used for housing — are being "squatted" on by large conglomerates, it is claimed. ● Photograph: JOHN HOGG

VAST tracts of land owned by large conglomerates around Johannesburg could be used for low-cost and informal housing. JOE LOUW reports.

THERE is no shortage of land for low-cost and informal housing in Johannesburg because there are thousands of hectares being "squatted" on by large conglomerates.

This the conclusion of a land use study commissioned by the Civic Association of Johannesburg (CAJ) and the Metropolitan Chamber. The study has led CAJ general-secretary Cas Coovadia to demand that underutilised land be released — or else.

"I believe that the choice is not whether the land should be made available for development or not," he said, "but whether it is freed through negotiation and co-operation, or via land occupation."

The study revealed that land requirements for residential as well as for secondary and tertiary employment needs in the Greater Johannesburg area are between 20 000 and 31 000 ha.

However, a total of 164 000 ha was estimated to be available in those areas studied. Large portions of the land are owned, it was revealed, by mining houses and other conglomerates. Coovadia named Rand Mines Properties, Anglovaal and African Explosives and Chemical Industries (AECI) as the biggest culprits.

"It is thus very evident," said Coovadia, "that land is available to house people in areas that will meet logical criteria in a holistic approach to the problem of housing the urban poor."

Coovadia listed these criteria as: access to the urban system, closeness to transport routes and bulk infrastructure (roads, electricity, schools, etc) and closeness to employment opportunities. He called for co-operation and "innovative" ways of making the identified land available for the development of low-cost housing and the generation of income.

A World Bank study, based on data provided by Johannesburg City Council's town planning and metropolitan planning departments, made available to the Saturday Star, states that within 10 km of the city centre, 40 percent of the land is still unutilised.

"Even taking into account the development constraints imposed by mining land and geological features, this figure is abnormally high," says the report. "This low rate of build-up has a negative effect on the efficiency of the city."

The report points to another "land use oddity", created by the now-abolished Group Areas Act which established racially determined zoning and dispersed the largest population group to the perimeters of the city.

The density of most cities of the world peak within 5 km of the centre and decrease gradually towards the periphery. By contrast, in most Witwatersrand cities the pattern is quite the opposite because of the townships artifically created on the city outskirts in the "out of sight, out of mind" policies of the past.

"This has serious consequences for the welfare of the population and the efficiency of urban services and economic activities," the report says.

One example given points out that, with the average distance between township and workplace about 24 km, the average cost per minibus trip (at 1991 prices) meant approximately R115 a month per person was spent on "illogical" travel — a serious impact on the already low earnings of urban families on the periphery.

Richard Tomlinson, in his book "Urbanisation in a Post-Apartheid South Africa", indicated that Johannesburg could "comfortably" accommodate up to 150 percent more people.

Another researcher, Tony Wolfson, who works for Planact, a Johannesburg service organisation which advises community groups, believes that the legacy of low-density settlement (one unit, one plot), especially in white suburban areas has meant that some of the most suitable land is grossly under-used.

"For the wealthy," he says, "local councils permit low-density use with a subsequent 'wastage' of space that could be usefully occupied by the urban poor."

He cites an earlier study of plot densities which showed, for example, that while in densely populated Melville an average of 39 people occupy one hectare, the same space in Meadowlands hostel accommodates 690. Moroka, which also has one unit per plot, accommodates at least 60 people per hectare.

In addition, he points out market forces preclude the development of multi-storey apartment blocks because of the high building-material planning and design costs involved in such projects, "thus perpetuating low-density land use in poorer areas as well."

Wolfson does not believe that the property market as a mechanism is sufficient to determine the distribution of living space in the urban areas. "Low-income people will never get a chance," he says. "They will be marginalised forever. It is unrealistic to have a booming property market in South Africa's major cities when the economic status of the majority of the population does not warrant such a market.

"Planning decisions in the future will have to prioritise development in favour of the majority where the most benefit can be achieved, but one cannot just ignore the rights of existing property owners. We have to come up with creative local policies to solve these problems."

Housing prices set to rise a mere 2% — Absa

KARIN FRANKEN

FUTURE housing prices are set to rise a mere 2% providing the political situation stabilises, says Absa's latest Quarterly Housing Review.

Firmer prices were expected to stimulate the domestic property market and highlight the weak supply situation.

The review also indicated that interest rates might decline another 2%, although prospective buyers were advised not to rely on the lower rates.

On a national basis, the average price of a medium-sized house rose 13,2% to R135 000 in the first quarter of 1992 compared to 1991. During the same period, smaller houses' prices rose 14,7% to R103 000, while the average price of a larger house rose 13,7% to R192 000, Absa said.

The year-on-year increase of 14,1% in building costs during the first quarter of 1992 was lower than the general inflation rate for the third successive quarter, reflecting an economic and building sector depression.

This resulted in marginal narrowing of prices between new and existing houses.

During the last quarter of 1991 and first quarter of 1992 prices of medium-sized houses in parts of Natal increased 5,6%, in the Free State and the northern Cape 4,7%, and in the East Rand 5,5%.

The eastern Cape showed a marginal house price increase of 2,6%, the Transvaal (excluding the PWV area) 2,2%, and the Durban-Pinetown area 1,9%.

Prices for medium-sized houses in Pretoria and the western Cape remained unchanged. Johannesburg experienced a price decline of 3,5%, the West Rand 3,4%, and Vaal Triangle 3,0%.

The review said the limited downward potential in the capital value of a house made it a comparatively attractive investment opportunity and a better long-term investment than gold, fixed deposits or shares if transfer costs, commissions and tax were not taken into account.

Community bank 'for the people'

R2bn plan for loans to low earners

B/Day 25/5/92

128 339

ADRIAN HADLAND

FORMER SA Perm MD Bob Tucker is spearheading an initiative to set up a National Community Bank with assets of up to R2bn. It could become operational within a year.

The bank would provide credit and banking facilities to low-income, mostly black, customers frustrated by the profit-motivated policies of the formal financial institutions.

It is envisaged that profits from the scheme would be ploughed back into community advancement projects.

The bank would provide the institutional structures for an initial network of 10 to 15 community banks each owned by a specific community. The banks would not issue equity and members of a specific community would hold units which could be redeemed or transferred at par.

"Unless something is urgently done to provide access to credit within the community, (social) disintegration is likely to continue," says a report drawn up by the recently formed Community Banking Project (CBP).

Registrar of deposit-taking institutions Hennie van Greunen has indicated his willingness to have banking laws changed to accommodate the emergence of non-equity financed, community-owned banking institutions.

In meetings with the CBP, Van Greunen said semi-autonomous "community banks" would be exempted from certain aspects of the Deposit-Taking Institutions Act such as the minimum reserve requirements.

The project team charged with investigating the establishment of the National Community Bank includes the Kagiso Trust's Eric Molobi, Actstop's Cas Coovadia and ANC economist Ketso Gordhan. Tucker is chairman of the team.

The central bank in the NCB network would render all returns to the registrar of deposit-taking institutions, with the Reserve Bank acting as lender of last resort. The central bank would have access to bulk loan financing from institutions such as the World Bank.

CBP executive officer Cas Coovadia said the bank would provide "low-cost, low-key" services including deposit accounts, group or housing loans, entrepreneurial investment and project financing. The banks would be connected to the electronic Saswitch automatic teller network.

In its report, the CBP said "serious progress has already been made with one of the formal sector banks in developing a basis for the provision of infrastructure and systems".

Coovadia, stressing that the project was still in its conceptual stages, said many communities had no access to credit and no control over the administration of their savings by formal banking institutions or life-insurance offices.

The CBP report said "the developmental needs of the community (and in particular the lower income groups) are not being met, and unsophisticated communities are left to cope most ineffectually with very sophisticated financial institutions".

"Institutions which are felt to be 'of the

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Community bank

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From Page 1

community, for the community' do not exist and the mission, culture, management and practices of the formal banks do not enable them to 'connect' with the lower income groups within the community or with the needs of the community."

It suggests members of the community would hold subordinated debt "units" which could be redeemed or transferred at par.

Unit holders would be entitled to elect the local community bank's board of directors who would nominate a representative for the national community bank's board of governors.

"The National Community Bank would provide all the training and other support programmes necessary to underpin the community banks, and ensure management and development of each community bank," the report said.

An Informal Finance Forum, established in February this year, will also make recommendations to the registrar concerning aspects of the Deposit-Taking Institutions Act which inhibit the growth and work of informal financial institutions such as stokvels.

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ABSA lowers bonds rates

339

South Africa's largest banking group, ABSA, yesterday announced a 1 percent cut in its bond rates to 18 percent.

The bank said its operating divisions, Volkskas, Trust Bank, Allied and United would reduce home loan rates by 1 percent with immediate effect on new loans and from July 1 on existing bonds.

The reduction follows on the trend set by other banks on Friday when Standard Bank, First National Bank, Nedbank and NBS announced cuts in their home loan rates.

Lower money market rates as a result of high liquidity have been cited as reasons for the latest home loan reductions. Sowetan 26/5/92

The Bank of Athens in South Africa and the Board of Executors were the first two financial institutions to lower bond rates two weeks ago amid speculation the Reserve Bank was to lower the official bank rate.

This was, however, denied by Reserve Bank officials at the weekend. - *Sapa*

Thousands get own houses

Sowetan 29/5/92 (339)

JOHN Weaver, chief executive officer of FHA Homes, established eight years ago by the Urban Foundation to develop housing projects, tells us how homes have been built in many communities and primarily for the poor.

THE crucial need to house the homeless in South Africa tends to obscure the number of people who now own their own homes and live in rapidly developing townships.

Over the past eight years, FHA Homes has purchased land throughout the PWV and has to date built well over 5 000 houses.

Many of these homes are in areas that were once used for agriculture but which are now bustling communities of families who need schools, shops, entertainment, creches, churches and all the services that comprise modern society.

These needs are anticipated by the developers of new townships and are usually allowed for in the urban plan. Often, though, the sites put aside for these purposes remain vacant, waiting for an entrepreneur to see the value in utilising the space.

With unemployment at unprecedently high levels, more people should examine the possibility of creating employment for themselves by taking advantage of the opportunities presented by expanding new townships.

A developing community has a variety of needs and residents would prefer not to have to travel too far to satisfy them.

The Independent Development Trust (IDT) - set up over two years ago as a body independent of government, but charged with the task of allocating government funds for the purpose of housing - views the establishment of a social and commercial infrastructure as essential in a new township if stability and normal community life is to be achieved.

They use the term "consolidation" to describe what in fact is a natural process.

Throughout the world evidence has been collected to demonstrate the way in which people will strive to improve their living conditions and create for themselves an infrastructure that becomes their social fabric.

They form committees, convert informal homes to more formal structures, put in roads and establish businesses to service the community.

This is an opportunity frequently overlooked by the residents of newly formed townships: the possibility not only to provide a service to the neighbourhood but to prosper from it as well.

In the early days of a township development there are needs for builders, joiners, painters, plumbers and electricians.

Initially, the need for these trades may be for improvements, such as washing lines and burglar bars only, but as the community develops those that establish reputations for quality work and good service will grow into viable, long term businesses.

Opportunities occur as well when the community identifies a social need and canvasses support for it from outside agencies.

When the Civic Association of Etwatwa on the East Rand conceived the idea of a multi-purpose school which would assist them in coping with the unfulfilled demands of a large child population, they sought the assistance of the IDT and Nedcor.

Now operating and capable of dealing with a pupil community, it has benefitted from the investment and work opportunities.

The builders of the Rolihlahla School trained and employed local tradespeople and workers so that the R800 000 it cost to build was mainly retained by the community.

Employment prospects look bleak, says survey

ST Times (Cape metro) 31/5/92 335

THE outlook for the employment of skilled and unskilled workers remains poor, with most respondents in the latest South African Chamber of Business (SACOB) manufacturing survey expecting to retrench staff in the coming year, says the Cape Chamber of Industries (CCI).

But it points out that wage and salary increases have dropped to more realistic levels in recent months and this is likely to have some stabilising influence on employment levels.

Most survey respondents expect to reduce their productive capacity in the coming year, and inventory levels are also expected to drop.

It seems clear that most respondents expect there will be little improvement in business conditions before the end of the year, says the CCI.

Despite some favourable developments on the political front in recent months, the economy continues to be "plagued by uncertainties".

As a result, says the CCI, an upturn in the investment cycle is unlikely to materialise until there are clear indications that demand levels are improving.

Dishonest agents 'exploiting' buyers of low-cost homes

STAR 3/6/92. (339)



Reports by Frank Jeans and Meg Wilson

Unscrupulous developers, contractors and estate agents are cheating potential buyers in the low-cost housing market.

That is the claim made by Brian Leveson, of the Housing Advice Centre, who says that about 60 percent of the centre's clients complain of being taken advantage of "in a most disgraceful manner".

The Housing Advice Centre is a non-profit organisation which was established two years ago so as to help homeowners in the low-income sector.

From next month, the centre becomes part of Lawyers for Human Rights.

It now has 3 000 files and Mr Leveson says: "From the many clients we have interviewed, we have found that about 60 percent of them claim that developers, contractors and estate agents have either disappeared with their deposits or have advised clients that bond applications have been declined and that they are keeping the deposits as their fee for work done."

Twenty percent of the centre's clients also claim that their homes have been repossessed because they could not afford bond instalments.

Misled

"These people say they have been misled by sales agents as to the costs of a house and, in particular, the amount of their monthly instalments.

"Selling agents are also alleged to have submitted applications to financial institutions which do not contain correct information regarding salary scales, etc.

"Many institutions, in turn, they claim, do not verify the accuracy of the information supplied and, consequently repossession takes place."

Mr Leveson has no doubt that there is "incredible exploitation" taking place in the low-income housing market and he challenges the lack of proper pre-sale guidance in regard to the individual financial commitment to homeownership.

He criticises a formula put forward by the developers of one low-cost development which claims that on a R42 000 home the monthly repayment after a five percent deposit is R300.

"On a R40 000 loan at the current 18 percent interest rate the monthly outlay is R617, less the first-time homeowner's subsidy resulting in a final figure of R411," he says.

"And the difference of R111 means a great deal to a low-income earner."

It should be remembered, too, that in this instance the borrower's monthly salary would have to be at least R1 740 and not R1 200 if the payment were R300.

Mr Leveson is also unaware of any financial institution which is prepared to grant 95 percent bonds in the present market and believes that in many cases, even the first-time subsidy is not taken into account.

Shopping centre planned for Kyalami park

Govt to fence off hostels

Political Staff

GOVERNMENT was dealing with the upgrading of hostels as a matter of urgency and attention would be given to fencing them, Local Government and National Housing Minister Leon Wessels said yesterday.

His department had noted that the Goldstone Commission regarded hostels as a common participant in most violence in afflicted areas. It had also noted the commission's recommendation that the hostels immediately be properly fenced.

Wessels said in a statement government had already approved a comprehensive strategy for upgrading them.

Wessels said he had already announced that humane living standards at hostels were a high priority for government and R294,6m had been allocated for the conversion or upgrading of hostels.

Nationwide strike on 'mass action' agenda

PATRICK BULGER

ANC, Cosatu and SACP leaders would meet on a weekly basis in the months ahead to plan mass action that could culminate in an open-ended general strike in August, Cosatu assistant general secretary Sam Shilowa said yesterday.

Shilowa was outlining how the alliance's campaign of mass action, confirmed at the ANC policy conference at the weekend, would unfold. The mass action campaign was consistent with the alliance view that negotiations were "another site of struggle", he said.

The alliance has told government that it wants a firm commitment to interim government and to elections for a constituent assembly or it should face unprecedented mass action and possible withdrawal from negotiations at Codesa.

Shilowa indicated, however, that mass action could still take place as the alliance was demanding government action on a whole range of issues ranging from corruption to government-sponsored violence against its opponents.

The alliance partners would be going back to their constituencies between now and mid-July to hold report backs and to seek mandates on mass action.

Shilowa said mass action would take the form of factory occupations, stayaways and a general strike in August that would continue until government gave in to alliance demands.

He said the issue of Cosatu participation at Codesa had become "academic". More important was the involvement of organs of "people's power" like the civics in negotiations.

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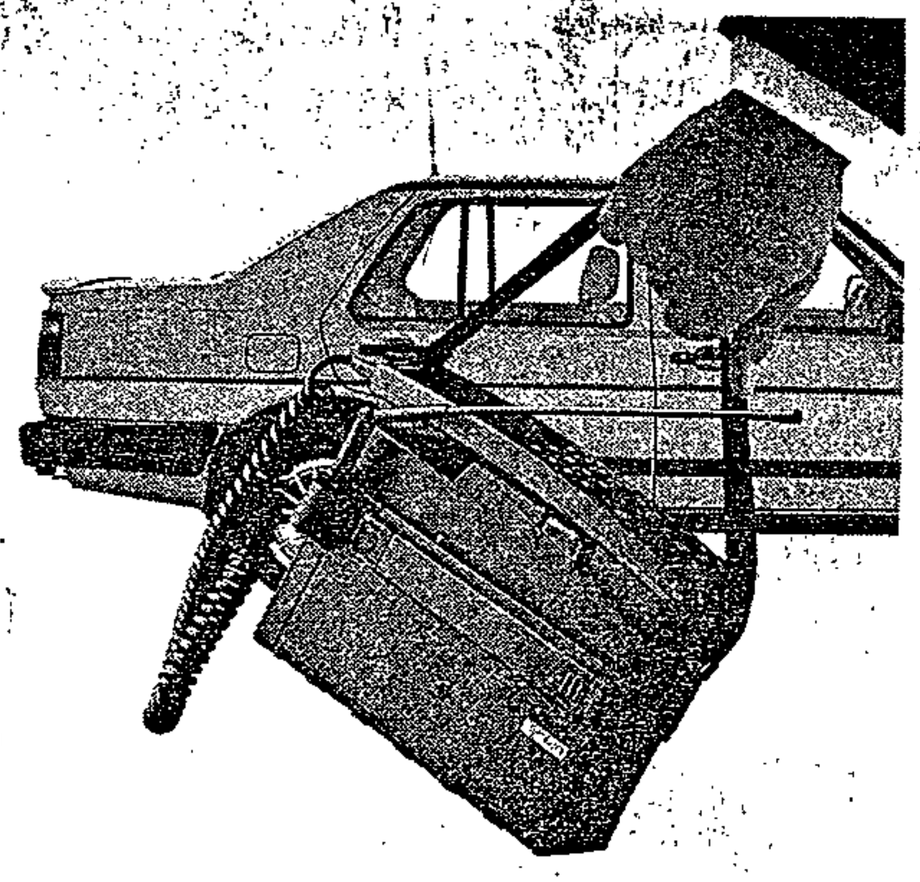

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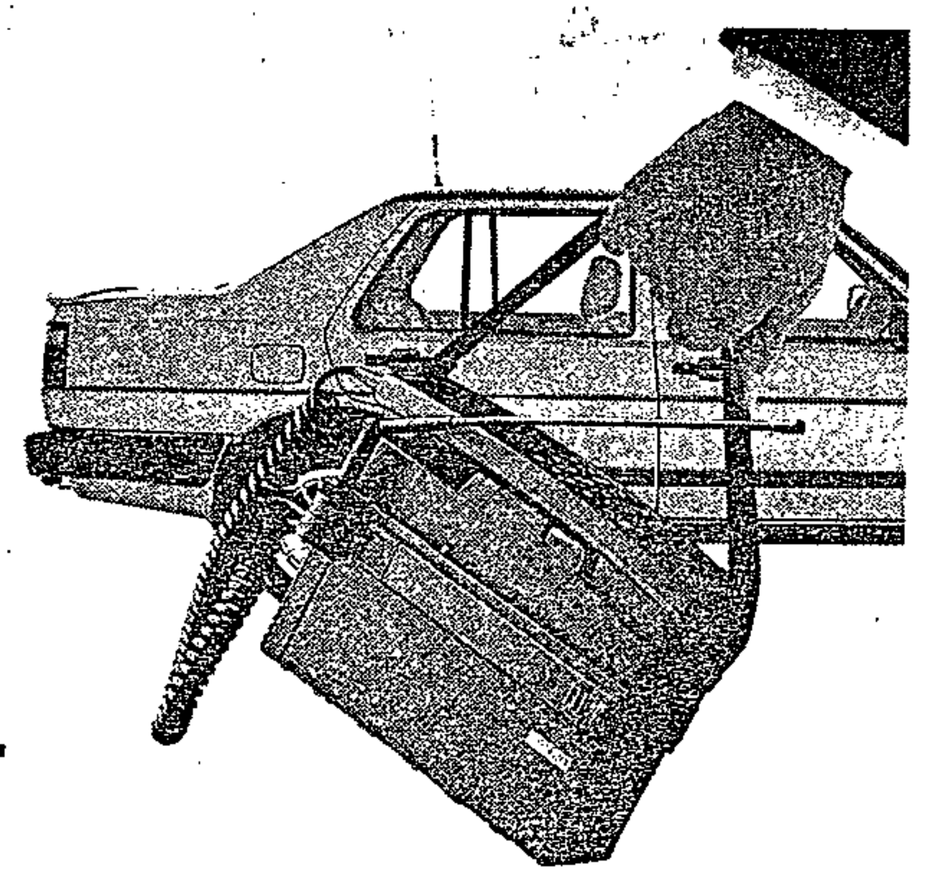

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Toilets stain the countryside

A NEW scene greets the eye on the borders of some black townships.

These are rows and rows of corrugated iron structures which dot the veld as far as the eye can see.

They indicate that a site and service housing subsidy scheme is underway.

This is part of South Africa's response to the problem of homelessness for millions of the country's citizens - a legacy of the apartheid policy.

The driving force behind the project is the Government funded Independent Development Trust with R800 million to spend.

The site and service housing policy, however, is not without its critics.

Chief among them is Glen Mills, Professor of Architecture at the University of the Witwatersrand.

He says that this solution to the acute housing shortage merely perpetuates the monotonous and anti-social township housing layout as well as creating an endless spread of shanty towns.

Also taking a dim view of this development are some residents of KwaThema on the East Rand who have dubbed an area in which a site and service scheme is taking shape as Toilet View.

Meanwhile, site and service projects are mushrooming across the land.

IDT director of communications Mr Jolyon Nuttall has reported that their site and service subsidy scheme covered 104 projects involving 106 695 sites.

Each project had to be negotiated with a developer who in turn must involve community organisations about the size of the site, the nature of the services and most important, the allocation of the stands to the most deserving families.

Nuttall said there was jubilation in their ranks recently after the 50th project was signed up.

Approval of the 104 projects in principle was given by the IDT's trustees in July last year and 10 months later they were virtually at the halfway mark in finalising contracts.

Nuttall said: "Some developments are well underway, individuals have taken transfer of their stands and, with great verve and initiative, are erecting dwellings on them."

In a newspaper article, Mills said, as the intense debate surrounding the chronic South African housing shortage went on, there remained a persistent misunderstanding about the major social issue.

For all the deliberations of the major players, the IDT, Urban Foundation, Development Bank of Southern Africa, and the ANC's Department of Economic Policy, they appeared to be missing the point that housing was both process and product.

The path to home ownership, he said, was strewn with legal, financial and political barriers.

And while much was being debated and planned to get households through this morass of uncertainty, they had stopped short in systematically addressing the problem of what is being delivered, the thing on the ground, the house itself.

Blacks segregated

Mills said: "In the past, township development was regarded as more than a mechanism of social control for it left blacks segregated and isolated on the cities' periphery and home ownership was never considered.

"With this in mind, it is both bewildering and alarming to note that within the process debate there is a clear implication, if not specification, that the site and service option is the desirable solution."

South Africa, Mills said, ran the risk of generating the shackland sprawl because the product side of housing was not absorbed into the process-dominated agenda.

"Thus by default more than by design, the new housing policy (if that is where the debate is headed) is going to deliver nothing less than an endless spread of shanty towns across the landscape."

Looking at land use in the housing scenario, Mills said there was the pavilion concept, or in other words, a house surrounded by space.

If the pavilion in the form of site and service shacks is multiplied and used as a solution for the nation's homes' shortage, it would require more than 1 500sq km of land or a further 20 Sowetos.

This would be alarming because the consequences of a site and service policy would be disastrous, at least in terms of the space, infrastructure and capital resources required.

"In terms of elementary or geometric house shape, there are two alternatives to the pavilion: the street (houses joined together at the sides to form the terrace effect) and the court (houses backed up against each other to form courtyards," Mills said.

"In overall performance, the latter is the most effective because people are brought into focus and come together spontaneously.

"It is much more socially agreeable and certainly economically viable."



CHILDREN play in the sand by the newly-erected toilets.

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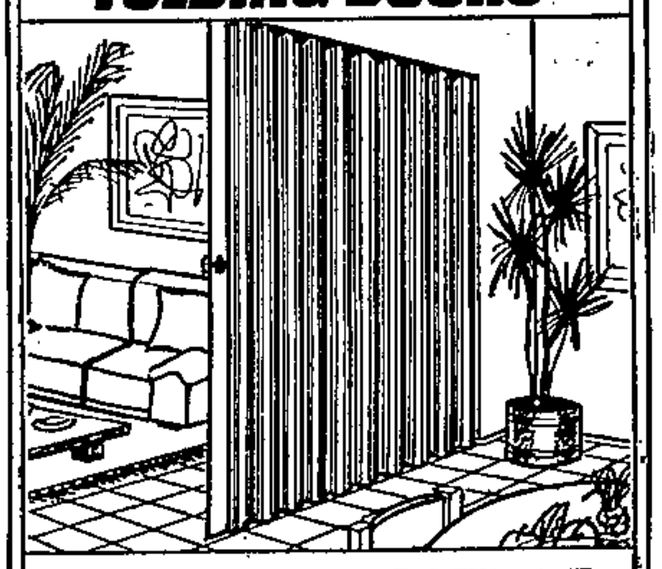

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UNIT TRUSTS

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	General	Equity	Funds:
ABSA	138,31	129,37	8,60
BOE Growth	145,01	135,49	4,42
Fedgro	130,14	121,54	7,39
CU Growth	117,04	109,27	4,95
Guardbank Growth	2472,54	2315,11	5,10
IGI	133,50	124,79	4,19
Momentum	239,38	224,04	4,96
Metfund	193,50	178,95	3,83
Metlife	121,88	113,95	n/a
NBS Hallmark	926,12	864,78	5,82
Norwich	346,85	323,87	4,47
Old Mutual Investors	2900,58	2704,33	3,57
Sage	2474,83	2309,01	4,25
Sanlam	1712,15	1599,96	3,68
Sanlam Index	1333,38	1246,56	4,24
Sanlam Dividend	460,45	429,99	4,40
Senbank General	128,25	119,53	—
Southern Equity	195,53	182,96	4,83
Standard	1169,77	1099,23	6,99
Syfrets Growth	280,05	262,16	4,43
Syfrets Trustee	121,78	114,04	n/a
UAL	2088,24	1957,28	4,54
Specialist equity Funds:			
Guardbank Resources	150,09	140,65	5,50
Guardbank Industrial	114,29	107,48	n/a
Sage Resources	119,72	111,81	5,99
Sanlam Industrial	1031,03	963,79	3,48
Sanlam Mining	313,07	292,40	5,37
Senbank Industrial	130,63	121,86	n/a
Southern Mining	140,48	131,37	5,46
Standard Gold	171,85	161,04	7,57
Standard Industrial	105,33	100,08	n/a
Standard International	105,32	100,05	n/a
UAL Mining and Resources	392,83	367,32	4,59
UAL Selected Opportunities	1738,27	1626,36	4,25
Old Mutual Mining	255,19	237,83	5,32
Old Mutual Industrial	372,41	346,90	4,19
Old Mutual Gold Fund	107,27	99,80	6,12
Old Mutual Top Companies	256,32	239,08	n/a
Income/Gilt Funds:			
Metboard Income	103,79	102,70	16,09
Guardbank Income	119,02	116,58	15,84
Old Mutual Income	108,31	107,14	14,03
Standard Income	93,67	92,67	14,55
Syfrets Income	107,08	106,01	14,94
Syfrets Gilt	1039,75	1029,35	n/a
UAL Gilt	1117,07	1105,90	14,37

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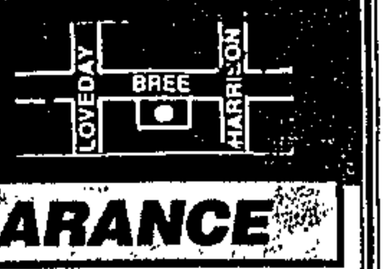

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Homeless people's future looks bleak

Sowetan 5/6/92.

339

By JOSHUA RABOROKO

THE future for South Africa's millions of homeless people is bleak, according to the South African Housing Trust.

SAHT's general manager Mr Johan de Ridder said the Trust had asked for more grants as it was unable to do its job.

The situation was worsened by financial institutions' reluctance to grant loans for low-cost housing, he said.

His views were echoed by other property developers who warned that solutions had to be found soon.

Mr Dave Harris of Rabie Properties said the financial institutions were no longer eager to finance black home buyers because of the risk factor.

The decline of the country's economy was also contributing to the siutation.

Retrenchments made many people unable to pay bonds.

Ridder said not more than 1 000 houses were built monthly and this could drop to 500.

The trust was formed in 1987 with R400 million in interest-free loans from the government. This was followed by an additional R45 million and R800 million in guarantees by the government for the private sector.

It has build more than 38 000 homes countrywide.

It also facilitated the servicing of 40 000 stands.

Its long-term financing arm, Khanyalethu Home Loans, granted 20 000 home loans, amountin to R402 million, to low-income families.

He denied that weak management, lack of technical control and massive overheads by the trust were to blame for the crisis.

House prices will go up

Sowetan 5/6/92.

By JOSHUA RABOROKO

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HOUSE prices may increase by two percent in real terms this year provided there is no further destabilisation of the political environment.

According to ABSA's latest Quarterly Housing Review

The prices are likely to be supported by an economic upturn in the second half of the year, which will stimulate the domestic property market and highlight the weak supply situation.

Houses completed and building plans approved fell to their lowest levels in five years between the last quarter of '91 and the first quarter of '92. Houses completed declined by 16,1 percent and plans approved by 9,7 percent during 1991.

While it is probable that interest rates will decline by a further 2 percent, they are expected to harden during the course of next year and prospective buyers should not rely too heavily on lower rates for the foreseeable future.

On a nationaal basis, the average price of a medium-sized house rose 13,2 percent to R135 000 in the first quarter of '92 compared with the first quarter of 1991.

During the same period, the average price of a smaller house rose 14,7 percent to R103 000, while the average price of a larger house rose 13,7 percent to R192 000.

The year-on-year increase of 14,1 percent in building costs in the first quarter of '92, was lower than the general inflation rate for the third successive quarter, and reflects the depressed economy and the building sector in particular.

Existing houses

This resulted in a marginal narrowing of the price differential between new and existing houses, from 24 percent in the first quarter of '91 to 23 percent in the first quarter of this year.

In certain regions, the price of a medium-sized house increased appreciably between the last quarter of '91 and the first quarter of '92.

These include parts of Natal excluding Durban-Pinetown (5,6 percent), the OFS and the Northern Cape (4,7 percent) and the East Rand (5,5 percent).

Other regions showed marginal increases such as the Eastern Cape 2,6 percent, Transvaal excluding the PWV area 2,2 percent, and the Durban-Pinetown area 1,9 percent, while prices in Pretoria and the Western Cape remained unchanged.

Prices in Johannesburg declined by 3,5 percent, on the West Rand by 3,4 percent and the Vaal Triangle by 3,0 percent.

Insurers urged to put funds in housing

STAR-10/6/92 (33)

Channelling a miniscule percentage of the Life Offices Association's (LOA) free investment income into a fund for "socially desirable projects" would realise about R2 billion for low-cost housing and labour intensive factories.

So says Issy Goldberg, chairman of the Shareholders' Asso ciation, in response to the recent announcement by the LOA that it would invest several billion rands annually in socially responsible projects.

Mr Goldberg said in Cape Town this week he had for some years proposed the LOA become involved in providing funds for low-cost housing and factories, but had beeen told it was not the policy of the life institutions to "give away" policy holders' money or to risk funds entrusted to their care.

However, he believed investment in socially responsible projects had become the fiduciary duty of life institutions, not only to produce good earnings but to protect investment capital against the possible ravages of violence and anarchy.

He proposed the LOA make available a percentage of its free investment income each year to a private sector trust which would channel the money into housing and labour-intensive enterprises.

A small percentage — up to 5 percent — would produce about R2 billion a year from the LOA, whose total managed assets, shares, property and government paper could be estimated at over R200 billion — about the GDP of South Africa.

"Investment on the JSE by LOA members is in some cases three to four times the investment in property (which produces a return of about 10 percent), thus the average return now on total funds committed is between six and seven percent."

But, the government might be prepared to guarantee a return on the LOA's social invesments, which would mean payouts for present policy holders would, on maturity, be minimally affected, Mr Goldberg said.

New move on loans for black housing

Bloomy 10/6/92

FINANCIAL institutions are prepared to consider granting bonds in problematic black areas if they are convinced the risk factor is reduced.

Nankan Real Estate, established five months ago, will, along with many other agencies, sell some of Absa's and NBS's repossessed properties in black areas, MD Vino Nankan said.

"The institutions have guaranteed bonds for these homes as they are already exposed and have undertaken to consider the refinancing of low-cost housing by granting bonds for other homes in black areas," she said.

An NBS source said repossessed properties were made available to a number of estate agents for resale as the building society needed to resell these properties.

Selective

"This is normal business practice and it is quite likely we will consider further funding in these areas if the agent proves the risk factor can be reduced," he said.

Allied/United operating executive Nallie Bosman agreed, saying Absa would like to resume normal lending in problematic areas, and would do so if the problems could be resolved.

"We have never withdrawn completely from the market and still lend on a selective basis. However, our focus is naturally on areas where problems are not experienced," he said.

Nankan hoped to bring owners, civic and financial institutions together to try to negotiate an alternative to evictions.

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PETER GALLI

"Absa and NBS have indicated that they are prepared to take a loss that they will then write off on some properties," she said.

"Their primary goal is not to evict home owners, but rather to find a compromise. I believe I am able to bring all the parties together and we can find an amicable solution to some of these problems."

The man in the street was suffering as, while there were buyers for these properties, the fact that bonds were not readily available made it difficult for buyers to acquire them.

Also, there was no guarantee that another bond would be granted for the property should the buyer want to sell it at a later stage. The future of lending lay in the black market and this needed to be addressed now to avoid problems becoming more severe.

"Most black buyers tend to fall into the R100 000 to R200 000 price range, and we are seeing good interest in the areas close to Soweto," Nankan says.

However, most black buyers were not interested in buying a townhouse or flat, but were looking for a house with its own garden.

"I have had discussions with several of the established estate agencies about ways in which we can work together. They have a far greater exposure in the traditional white areas, and I understand the black market," she said.

Quick response bond applications launched

Bloomy 10/6/92

ANDREW KRUMM

HOMEBUYERS looking for a bond can now apply electronically and receive an answer from a financial institution within one day, according to Comprehensive Property Services (CPS) MD Stefan Swanepoel.

The new system, known as the "24-hour bond approval in principle", came on line on Monday. It links buyers — through subscribing estate agents — to seven financial institutions.

"All the buyer needs to do is complete a shortened application form, which the estate agent then sends off electronically to the buyer's bank," Swanepoel said. Should the answer be negative, the client can reapply to any other bank by sending the same electronic application.

The seven participating banks — First National, Nedbank, Standard, NBS, the Perm, Boland Bank and the EP Building Society — undertook to respond via CPS and the estate agent within 24-hours of receiving an application, Swanepoel said.

"Market interest in the system is high, since it does away with weeks of delay inherent in past bond approval systems. More than 750 estate agencies, who will be charged a R200 monthly user fee, have requested that the service be installed."

Users will not, however, be charged transaction costs, Swanepoel said.

"Our programmes were developed to minimise the costs to subscribers and can be used on any IBM compatible PC or MS-DOS system.

"To accomodate smaller agencies, our programmes can also function on the Telkom 'minitel'."

Swanepoel said it was hoped the service would eventually be extended to all who dealt in the buying and selling of property.

Although CPS was wholly owned by the seven participating banks, he said, it was not a profit-making venture.

"Bond application is only one of about 50 functions identified by the owner-banks in an effort to streamline the market's trading, legal and financial hurdles into an efficient network," Swanepoel said.

PRO

Stand allocation based on need — IDT

ANDREW KRUMM 339

THE allocation of 100 000 newly developed stands to homeless families is not open to abuse or favouritism, says Independent Development Trust (IDT) communications director Jolyon Nuttall.

Referring to an R806m IDT scheme begun in July last year to develop housing sites in 104 destitute communities nationwide, Nuttall said community leaders allocated IDT stands on the basis of need.

"The selection process is not open to abuse. On the contrary, without community involvement, selective assessment could occur," he said. BD Daily 10/6/92

Social consultants were also employed to establish or negotiate the quality of community participation.

"In certain communities the number of applicants was so great that community leaders allocated stands by drawing names out of a hat.

"However, this is not common and in most areas allocation is done on a grading system and according to IDT rules," said Nuttall.

The IDT stipulates that a beneficiary has to earn less than R1 000 a month, have dependants and must never have received subsidy assistance.

Nuttall said the demand for subsidised site and service schemes was huge. "When we first launched the scheme in July last year we were four times oversubscribed."

He said R750m had been budgeted for the scheme, but this amount was increased by R56m over the year and most projects were under way.

"In 81 out of the 104 projects we are preparing to sign or have signed agreements with developers so that the completed stands can be transferred to individuals within the communities," he said.

Property rights 'must remain untouched'

STAR 11/6/92

By Frank Jeans

SUN CITY — The main speakers at the opening of the South African Property Owners (Sapoa) convention here stressed that property ownership was a fundamental right.

Opening the convention, Dr Zach de Beer, leader of the Democratic Party, said: "The epicentre of the capitalist system is respect for property rights and we are entitled to insist that those rights remain untouched."

Dr de Beer, who is also Codesa management committee chairman, said that to confiscate property from its owners and give it to other people was not only morally wrong, but economically disastrous.

At the same time, unless the mass of people could feel that within a few years their economic lot was improving and the wealth gap was narrowing, the "fledging democracy of the new South Africa is likely to be hijacked by some populist dictator with a mouthful of deceitful promises and a gun in his hand".

Chris Saunders, chairman of the Tongaat-Hulett group, commenting on the proposals by the ANC for a wealth tax, said such an idea of transferring resources — "robbing rich Peter to pay poor Paul" — was not the solution.

Urging Sapoa to play its part in urban revival, Mr Saunders said: "No nation has ever prospered who's cities have failed."

Commenting on unemployment, he said the lack of skills had left the South African workforce uncompetitive with the rest of the world.

"We must act now on the recommendations of the De Loor commission on housing and build our way out of a deepening recession."

Sol Kerzner of Sun International, making a presentation of the multi-million-rand Lost City project, told delegates: "The expected boom in tourism will bring to South Africa an additional one million visitors a year.

"This means that the hotel and leisure industries will have to provide a further 18 000 beds to meet the demand."

He was having talks with the SA Tourist Board about this, Mr Kerzner said.

HOUSES FOR THE HO

Partners lay the foun

SOUTH 13/6-17/6/92.

Recent statements from the private sector and ANC policy announcements show a measure of common ground when it comes to the need to house the homeless. But differences over details may put any house-building partnership on a shaky foundation, as **Lynda Loxton** reports in the last of a six-part series:

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HOUSING, OR rather the lack of it, has become one of the most emotional issues in South Africa. Rent boycotts in the townships, with their matchbox houses, have all but halted housing development.

On the fringes of cities and towns, squatter communities huddle in shacks, braving winter, the bulldozers and angry white residents who see them as a threat to their lifestyles — and property prices.

In rural areas, housing remains rudimentary with little or no access to running water or electricity.

Last year's census shows three out of every five people in South Africa now live in cities and towns.

Independent Development Trust (IDT) chairperson Mr Jan Steyn has blamed the unprecedented surge in urbanisation on the recession and drought. He estimates the number of urban squatters could be as high as seven million.

The recently released De Loor Commission of Inquiry report estimates there is a shortage of 1,3 million homes. It says 198 000 units will have to be built every year to reduce the backlog.

This has affected not only the homeless. Building Industries Federation of South Africa (Bifsa) economist Mr Charles Martin says between 5 000 and 10 000 jobs are expected to be lost in the construction industry over the next 12 months because of a decline in the number of building projects. Employment in the industry has already dropped 15 percent over the last year to a 10-year low of around 230 000.

Common ground

Something has to be done. The government is considering the De Loor report and moves are underway to launch a National Housing Forum to draw up a co-ordinated housing policy.

Initiated by the IDT and the Development Bank of South Africa, the forum will include representatives from a range of political parties, from business and the building and construction industry.

Major inputs to the forum will be the De Loor report and the ANC's recently released policy guidelines on housing.

Interestingly, there is much common ground between the two documents, although each emphasises different points.

The ANC believes housing is a right, that it should contribute to social equity and that it is a development issue. In addition, there should be community control over, and community participation in, the provision of houses.

Its guidelines say: "The ANC believes all South Africans have a right to essential services such as water, sanitation, refuse removal, electricity and affordable housing."

Ability to pay

It believes the state should, as far as its resources allow, undertake appropriate action to ensure these basic needs are met progressively (based on ability to pay). It recognises this objective will not be easy to fulfil in the short term, but is one towards which the country should strive.

The ANC believes the provision of houses must occur within the total developmental framework. There must be a link to other developmental priorities in, for example, the economy, transport, health, education and access to jobs.

To ensure this link, the ANC wants to see the involvement of community groups in the design, implementation and management of housing projects.

Parts of the De Loor report and suggestions from the private sector echo these sentiments. But while the ANC stresses community involvement for democracy, the private sector believes this is the only way to deal with rent and land repayment boycotts that keep investors out of low-income housing.

Perm general manager of housing and community development Mr Dennis Creighton told a recent housing conference the banking sector could not now be expected to apply normal business practices to poor areas. It would have to find ways to support community-based efforts to finance housing in informal and underemployed sectors, where the need was greatest.

This could include forming community development trusts with power to negotiate with mortgage lenders and own assets on behalf of the community; the formation of co-operative housing ventures; and the formation of housing associations which would own houses for rental and be landlords.

Another idea being explored is to establish a National Community Bank (NCB). This will provide easy access to home loans for low-income earners. The NCB will rely on community support and the bank is expected to recycle its profits for the benefit of communities.

The De Loor report suggests the establishment of an unemployment relief fund to help the unemployed continue their bond repayments.

The ANC's point that all racially-based housing institutions should be replaced with institutions which are non-racial, legitimate and accountable to the people, has been included in the De Loor report.

The report recommends a single housing department and financing authority as well as increased subsidies, relaxation of building standards and zoning regulations, greater spending, the integration of local authorities, higher density of populations in urban areas and increased employee activity.

The report says schemes such as the Group Credit Scheme (GCS) and the Home Loans Guarantee Scheme (HLGS) initiated by the Urban Foundation and the IDT are potentially viable ways of overcoming the standstill in housing development in poor communities because of township violence, rent and land repayment boycotts.

The report also recommends an investigation into the possibility of using the assets of the SA Special Risks Association (Sasra) to insure risks such as the boycotts. Sasra was established to offer insurance against losses caused by political upheavals.

But housing of any kind is expensive, and where will the money come from to wipe out the backlog?

The ANC recognises that any investment in housing should "not unduly increase the debt burden, should not be unduly inflationary or negatively affect the balance of payments".

But it believes there can be a "redistribution of income and assets and the redistribution of investment from one area of expenditure to another and/or those areas that have to those areas that do not have".

This will mean some kind of subsidy system for the most needy with, for example, service charges and rate structures that favour the poor and not the rich.

When it comes to the distribution of land for housing, the ANC is wary of private developers. This is understandable, given the record of many property speculators.

It plans to curb speculation by applying high municipal rates on well-located undeveloped land, a capital gains tax on land transactions and the use of legal arrangements and tenure forms which land and housing transactions from the market and guard against raiding by the more affluent groups.



PLACE OF REST: A scene typifying South Africa's growing housing problem

'Any investment in housing should not increase the debt burden, should not be unduly inflationary or negatively affect the balance of payments'

SOUTH 13/6 - 17/6/92

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FOR THE HOMELESS: lay the foundations



F REST: A scene typifying South Africa's growing housing problem

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SouTH 13/6 - 17/6/92 (339)

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Land: the hunger that may be costly to still

SouTH 13/6-17/6/92 (339)

IN MOST NEWLY independent countries in Africa, land hunger has been one of the most difficult issues to resolve — and it won't be any different in a democratic South Africa.

ANC policy guidelines acknowledge that it will take much more than the repeal of apartheid land laws to redress South Africa's unequal division of land and landlessness.

"The present pattern of land ownership, which is the direct result of apartheid laws, must be fundamentally changed to address landlessness and land hunger," say the guidelines.

"The programme of redistribution of agricultural land must be accompanied by measures which will ensure that land will be productively used. These must include the provision of adequate infrastructure as well as training and appropriate extension work."

The last points have to be fleshed out a lot more. It's all very well to redistribute land, and make sure no-one is unfairly treated, but one also has to ensure that agricultural land-use policies and support services are in place to make the best use of the land so that the country can grow the food it needs and export crops at a reasonable cost.

That also means the country's mix of economic policies have to support agriculture and ensure that the other sectors of the economy – industry, mining and commerce – can function in the best possible way. Often an attempt to favour one of these sectors can have disastrous consequences.

For example, how will an ANC government deal with the myriad of marketing boards that "protect" farmers and maximise state revenues but also help to increase food prices?

And how will the redistribution of land be financed? The guidelines say there will be compensation for land taken for redistribution. The criteria for calculating compensation should be "of a manifestly just and equitable nature; they should be laid down in advance in legislation, and in the case of any dispute, the courts should have the last word".

The ANC suggests it would be "unjust to place the whole burden of the costs of transformation on the shoulders either of the present generation of title holders or on the new generation of owners".

A special land fund should there-

MELESS: ndations

Green controls urged for 'dirty' industries

SOUTH 13/6-19/6/92,

THE ANC wants to run a government that is accountable, fair and "green".

In a welcome development, the new ANC policy guidelines devote no less than three pages to environmental policies in all areas of the economy to ensure that South Africans live in a clean, healthy and sustainable environment.

The guidelines say the ANC's objective is to reverse the trend of exploiting non-renewable resources in South Africa. Production and consumption patterns need to be adjusted in order to create conditions conducive to sustainable development.

"It is essential to ensure that a future growth strategy is compatible with ecological and human rights principles, and that growth is geared towards the provision of basic needs for the whole community, and is not seen as an end in itself," says the ANC.

It wants to see the development of environment-friendly industries. Where "dirty" industries are unavoidable, they should be subject to strict controls. This will affect industries that process minerals and metals.

"South Africa should also be careful not to accumulate a debt burden which will place it in a position where it is forced to undertake projects that are environmentally unsound in order to service these debts."

It is concerned about the environmental degradation caused by inefficient white farmers who use too many fertilisers and pesticides and black farmers who have been crowded together in the homelands.

The forestry sector is criticised for its massive afforestation programmes which use alien species in unsuitable areas.

This calls for a restructuring of agriculture to move away from large-scale, single species agriculture and forestry towards a diversified, small-scale system. This should be supported by new services in agricultural education and extension, marketing and credit supply.

But perhaps the worst damage to the environment is caused by mining. The ANC wants to lessen the dependence of the economy on this sector while ensuring that what mining is necessary, takes place under strict controls.

The guidelines provide no details on how this is to be done, but mining houses will be asked to help communities dependent on mining to find alternative means of earning a living.



Land: the hunger that may be costly to still

SOUTH 13/6-17/6/92 (339)

IN MOST NEWLY independent countries in Africa, land hunger has been one of the most difficult issues to resolve — and it won't be any different in a democratic South Africa.

ANC policy guidelines acknowledge that it will take much more than the repeal of apartheid land laws to redress South Africa's unequal division of land and landlessness.

"The present pattern of land ownership, which is the direct result of apartheid laws, must be fundamentally changed to address landlessness and land hunger," say the guidelines.

"The programme of redistribution of agricultural land must be accompanied by measures which will ensure that land will be productively used. These must include the provision of adequate infrastructure as well as training and appropriate extension work."

The last points have to be fleshed out a lot more. It's all very well to redistribute land, and make sure no-one is unfairly treated, but one also has to ensure that agricultural land-use policies and support services are in place to make the best use of the land so that the country can grow the food it needs and export crops at a reasonable cost.

That also means the country's mix of economic policies have to support agriculture and ensure that the other sectors of the economy – industry, mining and commerce – can function in the best possible way. Often an attempt to favour one of these sectors can have disastrous consequences.

For example, how will an ANC government deal with the myriad of marketing boards that "protect" farmers and maximise state revenues but also help to increase food prices?

And how will the redistribution of land be financed? The guidelines say there will be compensation for land taken for redistribution. The criteria for calculating compensation should be "of a manifestly just and equitable nature; they should be laid down in advance in legislation, and in the case of any dispute, the courts should have the last word".

The ANC suggests it would be "unjust to place the whole burden of the costs of transformation on the shoulders either of the present generation of title holders or on the new generation of owners".

A special land fund should therefore be established to handle this. The source of the money for the fund will be "part of a wider question of finding resources to finance urgently-needed social development and advancement".

"The ANC supports the idea of developing a national consensus around the principle of sharing the burden of financing land reform, housing, education and training by means of a special fund. The concept of burden equalisation, through the introduction of special taxation measures, has been applied successfully elsewhere and has possibilities for South Africa."

The other option will be to borrow money abroad or to solicit aid funds. But, as the experience of Zimbabwe shows, this is neither easy nor desirable.

South Africa already has a huge debt burden and it will have to be careful about increasing that without affecting the economy.

To get direct aid for land redistribution, more scientific research into how this will be done is necessary to make the idea easier to sell to foreign funders.

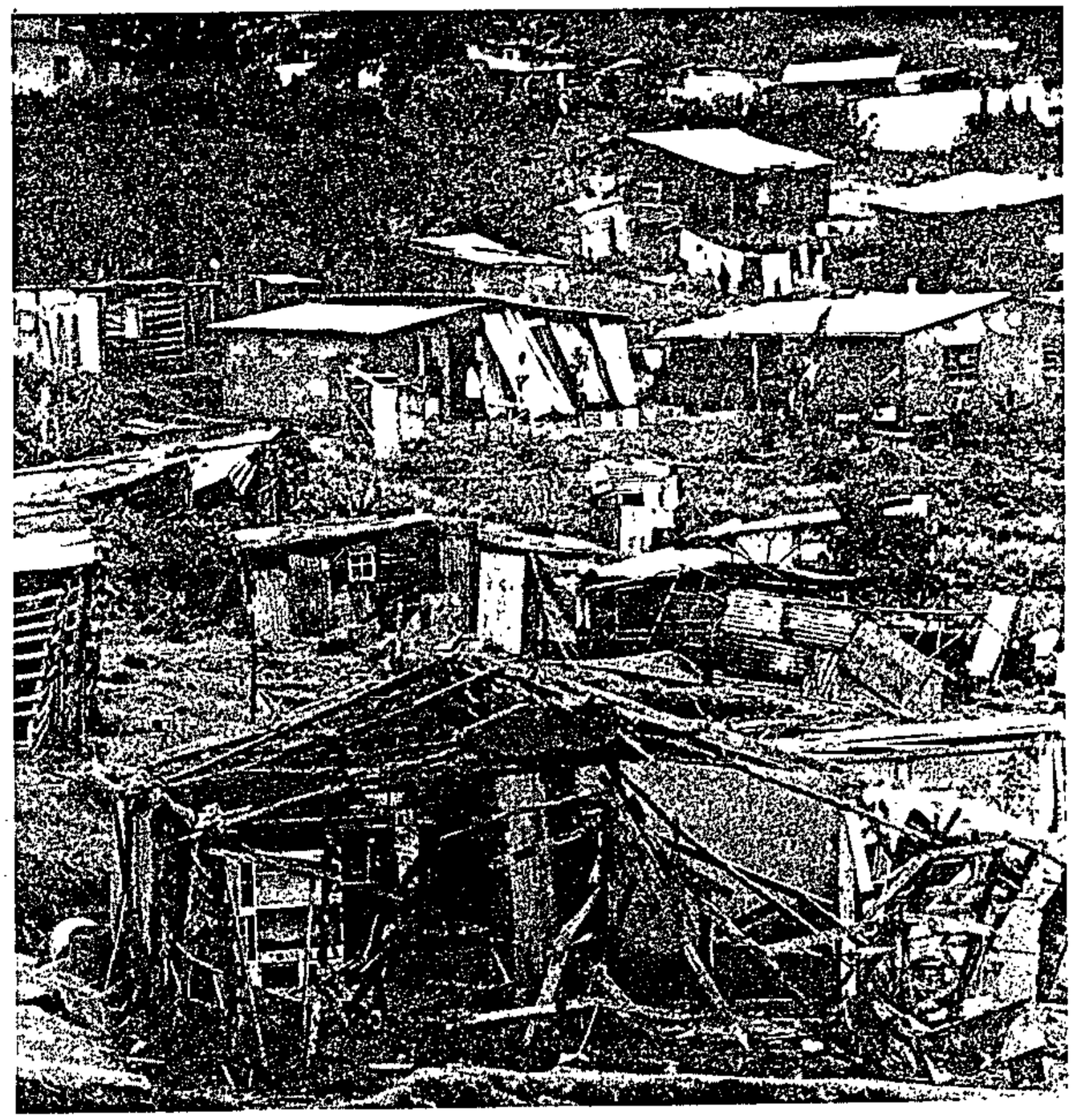
The Zimbabwean experience has shown that black peasant farmers can, given the necessary technical and financial support and access to reasonably good land, make an enormous contribution to agricultural production — but getting the right mix of support measures in place is tricky.

This will have to cover not only access to good land, but technical support, training, credit facilities, pricing incentives to grow suitable crops and the right technology.

Providing all this in a good agricultural season will be challenging enough, but the drought sweeping South Africa will, if it persists, make it more difficult as drought relief schemes take precedence over almost everything else.

The drought has also taken its toll on the quality of land, where conventional agriculture is no longer feasible and hundreds of farmers face bankruptcy.

Redistribution and resettlement under these conditions will need special attention.



EXPOSED TO THE ELEMENTS: Squatter shacks destroyed in a flood

Housing Trust money is 'not for housing'

By MONWABISI NOMADOLO (339)

IT'S OFFICIAL! Money from the Independent Development Trust (IDT) is not for houses. It is only for infrastructure and leasehold registration.

The announcement by the IDT came after an angry meeting between the Kwa-Thema City Council and residents.

Residents of the East Rand township thought that the trust money would also pay for a two-roomed house on each stand. CP NEWS

At an emotionally charged meeting held by an interim committee, a call was made for the council to provide houses, and not just toilets.

The land where the toilets have been put is now being called "the pit field". Others call it "Toiletview". 14/6/92.

IDT spokesman Hanley Evans confirmed that the arrangement was that no houses or shelter be provided by the project.

The scheme provides for infrastructure and registration of the leasehold. The land was provided by the council, she said.

"We have allocated R7 500 per site, and that pays for all the services from surveying to the building of toilets. The scheme is meant for the poorest of the poor. Applicants must be 21 or older, and earn less that R1 000 a year. They must have dependants and must not receive any other subsidy.

At the meeting, community members demanded that residents be employed to prepare the sites, but Evans said this was often impossible because the budget was limited and employing residents was not cost-effective because the ground was "hard" and mechanised tools were needed.

"That is why we have given the site-preparation job to developers," she said.

Tax Bill expected to boost housing

339 ADRIAN HADLAND

THE provision of housing to low-income groups will receive a substantial boost if the Taxation Laws Amendment Bill, introduced in the House of Assembly last week, is passed, experts have said.

Non-profit development agencies and community-based trusts would be entitled to exemption from VAT on investment capital and interest, if the Bill were to be approved.

An attorney involved in the development field said the VAT exemption was equivalent to a state subsidy and would provide significant incentives for development companies to redress the national housing shortage.

"The Bill marks a recognition by the fiscus that there is an ongoing need for housing in the lowest-income segment," he said. This was particularly important in a market segment where the private sector did not operate due to the high risk factor. The Bill would be particularly important for the growing number of community-based development agencies and trusts, he said. "The days of 'top-down' development institutions with solely white executives running the show are over."

The exemptions from VAT would allow agencies, which are exposed to high risks, to cut costs and accumulate reserves. BD Day 15/6/92

The passage of the Bill could make a substantial impact on the provision of low-cost housing in SA.

Low cost homes for 'white' areas

B|Day 15|6|92. 339

ADRIAN HADLAND

A MAJOR property developer backed by the Urban Foundation has started building low-cost, higher density black housing in traditionally white suburbs and is looking at extending these plans across the country.

The plans, which would affect several northern and southern Johannesburg suburbs, were part of an attempt by developers to racially reintegrate the city.

The initiative is also in line with a Johannesburg City Council planning drive to increase residential densities and prevent urban sprawl.

Developers continue to find low-income township development a costly and risky exercise despite new incentives in the Taxation Laws Amendment Bill introduced in Parliament last week.

Increasingly stringent building society lending criteria for black home buyers have further aggravated the viability of development companies in the low-income sector.

The difficulty blacks had in getting loans led one major developer, the Urban Foundation's New Housing Company, to modify its strategic thrust in November last year to include "in-fill" projects in white areas, NewHCo CE Rod MacGillivray said.

The Time Developments group recently pulled out of the low-income housing market. The Urban Foundation was recently forced to restructure its endangered housing utility operations and establish NewHCo, which was founded last year with initial financing of R17,5m from the Urban Foundation, the IDT and the private sector.

It is a non-profit organisation trying to facilitate the provision of low-income housing and development, largely site and service provision in black townships. Feasibility studies into white area development across SA are currently under way.

The CE of FHA Homes, a Transvaal regional division of NewHCo, John Weaver, said several pieces of land not in townships were underutilised, adding that all major metropolitan areas throughout SA were being examined for reintegration and densification.

MacGillivray said NewHco was trying to find a niche below where the private sector delivered homes, and hoped to provide houses at below the R100 000 mark.

Urban Foundation executive Matthew Nel said the foundation was "working with a number of agencies investigating opportunities for in-fill projects, refurbishment and conversion of existing buildings and the development of strategic land holdings such as District Six and Cato Manor".

Also being assessed was the possibility of upgrading existing CBD office space into affordable residential accommodation, the development of vacant mining land and the creation of a financial mechanism to allow the redevelopment of inner city areas such as Hillbrow and Joubert Park.

In-fill projects are already underway in Port Elizabeth and Maritzburg, where a total of 88 houses are being built. Weaver said feasibility studies on potential areas in Johannesburg were well advanced.

NAHB aims for policy-making role

STAR 17/6/92

The news that $30-billion has been approved by the United States Aid Organisation to provide housing for the "poorest of the poor" in South Africa is proof, says the National Association of Homebuilders (NAHB), that it is on the right track in redefining its role in the housing delivery process.

Initially formed to stabilise the home building industry and enable the implemetation of home warranty schemes, the association is now determined to act as a major player in the formation of a national housing policy.

To this end, it is now actively seeking alliances with industry players in less privileged communities and lobbying for maximum participation in the National Housing Forum, which will in the next few weeks debate the De Loor report recommendations and, hopefully, formulate an overall housing strategy.

The NAHB is in the best position to act as the catalyst, says newly appointed executive director Daan Roelvert, because it is an umbrella body for most of the big home builders as well as many others whose livelihood is bound up with the industry, and has already been influential in changing government thinking on housing and rationalising the industry.

It regards the confirmation of the US aid package, as well as the imminent relocation of the aid organisation's offices from Nairobi to Pretoria, as evidence of its success in focusing international attention on South Africa's housing problems — as well as possible solutions.

It has also notched up successes this year in the form of a joint national housing conference with the African Builders' Association and, together with the Institute for Housing of Southern Africa, securing the 1993 World Housing Congress, to be held in Cape Town.

At a function this week to mark the association's 10th anniversary, former director Johan Grotsius said it had been the NAHB's recognition that builders within the sector did not function in isolation which led to the initial search for alliances with other players: those in land development, the financial institutions, manufacturers and suppliers of building materials, researchers, marketers, and those with specific technical knowhow and entrepreneurial skills.

Once this had been achieved, the NAHB focused on setting specific targets for the housing delivery process and, said Mr Grotsius, the recent marked change in government thinking and policy was in large measure due to the association's voluble rejection in 1983 of moves to thrust sole responsibility for housing on to the private sector, and its wide ranging lobbying activities since then.

While the association could not claim all the credit for the current revitalisation of the housing debate, it did feel justified in claiming a key role in ensuring that housing had come to be acknowledged as being of primary importance in the "national household".

It had finally been recognised that a healthy, stable housing industry was essential to the well-being of all South Africans and that conditions had to be created to ensure that the capacity of the industry and its supporting services were utilised to the full.

Property owners may face bitter pill in future SA's new forms of taxation

STAR 17/6/92

339

The property industry has been left with little doubt about its future in the South Africa of tomorrow, certainly in regard to the effect of proposed taxes on wealth, land and capital gain.

A black-dominated government might also be expected enforce an unprecedented system of equity sharing of business and State ownership.

These were the key topics to emerge from the recent South African Property Owners Association (Sapoa) convention at Sun City.

While main speakers were adamant that it was vital to maintain a "hands-off-property" policy, new forms of taxation could well turn out to be a bitter pill for owners.

Dr Zach de Beer, leader of the Democratic Party, certainly gave a strong reminder to a future black government, when he told delegates: "To confiscate property from its owners and give it to other people is not ony morally wrong but economically disastrous."



Pierre du Toit . . . variety of wealth taxes.

The tax spectre, however, kept looming over the convention, particularly when Pierre du Toit, a partner of Arthur Anderson and Company, foresaw a variety of wealth taxes ahead.

He said: "The income tax rates of 70 percent and over of the heyday of Afrikaner socialism will not return.

"There will be capital gains andtransfer tax, land tax and death duties, but these will be more perceputal than seriously revenue producing.

"Other sources like prescribed investments will be revisited but in moderation."

However, Mr du Toit also cautioned the tax planners of the future that the ultimate test for the success of a restructured tax system would be found in adherence to the rule of law.

Benny Alexander, secretary general of the Pan Africanist Congress (PAC), on the other hand, punched home a few truths about black corporate share ownership and envisaged businesses and possibly some existing State enterprises being asked to create a fund to promote and support such a system.

"This could be done by issuing new shares or by reducing shareholdings of existing shareholders," said Mr Alexander.

"The redistributed shares must have voting rights and workers will structure themselves in appropriate form to enable their block stock ownership and stock effective representation in management and decision-making structures."

He also saw businesses, being required, "in liaison with employees", to submit to the State or appropriate agency, human resources development and training programmes to ensure black advancement to senior positions.

Peter Gardiner, a director of Anglo American Property Services (Ampros), commenting on what he termed "the vulnerability of homeowners" amid the backdrop of the Bloubosrand squatter debacle, said:

"Land devaluation has threatened most major landowners near the cities through the threat of, or actual invasion of squatters, linked to total disrespect for private property rights."

He proposed the formation of a Land Court to prove "undue prejudice" and for landowners to receive adequate compensation.

Mr Gardiner also noted that for the first time, the impact of the reform process was being felt in the home environment and that homeowners must be prepared for a more democratic government "to look to vacant land near established infrastructures".



Peter Gardiner . . . homeowners vulnerable.

Nick Harris, an executive director of Russell Marriott & Boyd Trust at the convention, predicted that office rents could come under pressure next year.

He said: "While we might think that rentals are keeping pace with inflation, nothing could be further from the truth.

"I expect rents to rise slightly in the popular locations which have low vacancies such as Rosebank, Parktown and Randburg but in other areas they will do well to remain steady and one may see a further drop of up to five percent.

"Should major property owners decide to cut their losses and try to attract tenants, even greater falls could be experienced."

Mr Harris also said it was time the industry appreciated that we could not keep on developing the veld and that we had to look to maximise the return on our existing resources and preserve urban and rural environments.

Ultimately, market forces could well turn off the seemingly endless supply of unlet office developments.

Builders want housing forum

BDaily 17/6/92

THE National Association of Home Builders was formed 10 years ago to supplement services offered by the SA Building Industries Federation (Bifsa) and the Master Builders Association, past executive director Johan Grotsius said at its tenth anniversary celebration this week.

"The association was instituted to support the interests of the home building industry, which differs from the other sectors of the construction industry," he said.

However, it was only in the past five years that the association could fully focus on its real responsibilities of setting specific targets for the housing delivery process and moving towards fulfilling its dream of building the nation through home ownership, said Grotsius.

It had attempted to bring all players in the industry together and believed that a single effective strategy would soon be adopted. "Subtle but persistent persuasion has succeeded in conveying the message that the housing battle could not be thrust upon the private sector," he said.

In anticipation of a changing social structure in SA, the association had started to encourage members to establish business alliances with black groups so that entrepreneurial skills could be developed within deprived communities.

The association had accepted the challenge of working towards greater rationalisation in the industry's organisational structure in order to improve services.

Executive director Daan Roelvert said he hoped to see the formation of a national housing forum in the near future.

Positive

A world housing conference to be held in Cape Town next May "was quite was an achievement", he said.

Chairman Martin van Zyl said the association did not do enough for its members and, as there would be a new government policy in the next two years, it had to work on moving forward in a positive way.

"The national housing forum will be the venue for placing an acceptable policy for the future on the table as there is no way forward without this," he said.

Aid for SA awaits nod from Congress

PETER GALLI (339)

THE first tranche — worth $30m — of an $80m US aid programme for SA is to go ahead pending congressional approval, a US embassy spokesman said yesterday.

The four-year project to support increased production, improvement and ownership of affordable housing for those disadvantaged by apartheid was mooted in January and would be financed from funds authorised by President George Bush when Comprehensive Anti-Apartheid Act sanctions were lifted last year.

"While some $9,2m or R26m has been granted for the 1992 financial year, none of this has yet been allocated as Congress has not yet approved the project. However, we expect this to happen soon," the spokesman said.

As the financial year end was September 30 and the money had to be allocated by then, it was hoped the project would be speedily set in motion and the money distributed, he added. BD am 17/6/92

Several groups working with US Aid and private voluntary organisations would be funded to carry out the work.

"US Aid has been reluctant to get involved in housing as this is traditionally a very difficult area and many avenues exist for us to be ripped off," he said.

However, housing assistance had been sought for many years and the US government had decided to embark on this pilot programme. If successful, it was prepared to expand its interest in the housing area and commit itself more fully, the spokesman said.

In line with its commitment to the project, housing specialist Dave de Groot was being transferred from the Nairobi office to Pretoria from July.

The project aims not only to assist the development of affordable housing and increase private sector financing for low-cost housing, but also to support black construction enterprises, expand black employment and strengthen black community-based housing and management organisations.

Small house could cost R980 000 in year 2000

B'Day 17/6/92 (339)

ANDREW KRUMM

A SMALL house could cost R980 000 in the year 2000, only eight years away, although residential building costs are expected to increase only slightly in the short-term, says Ampros director Peter Gardiner.

Gardiner told last week's Sapoa conference that in the '60s a good quality house cost R80/m² against today's R1 500m² to R3 500/m². "This is conservatively estimated to rise by R8 000 to R11 000/m² by the turn of the century."

However, given the current decline in building cost escalation, housing construction costs would increase marginally in the short-term due to a rise in the number of new house starts and more confidence among housing contractors.

Gardiner said the good news was that since 1980 real house prices declined on average by only 1,8% a year, whereas the real industrial and office markets declined by 2,2% and 3,6% a year respectively.

But housing price increases were expected to keep pace with inflation this year, with prices increasing in line with the general economy, although lagging it by between six and nine months.

Conversely "new office rental increases in 1992 will lag well below inflation at 5%, while industrial rentals will rise by 10% to 12%".

Gardiner said national residential rental levels might drop slightly in the short term, but rise in response to reduced subsidisation and higher demand for rental accommodation. The non-viability of new stock at current rental levels in relation to saleable units, had to stimulate growth in the market in the medium term.

He said the recession and company rationalisations had had an impact on regional house prices, particularly in Pretoria, where medium-sized house prices rose by only 10,18% in 1991, compared to a 29,41% rise in Durban.

Pretoria-based Armscor and its affiliated companies had retrenched more than 7 000 skilled employees during the past three years, while the full effects of Volkskas's move to Johannesburg were yet to be felt.

However, Pretoria's prospects were "good" as its proximity to Johannesburg and sophisticated infrastructure allowed for rapid expansion as the economy picked up. The city was also not affected by unrest, he said.

On financing, Gardiner said he expected the bond rate would continue to fluctuate through its traditional link with prime, although specialist institutions might introduce a subsidised rate for the lowest income groups.

A new government would be a "wild card" though, and as it shifted emphasis to social upliftment, bond rate would change depending on Reserve Bank influence.

NAHB ready to help

Sowetan 17/6/92 339

Sowetan Reporter

THE National Association of Home Builders says it should provide houses after the United States Aid Organisations approved R90 billion for the "poorest of the poor" in South Africa.

Formed to stabilise the home building industry and help to implement home warranty schemes, the association is now determined to play a major role in the formation of a national housing policy.

To this end, it is now seeking alliances with industry players in less privileged communities and lobbying for maximum participation in the National Housing Forum.

The Forum will debate the De Loor report recommendations and, hopefully, formulate a housing strategy.

The NAHB is in the best position to act as the catalyst, says newly-appointed executive director Mr Daan Roelvert.

Roelvert said it had already influenced the Government on housing and was the umbrella body for most of the big home builders and other organisations linked to the industry.

It regards the relocation of the US body from Nairobi to Pretoria and its aid package as evidence of success in diverting international attention to South Africa.

The successes this year include a joint national housing conference with the African Builders Association.

Schemes to upgrade housing are launched

GAVIN DU VENAGE

TWO informal housing schemes involving R105m would be launched today, Urban Foundation-linked Land Investment Trust (LIT) GM Taffy Adler said at the weekend. B'Day 22/6/92

Adler said the investment came at a time when the formal black housing market was in turmoil because of threatened bond boycotts and a reluctance by home loan institutions to provide bond finance.

Most of the money will be lent to the Mzingisi Development Trust to ugrade 10 000 stands at Soweto-on-Sea near Port Elizabeth at a cost of R75m — the largest loan the LIT has made so far.

The Upgrade (Bloemfontein East) Community Trust will be given R30m, to develop 4 000 stands at Freedom Square/Namibia, outside Bloemfontein. LIT is a subsidiary of NewHco Holdings, an independent housing agency funded by the Independent Development Trust. Adler said this was the largest sum to be spend on upgrading.

"Community development trusts are innovative institutions growing out of the Independent Development Trust's capital subsidy scheme," he said.

He said such massive in-situ upgrading schemes involved sensitive technical-social relationships, as work had to be undertaken with minimal disruption to families already living in these high-density areas.

The projects will involve provision of water-borne sewage, water reticulation and building of roads, as well as registering ownership.

"It is fitting that the upgrading should be handled by the local community-based organisations," he said.

Bricks for 20 000 homes in stock

EDWARD WEST

B/Day 22/6/92

THERE were now sufficient bricks stockpiled to build 20 000 average-sized homes, Claybrick Association spokesman Nick Vujovic said.

And with no end to the building slump in sight, the 400-million brick stockpile — double the stock held during the 1985 building boom — was likely to continue growing.

Vujovic said the industry was operating at 55% to 60% of its capacity, mainly because of the closure of various brick making factories.

The most recent example was Corobrik, which mothballed three of its 10 factories.

About 50 brick factories had been closed over the past five years due to the building industry's slump.

Murray & Roberts Construction chairman Schaal van der Merwe did not expect an upturn in the construction industry — which traditionally lagged nine to 12 months behind the economy — for at least two years.

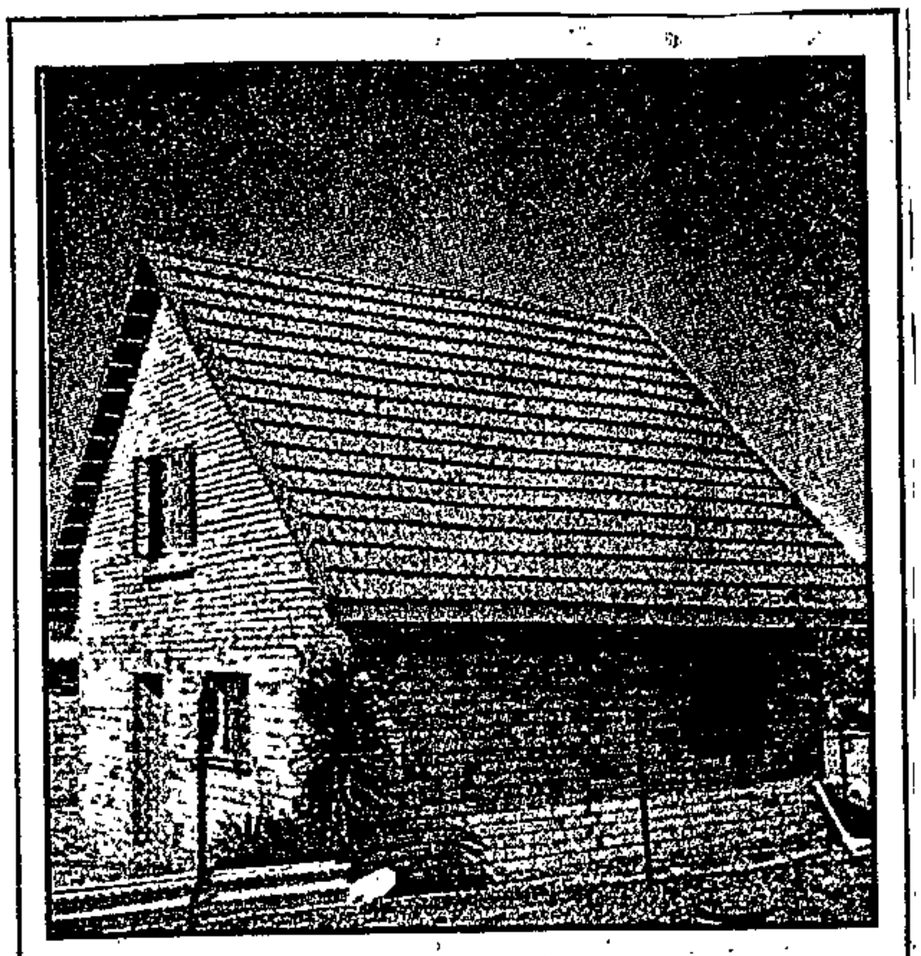
Low-cost housing building activity would only increase once the political situation improved, he said, adding that there was a change of investment emphasis in this sector from brick and mortar homes to serviced sites using other materials.

Vujovic said that on a regional basis, demand for bricks in the western Transvaal was expected to slacken with the winding up of the Lost City project at Sun City.

Demand in the Free State was minimal, and capacity had been cut as far as possible.

Demand was erratic in the PWV. Margins were tight and consumers could benefit by negotiating prices. In the western Cape, demand was reasonably buoyant.

However, in the northern Transvaal, where approximately 48% of the national housing shortage existed, homeland government agencies were showing much interest in purchasing bricks, Vujovic said.



Going up . . . how an attic conversion can transform an ordinary township house.

World leaders in timber engineering

339

STAR 25/6/92

MiTeK TM South Africa is a local subsidiary of the world's leading timber-roof truss system.

It has licensed 120 timber truss manufacturers in South Africa, using the Gang-Nail and Hydro-Nail truss system which is acknowledged as being the world's finest with state of the art CAD/CAM software.

The MiTek family of truss manufacturers in South Africa make over 1,5-million timber trusses per annum, using proven MiTek products in a R200-million-rand industry.

MiTek also make products for the keen DIY enthusiast to make his own roof trusses with special metal connectors. These save enormously on timber requirements as well as a multitude of the other metal connectors for use in timber construction, all available throughout South Africa from the company's product standards in leading DIY stores.

MiTek has pioneered new concepts in low-cost housing using appropriate technology linked to job creation.

A complete 30-sq-m house called the "Mi-Home" can be constructed with basic skills for far less cost than one would normally expect.

This concept will be a great boon for corporate housing schemes and similar projects. A further MiTek innovation is a practical and affordable method which converts the standard township house into an attractive double-storey home with the minimum of disruption.

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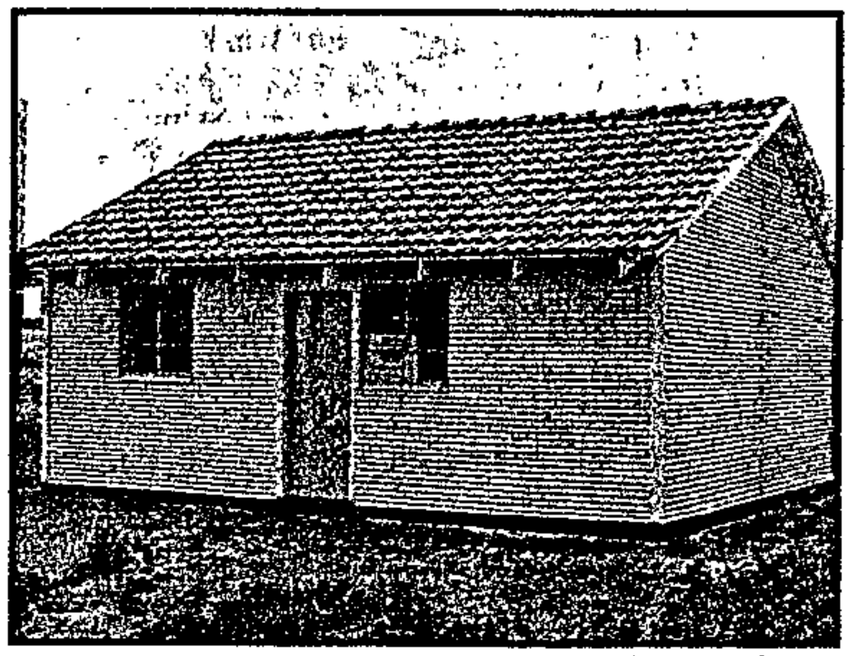


Good-looking and durable . . . an example of a timber home. MiTek has pioneered new concepts in low-cost housing using appropriate technology linked to job creation.

Why blacks can't get home loans

Sowetan 26/6/92

339

THE newly-formed Amalgamated Banks of South Africa is to continue financing black housing in an attempt to make a significant investment in the property market.

However, it will temporarily stop loans in areas that have been hard hit by violence and unrest.

The bank was responding to claims by small builders that Absa's Allied refused applications for mortgage loans in black residential areas until its policy changed.

Absa's senior media and public relations consultant Mr Gavin Webster said they were monitoring the

By JOSHUA RABOROKO

situation closely. Their normal business activities will resume when circumstances allow.

The lack of home finance for black townships is not confined to Absa. Nedcor's Perm division, one of the more active lenders, this week reported a considerable difficulty with home loan arrears in the black community.

According to sources, even the Loan Guarantee Initiative, managed by the Urban Foundation and the Independent Development Trust, does not provide adequate security.

After pledging R3,5 million to the Initiative scheme, financial institutions have not come forward with the cash. It is understood that only 400 loans across 300 locations have been granted.

Webster said the prime responsibility of every financial institution was to protect the investments of its depositors.

Services

"The financial services industry is one of the most competitive in South Africa. There is aggressive competition between banks in all sectors of the market, including mortgage lending, and margins, including those for mortgage lending, are continually under pressure," he said.

"These factors cannot be influenced by attempts to disrupt the market by way of boycotts or any other such measures. In fact, such measures increase the risk attached to such lending and while they prevent us from continuing with our normal business, they raise rather than lower the cost of lending."

He said Absa was active in its own right in educating aspirant homeowners on the responsibilities of home ownership and the mechanics of the financial services market.

"We are also pro-actively negotiating with representative community bodies and keeping open lines of communications with bondholders in attempts to solve the problems of homeowners and to build mutual understanding.

Housing forum to be launched 'soon'

WILSON ZWANE

A NATIONAL housing forum is expected to be launched within weeks.

The establishment of the forum was first discussed at a meeting in Johannesburg last November, attended by representatives from government, political and civic organisations, trade unions, business and development agencies.

Government has since withdrawn from discussions aimed at establishing the forum, saying the forum was an attempt at "interim government by stealth".

Government would, however, maintain bilateral contact with the forum.

A source said yesterday a working committee entrusted with working out the forum's details, was close to completing its job. "The forum will be launched soon, possibly within weeks," he said.

Our East London correspondent reports that Time Housing MD Murray MacKay yesterday said the two biggest problems facing affordable housing developers in SA were the tapping of financial institution funds and bureaucratic delays.

The only way to tackle the bulk of the housing backlog was to provide adequate security for funding institutions, which had "plenty of money available" but were reluctant to lend in areas where the traditional security of a bond was not working.

Assurers 'not averse to social investment'

LINDA ENSOR

CAPE TOWN — Life assurers and financial institutions were in favour of socially desirable investments provided the responsibility was equally shared in the industry and as long as the amount allocated was small in relation to their total assets.

This was said by ANC economic adviser Allan Hirsch at a meeting of businessmen and diplomats last night. Hirsch said a possibility was to have life assurers invest in government bonds directed towards housing or for government to guarantee loans to small businessmen.

ANC economics chief Trevor Manual said the Life Office's Association (LOA) had recognised that insufficient money was channelled into socially desirable investments and was prepared to ensure that this took place.

"The LOA wants a democratic government to give life assurers the opportunity to commit money in an open way to socially desirable investments. If that fails, then they would be willing to accept prescribed investments. They are asking for an opportunity to manage their assets in their own way first."

Manuel said the ANC intended to "engage" with those companies which had terminated their affirmative action programmes. A close watch was being kept on these companies.

He also said the ANC was investigating the possibility of establishing a court of audit to bring civil servants to book over the way they disbursed public funds.

String of successes for FHA

ORIGINALLY known as the Family Housing Association, FHA Homes was one of five housing utility companies established by the Urban Foundation under Section 21 of the Companies Act. C/Pres 28/6/92

This means it is a company not for private gain. Its main goal is to provide serviced land, to build homes and to upgrade informal settlements.

Operating in the Transvaal – mostly in the PWV area – FHA Homes has, since its inception in 1983, delivered more than 8 000 homes to low- and middle-income families and serviced and sold over 25 000 stands. It is involved in eight projects which are delivering over 100 houses a month.

Apart from the sheer physical size of the task ahead, FHA Homes must also deal with ignorance of the home ownership concept, difficulties with personal and bond finance, and limited land, building and personnel resources.

FHA is striving to minimise these problems by working closer with the community and financial institutions. In Dobsonville Gardens a residents' committee has been formed and there are regular meetings to discuss any day-to-day problems and future development plans.

Regarding financial institutions, FHA is endeavouring to submit bond applications to as many institutions as possible to minimise exposure.

FHA is also assisting where possible with arrears. (339) [redacted]

Officials are interviewing and educating purchasers on home ownership and assisting with the resale of properties. [redacted]

FHA offers assistance and advice to companies on the formulation and upgrading of housing schemes.

FHA is very aware of the need for prospective purchasers to be confident that they are getting the best possible service and advice when negotiating to buy a home.

At FHA we are continuously training and educating our sales consultants to achieve and maintain a high standard of ethics to ensure this service is being met.

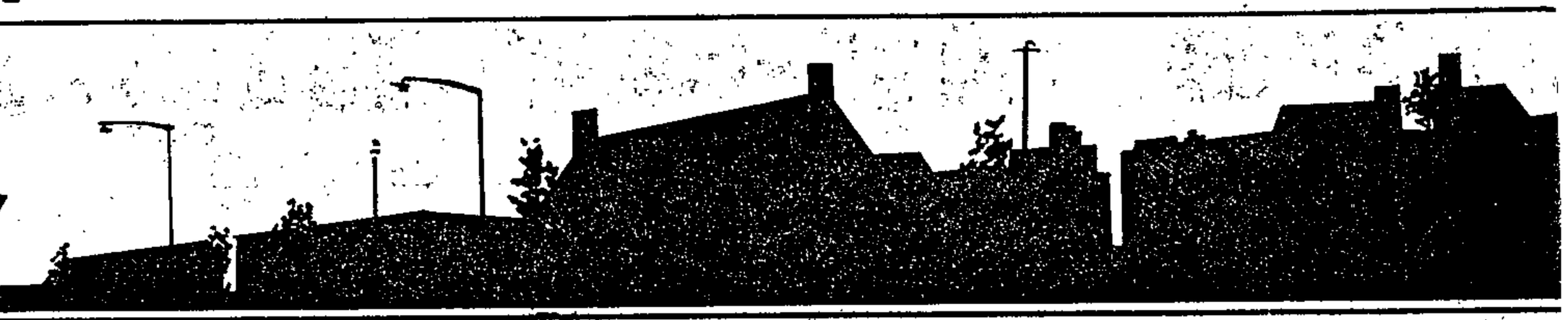
Readers might be interested in our housing developments on the West Rand at Dobsonville Gardens (900 stands) and Mohlakeng (550 stands).

Packages including land and all fees start at R47 500 for Dobsonville and R44 000 for Mohlakeng.

For further information contact Des Jordaan on (011) 29-7211.

12 JUL 1992

City Press



PROPERTY

Brick homes for A

A LOCAL company has developed a quick, easy-to-build home using brick-style panels which could make housing available to thousands of people who can't afford conventional brick houses.

The houses can be built by the contractor in less than a week, or bought in kit form for do-it-yourselfers.

They range from 20 square metres at R9 000 to 72 square metres at R22 500 and are designed for easy additions.

The house featured here is the 38 square metre "Starter" design, which sells for a basic R14 600 or R20 000, including internal walls and doors, ceilings and bathroom.

The same size house in kit form costs R12 000.

The largest house in the range is 72 square metres, which costs R22 500 in basic form and R34 000 including internal walls and doors and a bathroom.

The houses meet national building regulations and bond requirements.

The brick-faced panels are 110mm thick, the same as a standard single course brick wall and have an insulated foam core centre, which gives good sound and temperature insulation.

The panels are made in a factory and transported to the site with the reinforced concrete pillars, roofing and other materials.

Foundations are dug and filled with concrete as for a conventional brick house and it takes only a day or two to erect the pillars and panels. Floors are standard cement screed.

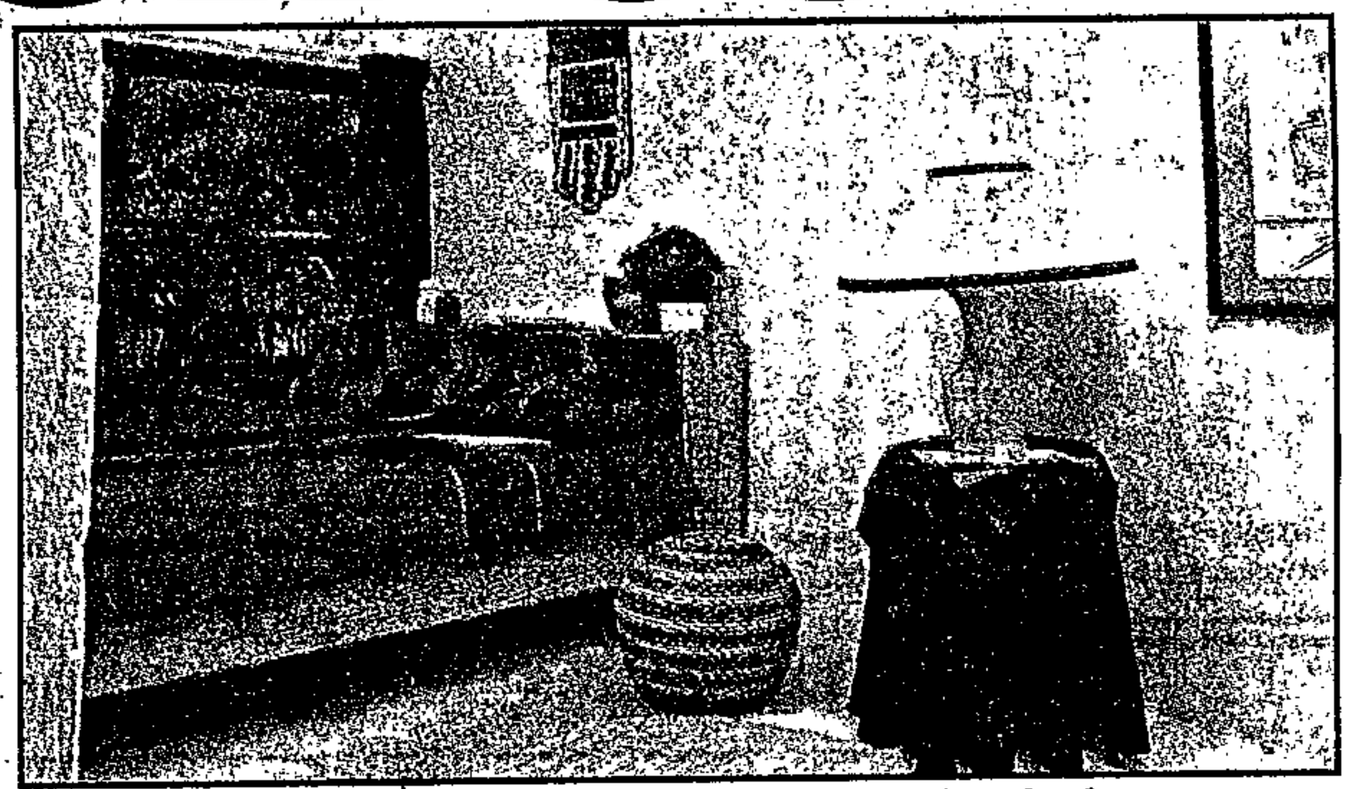
Owners can build just the shell, or include extras such as internal walls and ceilings. Other extras include electricity or solar power, kitchen fittings and inside toilets and bathrooms, depending on what the buyer can afford.

A project is under way near Nelspruit, where 50 houses are nearing completion. Homes of 72 square metres, much larger than the usual homes contractors offer, can sell for less than R40 000, including the land.

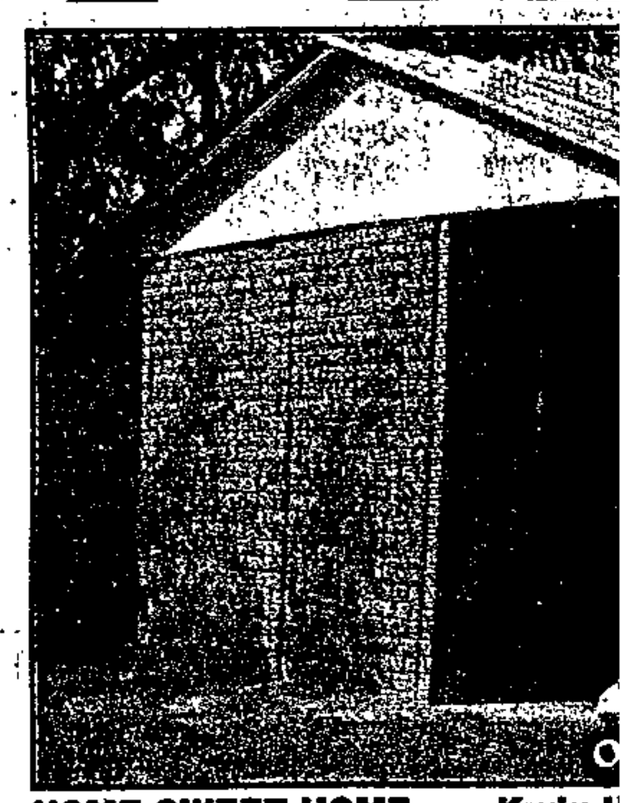
Kwix Homes spokesperson Glyn French says one of the aims of the project is to create jobs for local people wherever projects take place.

"We have done a lot of research and found that people prefer brick homes. But nowhere in South African can you get a 72 square metre brick house – a decent, family-sized home, for less than R35 000.

"This new method gives people a home which looks and feels like a solid brick house, but at an affordable price."



BUILT-IN SECURITY ... All window frames have burglar bars.



HOME SWEET HOME ... Kwix H

Fighting the fly-by-nights

'Housing rip-off is getting worse'

CPress 28/6/92

THE HOUSING Advice Centre, which assists potential homeowners in the low-income home ownership market, will become part of Lawyers For Human Rights on July 1 1992.

For over two years the centre has been assisting people who have been ripped off by fly-by-night contractors, agents and finance brokers.

According to the centre's director Brian Leveson "the unfortunate reality is that people are as desperate as ever for housing and the problem of people being ripped off is getting worse".

"We therefore need to increase our potential to provide more assistance to people and also to have greater clout to really tackle the problem."

By joining up with LHR the centre will be able to increase its resources and additional staff will be taken on.

"Unfortunately most of the people in whose plights the centre has intervened have been people who have already experienced problems, for example having lost large deposits to fly-by-night contractors.

"When these contractors disappear very little can be done. It is essential therefore that people who are considering buying or building houses seek our advice."

Leveson explains: "It has always been our hope that people would come to us before the problem arises. We now realise that we have to go to the people and now with extra personnel this will be our top priority."

The centre will now be called Lawyers for Human Rights – Housing Rights Unit. The service will still be provided without charge to members of the low-income community and includes advice on buying or building a house and all the financial consequences.

The Housing Rights Unit also intends expanding its service into the other provinces within the next year.

Leveson says the golden rule with housing deposits remains the same: Don't give your deposit to anybody or sign any contract before checking it thoroughly with a reputable body.

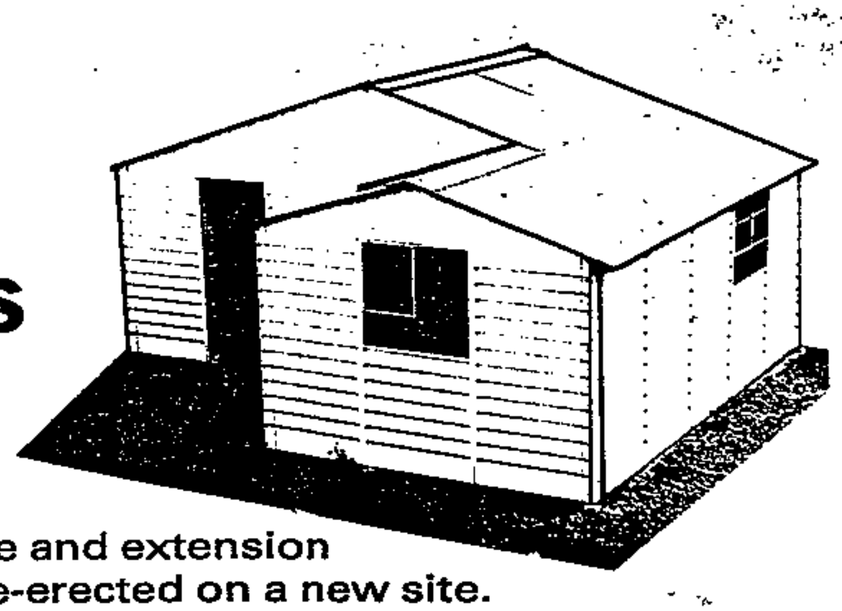
Housing Rights Unit of Lawyers for Human Rights is at 3rd Floor Zambezi House, corner Von Wielligh and Commissioner streets, PO Box 5156 Johannesburg. Telephone: (011) 331-3465/66 from July 1 1992.



HOME SWEET HOME ... Brian Leveson, Corlett Cetlojane and Una Gumede advise an aspirant homeowner on potential pitfalls.

DUROWIN

DURO STEEL HOMES



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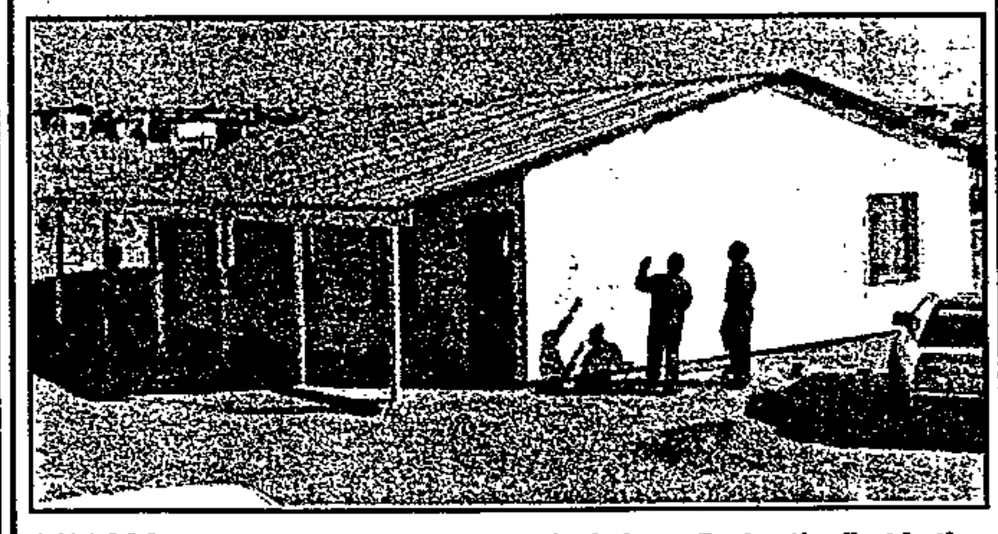
Ask for David or Walla

Timber creche built



LOW COST ... This 112 sq metres creche in Ivory Park – the first in the fast-growing area – cost less than R60 000 to build.

CPress 28/6/92

THE first of 64 community creches to be built by the National Council for Child Welfare has opened in Ivory Park, Midrand.

What makes this project unique is that the creches are built from timber, the first educational institutions in SA to use this building method.

The Ivory Park school is 112 sq metres and cost under R60 000 – which means a saving of at least R15 000 on each of the 64 schools. There were no facilities at all for pre-school children in the fast-growing area.

The next phase of the project will see creches opening in Refilwe and Mamelodi near Pretoria.

In the next few months, creches will be built in Phola Park, Wattville, Bekkersdal, and Delmas. The rest of the 64 creches will be built in other urban and rural areas throughout the country.

Why you can rely on Family SafeGuard

US puts race limitation on SA contract bids

SIMON BARBER

ONLY black and other minority-owned US firms may bid on the principal contract for the new SA housing initiative of the US Agency for International Development.

The initiative, which the successful bidder will design and implement, will fund "innovative financing schemes, technical assistance, training and research aimed at developing housing programmes which do not perpetuate the forced living patterns imposed under apartheid."

The agency proposes to issue contracts for this project worth $30m between now and 1994.

Of that amount $6m is to be obligated this year.

In its formal request for bids, the agency stipulates that "this procurement is set aside solely for disadvantaged enterprises", defined in law as firms controlled and managed by black, Hispanic and native Americans and those who can trace their origins to Asia and the Pacific. No SA bid will be accepted.

The successful bidder will be obliged also to subcontract out at least 10% of the business to "disadvantaged" Americans.

Racial set-asides are a standard feature of US government procurement practice, but it is rare for a major contract to be reserved exlusively for minorities.

Meanwhile, bidding has just closed on a contract to provide office equipment, computer software and after-sales services to the ANC and Inkatha.

This contract, which was open to US and SA bidders, is part of the agency's Transition to Democracy Project, under which the ANC and Inkatha are to receive $4,5m and $2,5m to assist them develop their negotiating positions.

The two organisation are to receive the funds in kind rather than in cash to ensure they are not misused.

Call for national accord to depoliticise housing

UNLESS housing is depoliticised and a national housing peace accord implemented, it will be impossible to apply soon the findings of the De Loor report.

MV3 Architects managing partner and contributor to the report Piet Moolman says if the findings of the De Loor housing report is not acted on in the near future, the backlog of homes will continue to grow.

"The establishment of a national housing peace accord is essential for any action in the affordable housing market. The most important factor for this is the depoliticisation of housing by all players.

"This is the 31st housing report in 20 years and I am afraid that the report will be put in limbo for the next 18 months, thereby seeing the backlog grow," he says.

The backlog of homes stands at 1,3-million, with new demand for 198 000 homes being reflected every year. If a housing accord is achieved, money will most likely be forthcoming from international funding agencies.

However, a single housing ministry with a central channel for the control and distribution of the money is needed. The R1,6bn allocated for housing

PETER GALLI

is spread between eight and nine housing bodies.

"This needs to be streamlined into a single housing body," says Moolman. "The report says about R3,6bn is needed for housing in the near future. By cutting out present inefficiencies, the R1,6bn could be increased to more than R2bn.

"Add to this finance from international bodies and we could be close to achieving the R3,6bn sought. However, there are many factors that make me rather sceptical that an accord will be reached soon," he says.

In the past, an iron fist approach to a policy was implemented. However, the De Loor report is presenting proposals which need to be taken to the community and negotiated until consensus is reached. However, mediation will probably be lengthy and erode the possibility of implementing these at an early stage, he says.

Government needs to create a climate for the private sector to become involved in the market. It also needs to determine an appropriate subsidy policy and remove restrictions on establishment of new towns.

"The last thing we want government to do is to build houses. The private sector must be responsible for this," he says.

The report has been written in a very difficult time in SA and comes against a background of political uncertainty, a recession, massive unemployment and the repeal of the Group Areas and other Acts.

A team of World Bank experts has been in SA twice and looked at urbanisation and housing. The bank has found that while SA has uneconomic cities, it has the potential to apply a policy of inward densification by piggybacking on the existing infrastructure.

Effectively this means encouraging the poor to move closer to the city. A problem here is that land close to cities is more expensive. "Urbanisation needs to be seen as an opportunity, not necessarily a problem," says the World Bank.

Moolman says: "The housing sector needs to be an integral part of the economy and the future of SA will be determined in the cities. These must be turned into highly efficient economic machines for the creation of wealth in a new SA."

The key to a decent home loan

Sowetan 3/7/92

339

BEFORE applying for a home loan, you must have saved up enough to pay a reasonable deposit on your house. The actual amount needed will vary according to your circumstances.

We will be returning to this important matter in future articles - but if you wish to know more about it right away, FHA Homes can certainly help you.

The more you can save for your deposit, the better your chances of being granted a decent-sized home loan. But even then, sensible people are careful not to borrow too much.

If you are a first-time homeowner buying a newly-built home, an easy way to calculate the maximum amount you can afford to borrow is to first work out how much you - plus any family members who live permanently with you - would together earn over a period of 20 months.

George and Patricia Ngubane have a combined monthly income of R2 500.

R2 500 x 20 months = R50 000. This means that, provided they have saved an adequate deposit, they will probably be granted a loan of up to R50 000.

The Ngubanes have managed to save R12 000 over the years from which they estimate they can afford a deposit or R10 000.

R50 000 + R10 000 = R60 000. In other words, the Ngubanes can probably afford a house plus ground costing R60 000.

If you have saved less than the Ngubanes, don't despair. And if you earn less than the Ngubanes, don't give up.

Few of us have managed to save a great deal. And perhaps not many of us qualify for a bond of as much as R50 000. But keep on reading. The information we're gathering also applies to less expensive conventional homes, as well as a number of even cheaper options, which we'll be discussing over the coming months.

Once the Ngubanes had worked out their combined income, plus how much they could afford for their deposit, they were ready to visit FHA Homes to discuss the house they would like to have built for them.

After making an appointment, they prepared a list of questions.

Firstly, they needed to find out whether it was possible to have a conventional brick house built for R60 000, including ground. They know that FHA Homes was formed by the Urban Foundation and does not operate for private gain; and they expected a straight answer.

FHA Homes, they were told, could arrange for their home to be built in Dobsonville Gardens, Vosloorus, KwaThema, Tsakane or Mohlakeng at a cost of no more than R60 000 including ground.

The Ngubanes were satisfied. They had friends living in Dobsonville Gardens and were impressed by the safety and beauty of the area.

Before the Ngubanes sign any papers, however, there is more that needs to be discussed. One must never rush into buying a house.

So be with us next Friday when we go through more of the finer details involved in becoming a homeowner.

US foreign aid has little to do with philanthropy

B Day 7/7/92.

SIMON BARBER in Washington

339

THE US Agency for International Development (USAID) wants to help SA deal with its housing backlog. To which end, it proposes to enter into $30m worth of contracts between now and the end of fiscal year 1994. All of which will translate, not into bricks and mortar, but into "housing programmes which do not perpetuate the forced living patterns imposed under apartheid".

Since May 28, the agency's contracting officer in Swaziland has been soliciting bids for the scheme's principal contract. Interested parties are invited "to submit a proposal for a three-year programme of technical assistance, training and strategic financial support in community-based planning, development and management of housing and urban development ... for black South Africans". If that sounds a little vague, USAID is not entirely sure what it means either.

What the agency is really saying is: "We have a pot of money to do something about SA's housing problem. Come up with a plausible plan for spending it, and it's yours." There is nothing unusual about this. It is the way USAID generally operates.

The closing date for bids is August 28, but this is not relevant for SA readers. However competent they may be in devising projects to assist their own population, the contract is not for them. Nor may just any American entity apply. Only proposals offered by "disadvantaged enterprises", as defined in Chapter 19 of the Federal Acquisition Regulations, will be considered.

FAR 19.001, to give the citation its technical name, states that a "disadvantaged enterprise" is one that is at least "51% unconditionally owned by one or more individuals who are both socially and economically disadvantaged ... and that has its management and daily business controlled by one or more such individuals".

The "socially disadvantaged" are those who have been subject to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard for their qualities as individuals". Such persons are to be regarded as "economically disadvantaged" as well if "their ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared with others in the same line of business".

The following are listed as automatically belonging in this category: Black and Hispanic Americans, American Indians, Eskimos, Aleuts and native Hawaiians, plus US citizens who can trace their origins to India, Pakistan, Bangladesh, Sri Lanka, Bhutan, Nepal, Japan, China, the Philippines, Viet Nam, Guam, the Republic of Palau, the Northern Mariana Islands, Laos, Kampuchea, Taiwan, Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Republic of the Marshall Islands or the Federated States of Micronesia.

Thus, in the unlikely event they were to become naturalised Americans, the Sultan of Brunei, one of the richest men on earth, and Sony's Akio Morita, would be entitled to the privileges of disadvantage, no questions asked.

Virtually all federal procurement entails legally mandated set-asides for the "socially and economically disadvantaged". However, it is unusual for an entire contract to be made the exclusive domain of such persons, as in the present case. The anomaly is the result of section 567 of the 1990 Foreign Operations, Export Financing and Related Programmes Appropriations Act.

It makes a special case of USAID spending for development and famine relief in Africa. It requires that, "to the maximum extent possible", all assistance for the continent approved by Congress in 1990 should be channelled either through "disadvantaged enterprises" or "historically black universities and colleges" or colleges "having a student body in which more than 40% of the students are Hispanic American".

In subsequent years, these entities are to receive not less than 10% of the African aid pie. Furthermore, any non-disadvantaged organisation that is awarded a contract must, as a condition of receiving it, share at least 10% of it with a "disadvantaged" subcontractor.

In order to ensure that USAID does not wriggle out of the requirements, the agency's administrator is expressly commanded "notwithstanding any other provision of law ... (to) us(e) less than full and open competitive procedures" when granting Africa-related contracts.

Finally, the agency is to notify its Office of Small and Disadvantaged Business Utilisation at least seven business days in advance of advertising a contract worth more than $100 000 so the office may begin alerting the correct kind of bidder before anyone else knows the contract is on offer.

All of which serves to illustrate that US foreign assistance, especially now that the end of the Cold War has removed the geopolitical motive, is primarily a domestic programme.

Congress is allowing USAID to spend $30m on something call "Shelter and Urban Development Support" in SA not because it intrinsically cares that millions of black South Africans are homeless or inadequately housed, or even because it believes some higher purpose might be served by actually helping them.

If it cared, it would have taken steps to ensure the money was spent as efficiently as possible by ordering the agency to find contractors solely on the basis of competence. The likeliest candidates would have been indigenous organisations with practical experience on the ground and the commitment to use the funds effectively.

The truth is that, whether it likes it or not, USAID is just another of the federal government's engines for redistributing revenue among the citizenry. Not for nothing have the majority of scholarships the US has provided to black South Africans over the past decade been to American institutions for whom USAID money is merely part of the larger federal subsidy package.

For the past 25 years, a key objective of the government's redistribution function has been to purchase domestic racial harmony by buying off racial and ethnic elites through access — privileged or compensatory, depending on your point of view — to society's goods. Among those goods are aid contracts.

The result is a racial spoils system. It has now matured to the point where not an eyebrow is raised when Congressman Mervyn Dymally, chairman of the House Africa subcommittee, and his colleagues on the Congressional black caucus openly state that they will support the administration's foreign assistance requests only if their own racial constituency is granted a slab of the cake. Hence the language in the 1990 Foreign Operations Act.

Dymally makes no secret of viewing Africa as "our" turf and has unashamedly used his position to leverage business for his "disadvantaged" clients, not only from the US government but from African rulers as well. His latest plan, brewed up with the ANC's lobbyist — "disadvantaged" former congressman Walter Fauntroy — is to have Congress establish an independent board which would receive $260m from the US Treasury to establish joint ventures with black South Africans.

During a recent appearance here, ANC economist Tito Mboweni talked artlessly of the Dymally plan as though it were imminent manna from heaven. Oh dear. Even assuming Congress ever authorises the money, and hell will probably freeze over first, the poor fellow seems to be missing the point. If Congress votes a dime, its purpose will be to enrich "disadvantaged" Americans, not South Africans.

Radical thought changes needed

■ Inner City could pose problems in the future:

By Joshua Raboroko

THE property industry will have to look at new approaches in financing and development if it is to provide facilities that will be relevant in the changing South African environment.

This is the view of Mr HJ "Fuzz" Loubser, the chief executive of Propnet, the business unit that is responsible for facilitating development on Transnet land. "South Africa has changed rapidly and radically and we have had to keep up with these changes in recent years. We must expect new demands on all sectors of the property market.

"We will be making a serious error of judgment if we think we can get away with the same approaches that were successful in the past."

One area that Loubser believes requires an urgent readjustment from the point of view of developers and property owners is the "inner city".

He said that it was vital to look at the example of the American inner cities of depressed, poverty-stricken and a cauldron of simmering unrest, as witnessed by the Los Angeles riots of a few months ago.

"We must take serious note of what happened there; the underlying issues that caused the riots are in many ways similar to the South African situation.

"Accelerating urbanisation alongside rapid political change has utterly changed the demographic patterns of our inner cities."

He said that other issues that needed to be looked into were the integration of existing cities with the surrounding dormitory towns; political representation for all citizens and major pressure on public transport systems.

Planners must change minds

CPress 12/7/92.

339

A NEW state of mind will help town planners design townships in the new SA, according to University of Cape Town architect Revel Fox.

In a speech titled "New townships for old", Fox told the winter school at the Grahamstown Arts Festival that "designing for the poor has often been neglected".

"What exists are dormitories, hostels that don't cater for the needs of the community."

He said the apartheid regime had consciously isolated townships from the white communities in town.

Calling for more accessibility, he said when planning townships an architect must bear in mind that most people rely on trains and buses.

Ownership of the land by the tenant must be taken into consideration so that the house can be extended to accommodate boarders.

Fox pointed out Bisho in Ciskei and Lilongwe in Malawi as typical old townships which have been transformed into new ones.

Skilled architects, ideas from the community and financial assistance from the State formed the best approach to planning new townships. – ANA

the good standing of the industry, and had consideration was to clear his name.

Little strike activity in building sector

B1DAY 15/7/92

THERE is little strike activity in the building and construction industry despite the number of people employed in the sector, says SA Building Industries Federation (Bifsa) executive director Neil Fraser.

He feels the reason is that trade unions have problems organising labour action, because building workers tend to move from job to job.

"Our industry also works on the basis of local industrial councils rather than national industrial councils, which means we can negotiate closer to home. This gives us an edge," he says.

But the industry was not without strike action or disruptions, which were usually caused by retrenchments.

Employment was governed by the level and size of contracts. If new contracts were not available, or were smaller, this inevitably led to retrenchments.

"This results in staff cutbacks and in some cases union action and sympathy strikes.

"Bifsa has recommended that most staff be employed on a contractual basis rather than on a full-time basis," Fraser says.

A survey on total industrial action in the first six months of the year by Andrew Levy & Associates shows that grievances are the main cause of strike action (39,8%), followed by wages (32,3%), recognition/bargaining levels (13,9%) and dismissal/discipline problems (10,5%).

In all industries, about 650 000 man-days were lost in the six-month period — almost double the 375 000 man-days lost during the same period in 1991, but lower than 1990's 1,2-million.

The motor industry suffered the greatest number of man-days lost in the six-month period, at 35,3% of the total number of man-days lost because of strikes. Then came the retail sector at 14,7% and the mining sector at 12,9%.

Last year, the building industry was responsible for only 2,9% of the man-days lost through strikes.

"Retrenchments are still continuing on a monthly basis as the industry is under severe pressure, which is reflected in tender prices. There seems to be little light at the end of the tunnel and we are not predicting an upturn until the middle of next year at the earliest," he says.

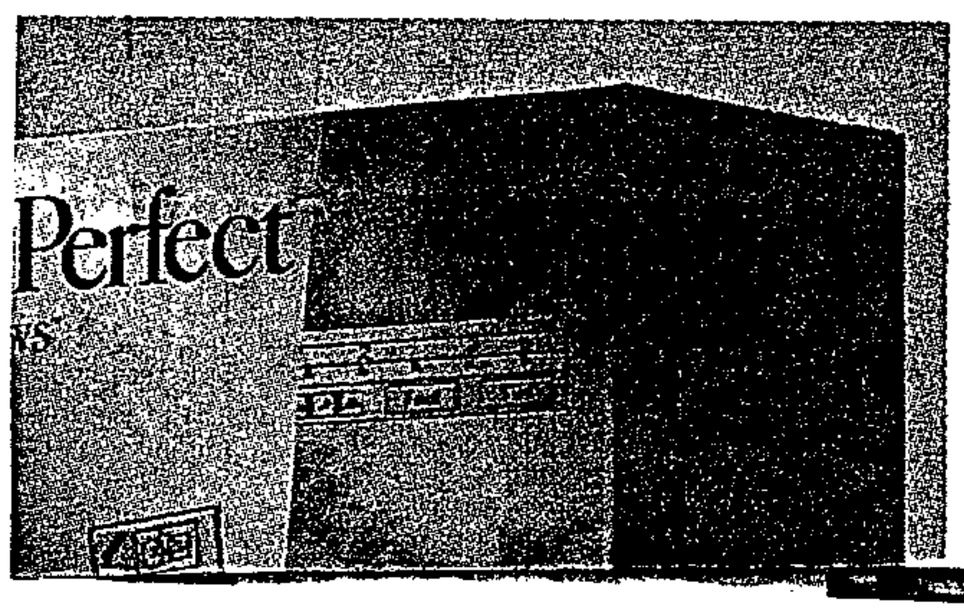
Central Statistical Service (CSS) figures on retrenchments in the building industry show that 14 500 people lost their jobs in the six months from September 1991 to March 1992.

About 369 800 people were employed in the building and construction sector in March 1992 — down from 384 300 in September.

"This figure seems to be dropping regularly from month to month and the figure to June will probably reflect an increased number of job losses," Fraser says.

Medium-sized companies are suffering most, as the large firms generally have long-term contracts. Some smaller companies are co-operating in joint ventures and just managing to survive.

Fraser said a recovery depended on political solutions. The oversupply of commercial space needed to be filled "to give the local market confidence", but for this to happen there had to be economic activity.



Workshop to explore urban housing

ANDREW KRUMM 339

THE one city, one tax base concept and its effect on the delivery of housing will be the central issue at an SA Institute for Housing workshop in August, institute president Jan Viljoen says. B1DAY 15/7/92

"The workshop programme was designed to give a broad view of the impact a single city with a uniform income base would have on the future provision of housing in local areas," Viljoen said.

The workshop will run from August 6-7 at the King David conference centre in East London.

"Just how housing delivery will change through the one-city-one-taxbase idea, is critical to the health of the housing industry — particularly since local authorities face a very different future," Viljoen said.

"While the state is pushing local authorities to incorporate dormitory suburbs ...into single metropolitan bodies, the affected communities contest this."

This impasse would affect housing because the viability of metropolitan areas depended on efficient and affordable municipal and social services for all.

Organiser Rose Mitchell said Cape Administrator Kobus Meiring would be the keynote speaker. "We also have international speakers, local housing experts, city officials and community and civic association speakers lined up."

Business is placed to speed housing crisis solution

B|DAY 16/7/92 **JOHN WEAVER** (339)

DURING his recent visit to Singapore, President F W de Klerk was shown examples of local government-sponsored housing projects. He was clearly impressed by what he saw because, subsequently, he was quoted as saying he would re-read in a new light the recently published De Loor commission's report on housing.

If he hopes to contribute to the resolution of SA's housing problem, he had better complete his re-read soon. Whatever interpretation he places on the report and whatever policy this or a future government decides to implement, more time will elapse during which exponential growth will add disastrously to the current housing crisis.

Well-quoted statistics give an almost hopeless perspective to the situation. The Urban Foundation estimated in 1990 that the backlog in housing for urban black families stood then at 1,2-million. About 170 000 houses would need to be built each year simply to keep up with population growth. In the PWV region alone, the foundation's estimates in 1990 were that about 377 000 people were living in freestanding informal settlements.

The situation is so serious that instant answers must be found even while a national housing policy is being hammered out.

By taking early action, business is well placed to make a substantial contribution. It is, after all, in the best interests of employers of labour that their workers are properly housed and own the basic instrument of personal wealth, with the concomitant feeling of security that possession of land creates.

In townships around the PWV, black families fortunate to have joint incomes of more than R1 600 a month are moving into homes ranging in size from the most basic four-and-a-half rooms to larger and more elaborate designs. These range in price from R40 000 to upwards of R80 000.

The stands on which they are built have been serviced with tarred access roads, electricity, running water and waterborne sewerage. As a commodity develops, so does the infrastructure. Residents set up creches to care for the infants of working mothers; churches are built; local entrepreneurs establish building businesses and offer a range of services such as fencing, burglar bars and house maintenance. Eventually the community justifies a school and in time shops, service stations and shopping centres.

Regrettably, most urban blacks fall below the R1 600 a month income threshold; a situation exacerbated by the recession. These are the people who, even if they are lucky enough to be employed, are probably living in a squatter community in which the scantiest of community life exists with no sense of permanence, far from work, in a house made from whatever scraps of material could be found in the vicinity.

The national housing policy — recommended in the De Loor commission report, proposed long ago by the Urban Foundation and which is now part of official ANC policy — is supposed to lift these people out of their pathetic plight. But they will have to endure many more bitter winters before politicians and other interested parties agree on how and where they should be housed.

Short term solutions are therefore rapidly needed.

If market dynamics were not smothered by recession and violence, the conventional suppliers of low cost housing would partially fill the void. In recent months, however, these enterprises have either withdrawn from the market, or have been placed in liquidation. Those developers which remain are themselves hampered by the reluctance — and in some cases refusal — of the institutions to grant loan finance.

It is neither altruistic nor philanthropic for business to step into the breach. It is plain good sense.

Already we live in a society characterised by unacceptable levels of unemployment and vicious crime. As the homeless increase in numbers this situation must become worse, leading to fear, intimidation, sickness, absenteeism and further degradation of the already battered economy. It is therefore in the very best interests of businessmen to care at least for the welfare of the people they employ, as indeed some organisations already do.

There are a number of approaches that business can take.

People brought up in an environment of home-ownership anticipate entering the housing market at a young age. They understand the concept and are generally aware of the financial implications. Ignorance of the process and of the wealth building advantages of property possession blocks many who would otherwise qualify for a low-cost house.

There are probably many homeless wage earners to whom this applies. People living in squatter camps, for example, who earn joint family incomes of R1 600 a month or more, can be educated in and introduced to the benefits of home ownership. Employers could help by inviting specialists into the firm to explain these benefits to their staff.

Numerous SA firms, both large and small, have housing policies for their staff. These range from the development of full scale housing schemes, to a variety of less costly options. Programmes include the building of cluster homes for groups of employees; financial assistance schemes provided directly to the employee or through a financial institution, and the purchase of stands for, or on behalf of, employees coupled with guidance in planning and building the house.

A very real way that firms could assist employees earning less than R1 600 and who would not therefore be able to afford bond repayments on a conventional house, is for the company to deal direct with the builder. In this way a number of middleman mark-ups are eliminated resulting in cost savings as high as 20%. Incorporating housing, in some form or another, into remuneration packages will add a new dimension to wage negotiations and could contribute significantly to workplace stability and employee security.

The consolidation process as communities develop is a vital component of civic pride and social fabric. An aspect to which firms can contribute is in the creation of an economic community structure.

A thriving and growing community needs a variety of services. Houses must be built, improvements made to existing buildings, and tradesmen are needed to maintain essential services. Companies can award bursaries to staff family members to study trades; supply experts to assist in the setting up of small businesses or make financial contributions to worthy community projects.

To say that South Africa is at the cost roads, is to understate the current situation with metaphoric simplicity. While the politicians grapple with our long-term future, our people, right now, need help.

It is beyond the power of most businesses to provide jobs in the current economic climate, but it is within their power to assist the homeless who work in their factories and offices. And, if businessmen believe that all their staff return each night, as they do, to warm and secure homes, they should probe the living conditions of the people they employ. They probably will find that the heart of the most crucial problem facing our people right now, is alive but not well, in their own back yards.

□ **Weaver is CEO of FHA Homes.**

Project heralds new form of social housing

BIDA 7 16/7/92

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ADRIAN HADLAND

NEGOTIATIONS on a project heralding a new form of social housing in SA are close to finality.

More than 2 000 residents of seven inner city buildings in Johannesburg may soon acquire ownership through a joint venture backed by the Perm, Standard, FNB and the Johannesburg City Council.

The project could have important implications for the provision of low-cost inner city housing across SA.

Draft agreements had already been signed by some financial institutions to provide low-interest loans for the initial financing and rehabilitation of the buildings, estimated at worth several million rands, Legal Resources Centre attorney and project advisor Trevor Bailey said.

FNB's chief manager of home loans Andre Latré said the bank was holding talks with the project co-ordinators, but until it could determine the specific capital required, the provision of guarantees and the involvement of the city council, no final agreements could be signed.

The project co-ordinators hoped that through the provision of favourable loans and grants, residents would not have to pay more than R430 a month towards sectional title ownership.

The priority would be to ensure security of tenure and affordability to low-income families living in the buildings, Legal Resources Centre attorney Odette Geldenhuys said yesterday.

Geldenhuys indicated that buildings in other city centres, including Durban and Cape Town, had already been identified as possible sites for similar projects.

In the project's mission statement, the social housing scheme is envisaged as a two-phase development.

In the interim first phase, buildings would be acquired through soft loans by financial institutions. A non-profit company with bank, tenant and council representatives would be set up to administer the project.

During the first phase, tenants would be given the opportunity to participate in extensive educational training on all aspects of ownership and control of the buildings.

In the second phase, tenants would assume full control and ownership.

The mission statement said the project would promote the wellbeing of the community and enhance its control over its accommodation and living environment.

Other parties which have shown an interest in the project and which could provide financing include the Central Johannesburg Partnership and the New Co Housing company.

Jan Steyn found reasons for optimism

Not all gloom as some join hands

STAR 16/7/92 (339)

THIS is a message of hope. While, like most South Africans, I have been numbed by the renewed levels of violence that have occurred in our country, my colleagues and I are continually exposed to events on the ground that give us a different perspective and which sustain that hope.

The litany of names and dates sign-posting tragic events such as Sharpeville and June 16 now has additions to it like Boipatong.

Within our own arena of activities at the IDT, we have seen a few promising projects like the upgrade planned for Phola Park on the East Rand turned into "war zones".

It was with some trepidation, therefore, that I and some IDT colleagues went last week to visit some of the capital subsidy programmes which we are funding in order to give poor families ownership of serviced land.

To our immense relief and growing delight we were reassured that the development process was producing dividends of stability and progress.

I invite the reader to visit parts of South Africa with me.

They are far apart geographically as well as contextually.

Come with me to Stutterheim in the Border region and to Delmas in the Eastern Transvaal.

Stutterheim is an hour's drive from East London, deep in "settler" territory. It has seen its share of business boycotts and disruption in the past decade.

The local community leadership, both black and white, decided to work together and form what is now popularly called a social compact.

An application by the Stutterheim Forum Works Committee to the IDT to develop a housing project at Mlungisi resulted in more than R6 000 000 being allocated for 896 serviced sites.

We found that the injection of capital subsidy of R7 500 per site has had a remarkable impact.

Because the leadership has committed itself to co-operate and to share decision-making as well as resources, the building of homes and the forging of an associated fabric have been carried out with speed and purpose.

The structures being erected vary from simple but sound wattle and daub to bricks and mortar buildings.

The total community — including the disadvantaged themselves — have assumed responsibility for converting bare sites into a living environment.

Labour intensive methods are being used to create job opportunities, new classrooms have been built or are being planned and a business advice centre has just opened.

The IDT team experienced a hustle and bustle that augurs well for the future in the area.

Come now to Botleng near Delmas, heartland of conservatism. Here it might surprise the reader that a social compact also exists.

It has been formed between black political leadership, local government and the farming and business communities.

The capital subsidy on 698 sites in Botleng — a total of more than R5 million — has led to a rapid and vigorous home building exercise.

A dream of ours is starting to come true. People have been brought together by a development initiative.

A community which has learnt to accommodate ideological constraints and led by those committed to the advancement of their constituents is achieving striking results.

In the IDT's R300 million school building exercise, similar results are being obtained in previously volatile areas.

I am convinced that, if we can replicate Delmas and repeat Stutterheim, if the IDT can extend its works through ongoing investment of its resources, communities will build back the fabric and restore the stability which they so badly need.

Let's give the beloved country the chance to do just that. □

● *Jan Steyn is Executive Chairman of the Independent Development Trust.*

Extortion pushes up township project prices

B|DAY 17/7/92 (339)

TOWNSHIP warlords and extortioners, some posing as representatives of political organisations, are causing the loss of millions of rands a year on state-funded construction sites across SA.

The losses, in the form of pilferage and theft, vandalism, pay-offs and protection money, have affected virtually every construction company involved in the development of township infrastructure.

SA Federation of Civil Engineering Contractors (Safcec) president Des King says: "I don't think there is one company that comes out of the townships unscathed."

ADRIAN HADLAND

King said many construction companies in the R4,5bn-a-year industry included a risk premium in the tender price of up to 50% of the anticipated cost of the project to cover potential losses of time, money and equipment.

"It is not an easy thing to work in the townships. You must grease the palms of street committees and give hand-outs to local warlords to make sure work goes on uninterrupted," King said.

He said one local committee had demanded R80 000 upfront before a project could begin while a warlord in Kwa Mashu, Natal, wanted a new Mercedes-Benz and 10% of the profits on a new petrol station.

W J M Construction company MD Harry Adams, whose company won the Safcec president's award for "activities beyond the call of duty" in 1991, explained how a group of armed men in suits had arrived on a road construction site in Dobsonville last year and insisted on a monthly payment of R800 for "protection".

He said the men claimed to represent

☐ To Page 2

Extortion

B|DAY 17/7/92 (339)

☐ From Page 1

the Soweto Students' Congress and needed the money for a congress.

Adams said despite this, his company had lost 12 vehicles and equipment worth thousands of rands in 18 months.

The cost of the project, a 3km stretch of road, had been estimated at R10m at the outset but ended up costing R18m.

One result of the difficult conditions has been that companies, which more established ones say are less reputable, have become involved in township construction projects. The case is illustrated by the RSC appointment in April of an inquiry into alleged fraud committed by the Honiball civil engineering company.

A spokesman for Van Wyk & Louw consulting engineers, Frik van der Merwe, who investigated the Honiball case on behalf of the RSC, said "circumstances can get so unsavoury that companies aware of the risk walk away".

This left other companies with a lack of know-how about a contract offering unrealistic tenders.

King said more than 90% of all township infrastructure development was funded by regional services councils and other state or quasi-state bodies.

Consulting engineer for the Central Witwatersrand RSC Duncan Miller said he was aware that a certain amount of protection money was being paid out. "Under difficult conditions, project prices are going to be high in these areas."

The RSC paid out about R200m for construction work in the townships last year.

focus on IDT

Sowetan 20/7/92.

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While the country bleeds in the aftermath of Boipatong, Mr Jan Steyn, executive chairman of the Independent Development Trust (IDT), gives an update on other events that give hope for the future of this country:

WHILE, like most South Africans, I have been numbed by the renewed levels of violence that have occurred in our country, my colleagues and I are continually exposed to events on the ground that give us a different perspective and which sustain that hope.

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Jan Steyn ... there's hope for the future.

Vital statistics

IDT Capital Subsidy Scheme State of Play

The IDT is funding 104 projects involving 108 000 serviced stands across the country. Payments are being made at the rate of R6 million a week as sites are transferred from developers to individuals. To qualify for consideration for a site, applicants must earn less than R1 000 a month, have dependants living with them and receive no other form of financial subsidy.

It is up to the individuals to erect a dwelling on their sites, once they have taken ownership of the land via the IDT's capital subsidy of R7 500 a site.

Township houses unsold

BIDAM 20/7/92 GERALD REILLY (339)

PRETORIA — The sale of government housing stock in black townships is still virtually stalled, with tens of thousands of houses unsold.

A national housing spokesman said at the weekend the scheme was launched in 1983 when stock totalled 337 381 houses — most of them of the matchbox variety — and at the end of March this year 207 983 remained unsold.

Aggravating the apparent lack of interest in the houses was the fact that conditions in the townships had frightened off private finance. The private sector had virtually withdrawn from involvement.

Many black families were living virtually free in township houses after rent and services boycotts, he said.

Stocks considers nationwide projects

BIDAM 22/7/92

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PETER GALLI

THE Stocks & Stocks group is considering a number of countrywide projects, including developing and financing low-cost housing units in certain identified sites, MD Bart Dorrestein says.

"We have a huge number of countrywide projects in the pipeline, but these still need the approval of political parties," he says.

An example of this is the group's offer to develop an area north of Randburg — Cosmo City — for the resettlement of the Zevenfontein squatter community, which will not be underwritten.

A 50m² shell house will be offered, complete with waterborne sewerage, toilet and sink for R20 000 a unit. The company has also offered to finance the sale of units at R178 a month over 20 years, while other options as low as R8 000 or a R75 a month repayment will be offered.

While no decision has been made in this regard, the group is believed to be considering a number of similar projects.

In another development, Dorrestein says work on the R350m Sandton Square development has been slowed down to accommodate Stocks staff working on The Palace hotel at the Lost City.

"When the present hotel project at Sun City is finished, we can transfer most of the workforce to that project," he says.

About 4 000 staff are employed on the construction of The Palace and, except for some local Bophuthatswana labour that will not be moved to the Sandton development, all staff will be retained.

Stocks has an order book of R1,2bn and will be involved in the construction of a "mini town" for Lost City workers. The first paying guests would occupy The Palace on October 15 and the complex was scheduled to be opened on November 15.

The Sandton Square development is intended to fill the void between the civic centre and existing shopping centre and the 22 000m² site is to the north of fifth street.

Immediately to the east lies the Civic Centre and directly to the south and west lie Sandton City and the Sandton Sun Hotel. A total of 2 000m² penthouse office space, 24 000m² of general office space, 3 200m² of banking area and 15 000m² high fashion and speciality retail space will be offered.

"At the end of construction, the Sandton Square development will amount to about R350m and will, in building terms, be as big as The Palace hotel project," Dorrestein says.

Bophuthatswana's first fully private hospital, Ferncrest Hospital at Tlhabane near Rustenburg, was officially opened last week. The 120-bed hospital was built at a cost of R25m by Stocks Construction (Bophuthatswana).

Finance was provided by the Sefalana Employee Benefits Organisation (Sebo) and it is managed by Clinrun. Ferncrest, in which 57 local doctors have a 60% shareholding, lease the premises from the pension fund. Sebo, Stocks and ClinRun hold the other 40%.

NEWS ANALYSIS *IDT is creating jobs for many*



Toilets like these were funded by the Independent Development Trust.

IDT projects have a positive spin-off

Sowetan 29/7/92

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■ MORE JOBS

Instead of using machines on IDT projects, the residents now reap the rewards:



This is a further article in a regular series on how the Independent Development Trust is using R2-billion of taxpayers' money to provide a better future for the very poor of all races in South Africa. JOLYON NUTTALL, IDT Director of Communications, reports.

TREND-WATCHERS will have noted a dramatic change in recent months from a capital intensive to a labour-based approach to getting things made or built. Put in simple terms: machines are out, people are in.

What is more, the evidence is that, apart from creating desperately needed jobs, the move back to humans is having positive spin-offs.

I am pleased to record that this trend is becoming a fetish within IDT-sponsored projects.

First major signals about the potential for harnessing development programmes to the creation of jobs came from the construction of a substantial new primary school at Etwatwa, near Daveyton, on the East Rand.

Labourers were recruited from the community and trained on site. The school was built in 100 days. Of the total cost of R2,2-million, R800 000 went back into Etwatwa in wages.

Now examples are coming in aplenty from site-and-service development being paid for by the IDT across the country.

These initiatives are being captured in a regular IDT newsletter which is sent to more than 100 developers so they can share the experience of others. Thus, the trend is likely to spread.

At Vosloorus in the Transvaal, there is a good case being made for labour-based construction methods. Machines are being used on the 1 325 site project only where absolutely necessary. A combination of soil and dolomitic rock requires bulldozers to turn the ground.

But manual labour is being used for site clearing, trench digging, laying of pre-cast manholes and in laying road surfaces with interlocking concrete blocks. The blocks are being used deliberately as an alternative to tar.

They are made by local labourers on site. The blocks cost more than tar but they require less maintenance.

A total of 170 local workers have been recruited.

On the East Rand, the Katlehong Builders Association has been formed. It has 28 members and recently completed its first contract to build 500 toilets on a nearby Moleleki project funded by the IDT.

"No fewer that 600 local labourers have been recruited. They prefer to work on a piecework basis"

At Stutterheim, in the Border region, about 40 percent of the work on a 900 site project has been completed, using mainly labour intensive building methods.

The project has been divided into 29 areas of about 30 stands each. Initial contracts were divided between experienced contractors doing more skilled work, such as pipelaying, and less experienced contractors doing less skilled tasks, such as backfill. Now all contractors do all tasks in a single contract.

At a 500 site project at Kokozi in the Western Transvaal, the only machinery used in construction consisted of water pumps, compressors for compacting roads, and transport for delivery materials.

No fewer than 600 local labourers have been recruited. They prefer to work on a piecework basis rather than for a fixed weekly wage. It allows them to work harder and thus increase their income.

Somehow, this momentum must be maintained. More projects must be developed, so that this newly acquired expertise can be put to further use.

The IDT is doing all it can to secure more funds, in order to achieve just that.

● Readers will note from the scorecard that the funds allocated to projects exceed the founding grant of R2-billion. This is where the interest earned on the grant starts to come in useful.

The IDT score so far

Projects supported to date: 331
Funds allocated: R2 080 520 000
Funds "in the ground": R611 000 000

The pleasure of owning a home

Sowetan 31/7/92

■ **HOME OWNERSHIP** The biggest and best investment you will ever make:

339

By Magnus Heystek

BUYING A HOUSE is the biggest personal financial decision most of us will ever make.

No wonder it's somewhat traumatic and fraught with conflict, ideas and emotions.

It is made more difficult by the fact that there are few hard-and-fast rules.

My advice is therefore to gather as much practical information as possible when house hunting.

Ask as many questions as you possibly can.

When I was younger I used to read as much as I could about the residential property market in newspapers and magazines.

Even today, special property supplements in the *Saturday Star* or in the *Weekend Argus* in Cape Town are excellent sources of information.

Strong emotional appeal

First and foremost, buying a house should not be a cold analytical decision. The house you buy should have strong emotional appeal and good "vibes".

Don't be blind to its faults (and there'll be some), but it has to be a house that you feel will become your home.

Even if you are aware of market conditions and are not, for instance, rushing headlong into buying the first house you've seen, it is normal to experience self-doubt ("Have I made the right decision?"), and ask others' advice to reassure yourself.

But no amount of advice from relatives, architects, builders, lawyers and friends will help if the house says nothing to you.

Then, don't buy a house with a view to making a profit. Except to a property speculator, a house is not an investment - you buy it for the security of owning your own piece of land and having a roof over your head for comfort and pleasure.

But it's nice knowing that the property you're buying could potentially turn out to be the best investment you'll most probably ever make.

The right time

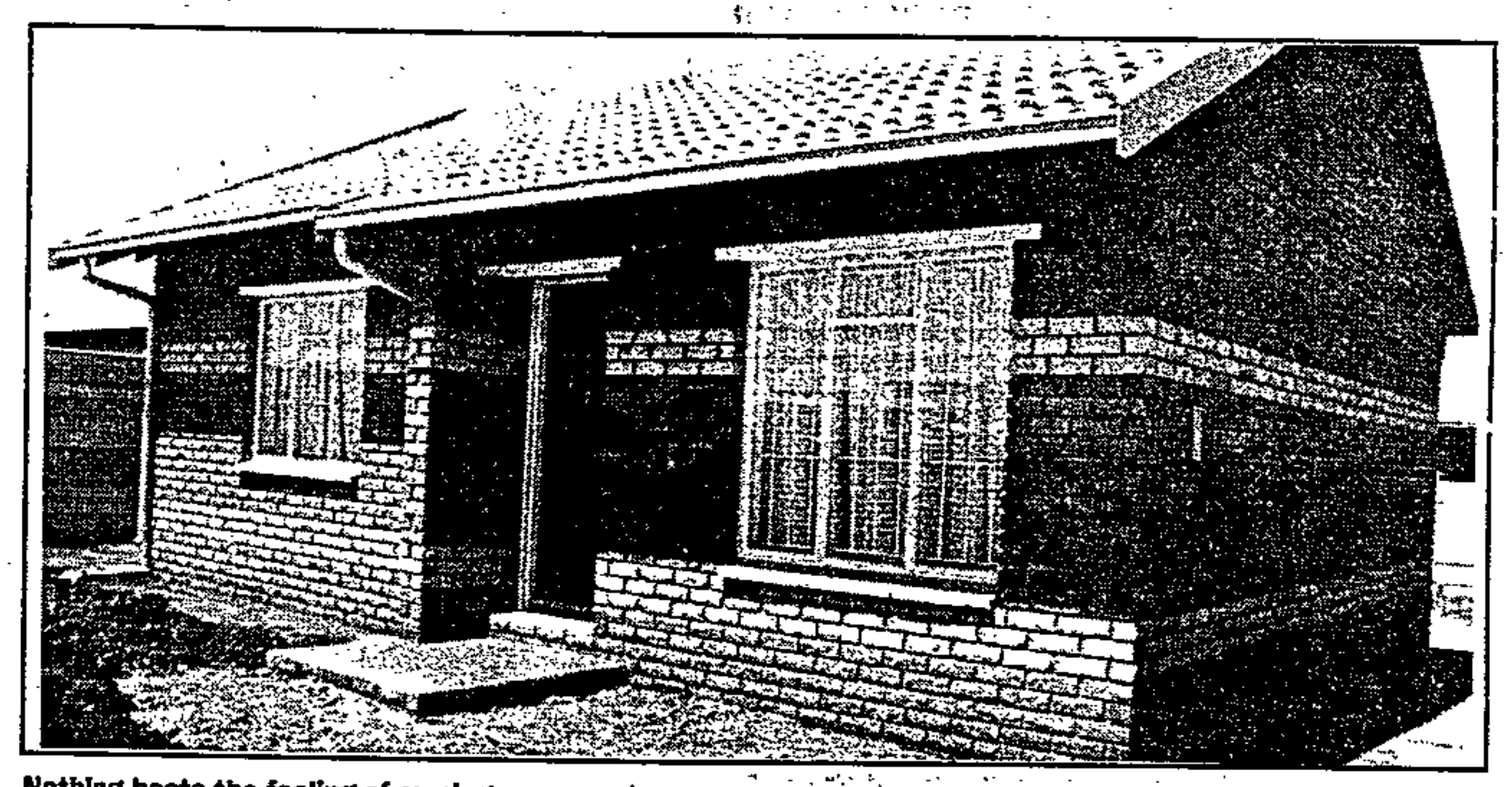
Most people I talk to have made money - in some cases fortunes - by shrewdly buying and selling residential property at the right time.

So what do you need before you set out house hunting? Cash availability is a prime consideration.

Don't start looking for a house until you know how much you have available as a cash deposit and to cover expenses, as well as how much can be committed to monthly bond repayments.

Although financial institutions have relaxed the rigid formulas they used in the past, the size of the bond they are likely to grant you still depends on your monthly income.

As a rough rule of thumb they will grant you a bond of which the monthly repayments does not exceed 30 percent of your gross monthly income.



Nothing beats the feeling of owning your own home.

This will predetermine what you can invest in the house you buy.

As a rough guide, a building society or bank will give a home loan of between 65 percent and 90 percent of the purchase price or their valuation, whichever is the lesser.

So you'll need 10 percent to 35 percent of the purchase price in cash, of which five percent to 10 percent is required on signing the Agreement of Sale, with the balance due three to six months thereafter.

You can get bigger bonds depending on the price of the house (and your income). However, you will have to provide additional collateral security to the lending institution and it will cost more in interest.

As regards expenses, you will have to pay transfer, bond registration and legal costs which amount to about four percent of the purchase price.

On, say a R150 000 purchase, this is roughly R6 000, which will fall due about four weeks before making total payment for the house.

Building societies and banks generally insist that bond repayments do not exceed 30 percent of your total income from all sources - that is, salary, commission, bonus, car and expense allowances and so on.

It is as well when making a bond application to include a letter from your employer or auditor confirming your income.

Other forms of financing are available and could be investigated with the help of an estate agent, but building society or bank home loans are by far the most common.

Finally, a matter that strictly speaking should be raised after purchase but is so important I'm bringing it up now - having bought a house, insure your life for the amount of the bond.

This is to ensure that, should something happen to you prematurely, your family will live rent-free in the security of their own home.

The cost is low and your family will not be among the many who tragically have to sell their homes due to the breadwinner's lack of foresight.

All I want is a room somewhere

W|Mail 31|7|-6|8|92.

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The informal housing market is dead, says a major builder. No one can buy even a cheap house

By **BARBARA LUDMAN**

WHEN the Kriel Town Council agreed last month to buy R40-million worth of prefabricated houses for Thubelihle township, it shot a ray of hope through the alternative housing market. Somebody, at last, was cracking it.

That "somebody" was Dorbyl, a huge steel and engineering firm specialising in ships, locomotives and mining equipment. A small division also makes prefabricated houses out of panels of zinc-coated high-tensile steel. A Zinki house costs from R3 000 to R18 000 and comes in many colours (most people ask for cream). You can put one up in a couple of hours and add to it as time goes on — more rooms, interior cladding, a ceiling, a stoep.

Dorbyl got into the alternative housing business when everybody else did — when it was clear that urbanisation was proceeding at such a fast clip that major South African cities were about to be surrounded by shack settlements. Architects, builders, organisations and entrepreneurs all thought they had a brilliant idea for solving the "squatting problem" with low-cost houses.

Most of them flashed on the horizon like summer lightning, and disappeared.

"There are still a lot of companies in the starting blocks with housing products," says Shanti Industries' Alan Stokes. "They're waiting for finance. Whenever there's a new pilot scheme they all trek there — and bomb out."

"The informal housing market is dead," says a major builder offering a quality shell house. "There's no finance. Nobody can buy."

"We're struggling," says another. "We sell two here, three there. I don't know how long we can stay in this market."

It doesn't cost much to buy a simple but well-constructed house, once you've got a site serviced by the province, a private developer or a council. Most houses cost between R3 500 and R10 000, and there's a choice of materials — zinc, timber, high-tensile steel, reinforced concrete. At the bottom of the scale, it's little more than a shell; but it looks like a house, not a shack, and good ones can be improved and extended. There are prefabs with pitched roofs and verandas, indoor plumbing, provision for electricity.

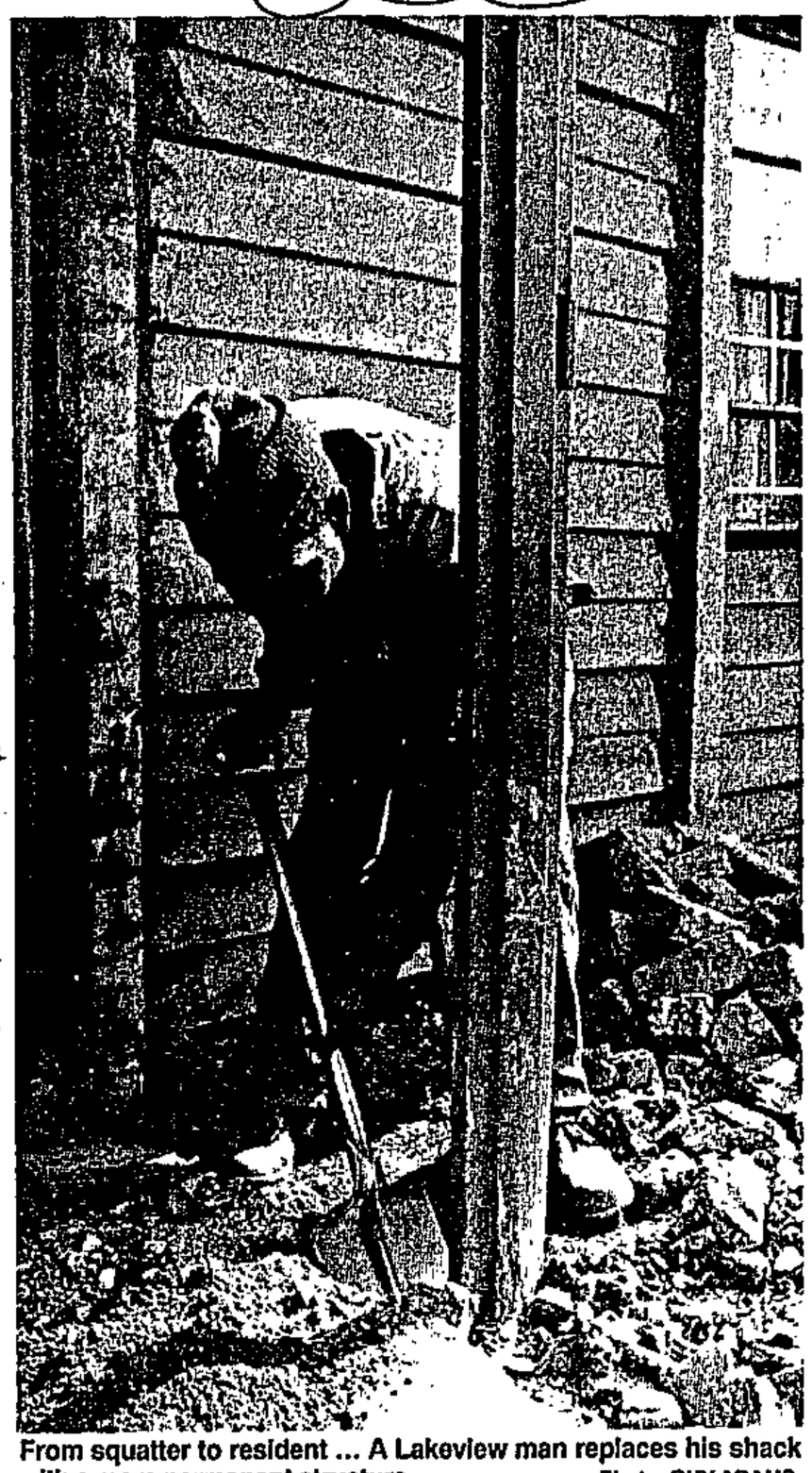
When the South African Housing Trust asked for manufacturers to submit housing plans for a pilot loan scheme in Klerksdorp two months ago, more than 100 manufacturers responded. The attraction: for approved houses, homebuyers could get finance from SAHT's Khayalethu Home Loans. For many manufacturers, this project was their last chance to stay in the lowcost/"alternative"/"affordable"/incremental housing market.

The Kriel scheme is working because there's finance: the package includes the participation of the Perm and local employers. The scheme will take care of perhaps 4 000 families — a beginning, anyway, on the 1,2-million families looking for a home.

The SAHT's pilot project is even smaller: 500 stands developed with Independent Development Trust (IDT) money near Klerksdorp. IDT sites are free; technically, the R7 500 subsidy goes to the informal settler via the developer who is paid to put in facilities for running water, waterborne sewerage, streets and stormwater drainage.

SAHT isn't popular among local NGOs; they'll tell you it's bureaucratic and prescriptive. But its Khayelethu Home Loans is one of the few agencies actually willing to lend money to shack dwellers, and if the pilot project works, it's almost certain to expand: it has just landed a huge loan from the IDT Finance Corporation (IDTFC) to operate in the incremental-housing — under R12 500 — home loan market.

Until now, for the most part, only The Group Credit Company, an Urban Foundation subsidiary also funded by the IDTFC, has been operating in that market. The system is related to the stokvel concept: borrowers form groups and elect officers; each member of the group stands surety for the others; loans are R5 000 or less per person and must be used for buying or improving housing. The money is disbursed in tranches to encourage repayment. The project is so successful it's branching out, with a branch opened this year in Port Elizabeth and others on the way around the country.



From squatter to resident ... A Lakeview man replaces his shack with a more permanent structure Photo: GUY ADAMS

The GCC deals in instalment credit loans, not bonds, and the interest charged is what is allowed under the Usury Act: currently from 24 to 31 percent. It sounds high for a bond, even one disguised as instalment credit, but building societies won't get involved in this market, except under exceptional circumstances.

The GCC's rate of default is a low four percent. This doesn't surprise Michael Oelofse, senior manager of the Housing Policy Unit at the Urban Foundation. "Empirical evidence in South Africa is scarce," he says, "but international research supports the conclusion that lending money to the poor is a good investment."

Building societies that went in for bonds on starter housing — above R12 500 — in the 1980s seem reluctant to increase their involvement. "Basically it's a question of risk. There's instability in the townships; often it's impossible to repossess a house. And even if you can, there's strong community pressure on someone who purchases a repossessed home. You come home to find a tyre on your roof."

But that's only part of the story. "It isn't as much the risk factor as the realisation that there isn't as much return to be made in the low-income market. It costs the same to service a R100 000 loan as a R1 000 loan. In the low-income market, often you're not earning enough in interest rates to cover your costs."

There are schemes: loan guarantee funds for houses costing more than R12 500, and employers who guarantee bonds for groups of their employees, generally basing the amount guaranteed on the amount in the employee's pension fund.

For the most part, these guarantee schemes benefit only people who qualify for a bond anyway or work for a benevolent employer. "They address the needs of workers and that's a great step forward," says Shanti's Piers Kenyon, a development planner. "But if you're a hawker, you may be making R1 300 a month but you're self-employed, so it's no use."

"The IDT's capital subsidy programme (of servicing sites) is what's keeping housing going in this country right now. It's the most efficient way to get people on a rung of the ladder: a piece of land with basic services," says the UF's Oelofse.

"The IDT can only subsidise 100 000 sites throughout the country. That's not enough. The state must do it."

The need for the state to do it appears to be the view of the De Loor Commission on Housing, whose report on the country's housing problems was published in April — although the commission would like access to serviced land linked to a means test. Still, "it should be possible," says the report, "for the government to increase the annual capital amount appropriated from the budget for housing from the present R1,6-billion to R3,5-billion over the next three years. This would then equate to about 4,7 percent of total state expenditure in 1990/91.

The report finds it important that a strategy to involve the private sector go hand-in-hand with such an increase.

The commission recommends that although tax sources seem limited, loan capital available on the domestic and international markets should be explored, plus guarantees by public sector institutions and "utilisation of government assets, as well as consumer charges".

Are tax sources limited?

The UF estimates there are 1,2-million families who need shelter in urban areas, with 1,13-million more expected by the end of the century — or 2,3-million families. At the bottom end of the scale are families who can afford nothing more than a serviced site and a rudimentary house: the incremental market, which is 58 percent of the total, or 1,35-million families.

At R7 500 per site, the IDT figure, it would cost the state just over R10-billion to accommodate them all.

Here's another incredible figure: this year the state has budgeted R4,3-billion for its special defence account, to finance unspecified and secret "special defence activities and purchases" — over and above the R5,4-billion general defence allocation.

Direct the special defence account allocation to housing, and 1 601 sites could be serviced every day, seven days a week, 365 days a year. In two and a half years every homeless family could have a properly-serviced site.

Redirect even a part of it, and watch the patchwork quilts on the edges of upmarket neighbourhoods turn slowly into suburbs.

Not quite as flexible as a shack

TYPICAL low-cost houses are a simple core grounded by posts. Floors are not included, although one can pour one's own; ceilings, interior and exterior cladding and insulation can be added later, as finances improve.

Doors and windows are generally included. Many have provision for electricity and indoor plumbing, assuming the site has been serviced with these amenities.

The scores of prefabricated houses on the market look much better than informal shacks and are undoubtedly more comfortable. But despite the claims of manufacturers — that they are incremental, that the buyer adds on what he can afford when he can afford it — they are not quite as incremental as a shack.

For sale: houses of board, iron, zinc and timber

339

W|Mail 31|7-6|8|92

THE Urban Foundation's enablement programme — designed to support community initiatives which will bring about a substantial change in people's lives — has resulted in communities setting up several resource centres.

One of them, the Masiphatisane Development Centre, has a centrally located store which offers a wide range of building materials to communities at reduced prices.

By obtaining materials directly from manufacturers and suppliers, the store reduces costs by limiting the number of middlemen in the supply and distribution network of cement, timber, galvanised iron sheeting, glass and window and door fittings.

A move is underway to establish satellite depots — owned and managed by community organisations — in Khayaletshi, Lawaaikamp, Crossroads and Hout Bay.

Murray & Roberts' Ribco division makes a prefabricated galvanised steel house with steel columns and a galvanised iron roof. The house, thought highly of in the trade, can be expanded and upgraded.

A firm called Ezebilt makes rondavels out of exterior grade weatherboard and a galvanised steel framework. Sappi makes a particle board house available in a modular kit.

And Dorbyl, which landed a stunning R40-million contract at Kriel, makes a small kit house out of zinc-coated high-tensile steel. The house doesn't need a steel frame; the panels bolt together. It comes in all the chromodex colours, including green, but people usually asked for a beige house with an ochre red roof.

These are among the major suppliers in informal settlements in the Transvaal and Free State, and for the most part, manufacturers offer free training in assembling the houses to people nominated by the communities they're trying to sell to.



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EXISTING HOUSES A BETTER BU... FOR NOW

BUYING an existing house could still be a better proposition than having one built, but much will depend on economic conditions arising in a new SA.

The price of a home in a middle-class suburb is currently 25% to 35% below replacement cost, depending on geographical location, says Board of Executors Merchant Bank assistant GM Richard Harman.

The discount is due to current socio-political turmoil and the resulting poor economic climate.

Whether SA can use similar political developments to those which occured earlier in other independent African countries as a guide to what may unfold here is a moot point, but a similar pattern may unfold, as the pattern has its roots in the economics of supply and demand.

In Zimbabwe, Harman says house prices initially softened from previous highs by up to 30%. But through development of a new middle class, demand began to rise.

"Within two years prices were above previous highs, and during the following five years they grew at an average rate of about 75% a year."

Hopefully SA will not experience quite the same rate of increase, as the accompanying inflationary implications would be disastrous for the purchasing power of the rand, he says.

However, it is realistically expected that the current discount should become a premium of 10% to 20% in the face of increasing demand.

"We can also assume building costs will rise and an escalation factor of, say, 10% would not be unreasonable."

Looking at likely investment implications, assuming an average three-bedroomed house in a middle-class SA suburb now costs R175 000, this represents a 25% discount on replacement (R220 000).

Taking into account rising building costs, the same house would cost about R355 000 in five years time.

"If demand in five years is such that existing homes are trading at a 20% premium due to the scarcity of suitable land and the time delay of building, then our house will be worth R425.000 — or a 240% increase."

Harman says whether this will represent an after-tax return will depend on whether a capital-gains tax is introduced during the period.

Govt defends PWV strategy

ADRIAN HADLAND

THE Urban Foundation's rejection of a government development strategy for the PWV region was based on misconceptions about the proposals, Deputy Regional Development Minister André Fourie said yesterday.

Fourie was responding to comments made by the foundation's executive director for urbanisation Ann Bernstein last week, in which she described the draft spatial development strategy for the PWV complex as a "dangerous document" that should be scrapped.

The document, which was sent to government institutions, discussion forums and private sector bodies for comment in February this year, contained long-term urbanisation, housing and urban growth policies.

Bernstein said at a news conference last week that the economic, planning and structural analysis on which the document was based was "inadequate and fundamentally flawed".

Fourie said the discussion document represented a shift in government development policies away from deconcentration towards an approach involving the "filling in and rounding off of existing development" together with the optimal use of existing infrastructure.

He said all suitable undeveloped land near employment areas should be considered for low-income housing in the short- to medium-term.

Fourie said the document, which did not substantially differ from the foundation's latest proposals, proposed that existing employment areas should be expanded and developed further.

"Against this background, I was surprised to learn of the remarks in the media by the relevant official," Fourie said.

Quantity surveyors branch out

B|DAY 5/8/92 (339)

THE quantity surveying profession has broadened its base from the "counting of nails" to the management of clients' funds and cost control, says Association of Quantity Surveyors president Wally Brink.

"The reason for this expansion is that money has become so expensive and the control of it so important. We control the money at both the project and the contract level," he says.

The industry was previously involved only in matters relating to the building procedure but is now concerned with the furnishing and equipping of the structure.

Regarding mass housing, Walters and Simpsons Quantity Surveyors low cost housing specialist Josh Heymann says millions could be saved if developers adopted cost-cutting measures.

"A lot more could be done to cut costs in the planning of sites and services and the procurement of contracts, a survey we conducted shows."

Sound cost control and contract procurement principles were essential and quantity surveyors needed to be seen as a vital to planning and development.

"This is particularly so in the light of the severe housing backlog and projections that the PWV population, will be 20-million by the turn of the century."

While current private sector development involved little more than the supply of roads and services, vast amounts could be saved through proper cost management.

Brink says quantity surveyors had to be involved with mass housing, but in the control of money, to the point of paying monthly accounts, rather than in the drawing up of inventories. This would result in a lower fee as less time would be spent on the project.



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MIDRAND — TO LET

City sprawl big threat to economy

TOM HOOD
Business Editor

ARG 8/8/92

ACCELERATED urban growth will place enormous strains on the economy and on the environment, says Dr John Hanks, chief executive of the Southern African Nature Foundation.

By 2026, the population of the greater Cape Town metropolitan area would be 6,6 million, a three-fold increase in a mere 40 years, he told the Western Cape branch of the Institute of Directors.

Already in the Eastern Transvaal Highveld, the emission density of 3,1 tons of sulphur dioxide a square kilometre a year from the rapidly expanding industrial base was in excess of the densities for high polluted East Germany, where areas had been declared officially unfit for human habitation.

Dr Hanks found it unacceptable for the government's environment portfolio to be tacked on to the back of National Education, with a key portfolio of Water Affairs and Forestry in a different ministry.

He urged the Institute of Directors through its new environmental sub-committee to actively lobby to have this changed.

Company directors also should take a leading role in introducing environmental auditing in their own businesses.

There was a distinct linkage between environmental issues and economics.

Elsewhere in the world, environmental reports were increasingly moving from the front pages to the financial pages of newspapers.

The only way to halt environmental degradation was to break out of the poverty spiral by economic upliftment through a process of a wide range of development activities.

He said the challenge for every major developer must be to strive for environmental excellence.

Mining land 'a viable option for housing'

ADRIAN HADLAND

REDEVELOPMENT of expensive mining land for residential use in Johannesburg would be more cost effective than building settlements out of town, planners have decided.

An SA Roads Board study has found that savings on transport subsidies, which cost the Johannesburg city council about R1 000 a person annually, mean it would be cheaper for residents and the council to make use of centrally located housing —despite land on the city's periphery being up to 40 times cheaper.

The study, entitled: "The improvement of mobility as a result of land-use planning", was undertaken by council planners on behalf of the roads board.

It examined the total costs involved in developing housing stock, roads and infrastructure in different parts of the Johannesburg municipal area.

The study concluded it was more cost effective in the long run to develop high density housing on central mining land, which would cost between R100 000 and R500 000 a hectare, than on land far from the city centre — such as that at Orange Farm — where costs were only about R8 500 a hectare.

"People have been under the illusion that the establishment of townships 20km from the city centre is cheaper for the council and the communities concerned," Johannesburg council planning director Ian Symon said.

Justified

"This report proves that it is economically viable to develop mining land for higher density housing, even though it may cost 40 times as much."

Symon said the report justified the council's promotion of the use of mining land and in-fill projects for cost-effective residential development.

He said several mining companies, including Rand Mines Properties, were currently considering the financial implications of residential and commercial development on vacant mining land in and around the city's CBD.

rovision of infrastructure of water and sewerage

Get Ahead Foundation to help provide homes

Sowetan 10/8/92. (339)

■ SHORT TERM Part of R3-million grant to be used in subsidy scheme:

BY Joshua Raboroko

AN amount of R2 million from a grant of R3 million by the German government is to be used by the Get Ahead Foundation to finance black housing.

The foundation has linked-up with Jan Steyn's Independent Development Trust Finance Corporation in a project to provide homes and jobs.

The link-up with the IDTFC involves a capital and subsidy scheme in which stands are provided with the basic infrastructure of water, sewerage and refuse removal, but no electricity.

The chairman of the foundation's housing division, Mr Percy Nkuna, yesterday said that housing finance provided by Get Ahead would be mainly short-term, about three years, and involve amounts between R5 000 and R10 000.

They would use group pressure to get individuals to pay back loans.

One of the conditions of the loans would be proof of receipt of such items as bricks, cement or sand which would have to be produced to ensure the loan was used for building a home.

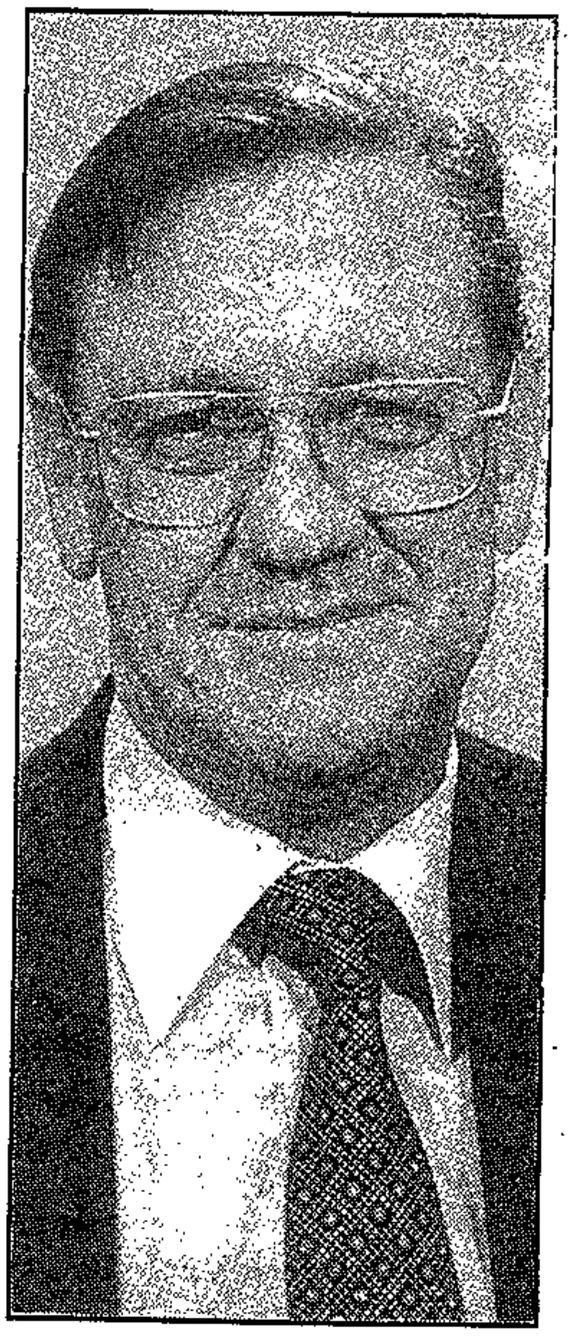
Nkuna said the housing division would only focus on those areas where there was permanency. Soshanguve, Mamelodi and Atteridgeville would be included in the start-up phase.

The pilot scheme would be expanded to many other areas where there was stability and no violence.

Nkuna said that the advantage of the scheme was that it would grant credit to people who had been denied credit by formal banking institutions.

A number of people would be trained and the first five loan officers and support staff would be employed by the end of July.

Get Ahead had received a number of requests from the black community for help with stokvels but had not always been able to help because of the company's limited resources.



Jan Steyn

Industry taking the lead in forging African links

B|DAY 13/8/92.

Reports by
MELANIE SERGEANT

GOVERNMENT has been criticised for hanging back on formulating a comprehensive technology policy which would assist SA industry to compete internationally. But industry is now taking the initiative.

Twelve organisations representing major players in SA's business, industrial and technological sectors met last night to start The Africa Initiative, which is aimed at opening African markets for SA organisations by inviting the continent's key decision makers here.

This will help obviate the need for individual organisations to make forays into Africa in search of markets.

Headed by SA Engineering Association chairman Roy Marcus, the initiative is the brainchild of the engineers and Systems Exhibitions. A board of trustees will raise and supervise sponsorship funds from industry to bring delegations to SA.

The scheme will target representatives of government departments and major business, as well as representatives of the World Bank, the African Development Bank, Preferential Trade Area for eastern and southern Africa, SADCC, Africa Round Table, the Commonwealth Development Corporation and Caisse Centrale. EC delegations and members from various chambers of commerce and foreign trade organisations will also be targeted.

Organisations expected to co-operate in the venture include the Foreign Affairs Department, Nafcoc, the CSIR and KPMG Consulting, as well as Systems Exhibitions.

A National Technology Week, with the theme Technology for Africa, is planned for September 1993, giving SA's industrial and technological sectors a year to prepare to demonstrate their ability to meet Africa's technological needs, says Systems Exhibitions marketing director Jo Melville.

The prime purpose of the drive is to focus on the importance of technology to SA's economy.

"By inviting a number of important business and industrial delegations, companies and organisations involved will gain the most cost-effective method of reaching Africa's purchasers and decision makers."

Housing trust defends computer hire

THE seemingly expensive move by the SA Housing Trust's subsidiary Kayalethu Home Loans to spend R2m over two years to rent a computer system to handle its bond administration can be justified, trust officals believe.

Head of corporate marketing for the trust and Kayalethu Home Loans, Mike Fowlds, says the organisation looks after 25 663 bonds valued at about R571m.

The new system, which will be rented for R85 000 a month, thus translates to a cost of R3,31 a bond a month.

"This amount is peanuts, and probably less than it is currently costing us to administer our bonds utilising our small, home-grown system," he says.

The rental option was taken because of uncertainty about rationalisation in the low-cost housing market.

He says the trust is the only significant player providing bonds in the lower income bond market.

"We have branches all around SA at the centre of each project. It is necessary to have administration at the various centres and link them to our head office in Johannesburg, so our costs are probably far higher than those of traditional bond finance houses.

B|DAY 13/8/92.

"With the current talk of formulating new policies and having a national housing strategy for SA, it is important to rationalise the housing effort because duplication has been a problem in the past.

"Buying a system prior to full clarity of the rationalisation process would not have made too much sense," he said.

Weather Bureau hoping for supercomputer

IF government approves the budgets, the Weather Bureau could soon go to tender for a multimillion rand supercomputer.

Industry sources point to possible suppliers being Unidata through subsidiary Sepco which has the Convex agency, as well as Unidata-owned Cortech which owns the Cray agency.

Persetel would not comment on whether it would offer a Hitachi machine which was effectively a commercial mainframe transformed into a supercomputer through the use of vector processing. Other contenders include NEC, Fujitsu and IBM.

Described as "highly sensitive", the tender was expected by some sources to be announced as early as October. The plan was believed to be worth more than R50m.

The bureau currently uses a large Control Data mainframe, which was classed as a supercomputer during the late 1980s.

R4-bn a year needed for housing subsidies

About R4 billion a year will be needed just to maintain present housing subsidy levels and maintenance costs until the year 2 000.

So says Johan Viljoen, outgoing president of the Institute of Building (SAIB), who has added his voice to calls for the rapid establishment of a national housing forum.

He says the first principle of any housing policy is that both the homeowner and the commu nity can afford it.

The homeowner has to be able to meet bond and maintenance costs, while any capital subsidy has to be covered by tax revenues — without incurring huge internal or foreign debt.

However, these two factors together will cost R4 billion a year until the year 2 000 — a figure obviously beyond the national budget.

It is certainly higher than the R3,5 billion a year the De Loor Commission has recommended be found for capital subsidies — and that is already twice as much as being spent at present.

A national economic or housing forum, which would take the issue out of the political arena, is the only way to really get to grips with the backlog, now estimated at 1,4 million units.

Such a forum should be able to tackle problems such as delays in the delivery process caused by bureaucratic blundering, the inflationary effect of monopolies and cartels on material prices and the lack of financing for the low-income sector.

Out of date

It would also have to address:

- Difficulties in obtaining land for development.
- The application of building standards that are 20 to 30 years out of date.
- ensuring that new buyers are educated in the use of urban facilities and about the bond repayment system.
- Finding ways to stop arson, theft and assaults on housing workers which make projects in certain areas unviable from the outset.

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18-m in SA lack access to adequate sanitation

STAR 20/8/92

Half of South Africa's population does not have access to adequate sanitation, the Water Research Commission (WRC) revealed yesterday.

The commission found in its countrywide investigation into the provision of sanitation that in urban and rural areas, 18 million people had to make do without proper sanitation.

The WRC announced it was engaged in a comprehensive programme aimed at addressing the problem of inadequate sanitation.

The objectives included:

- To establish how many people had access to safe sanitation.
- To develop a strategy with a view to improving the situation and developing a set of guidelines for the provision of sanitation.

The investigating team has already established that it would cost about R11 billion to provide all urban dwellers in South Africa with waterborne sewerage by the year 2000.

The WRC will hold a series of workshops throughout the country next month which will offer interested groups an opportunity to analyse the information produced to date.

For further information contact David van Rooyen at (011) 804-2933 or H Chapman at (012) 330-0340 — Sapa.

Big lenders join forces with blacks on housing

S[Times [B455] 23/8/92

By KEVIN DAVIE

THE life and mortgage businesses and the ANC, PAC, Azapo and the IFP join forces at the end of this month to combat the housing crisis.

Taking part in the national housing forum (NHF), to be launched on August 31, will be 17 organisations. They include the Life Offices Association (LOA), the Mortgage Lenders' Association (MLA), Saccola and representatives of the building materials and construction industry.

Trade unions Cosatu and Nactu will be represented and so will the national body of civic organisations, Sanco. Others will be the Development Bank (DBSA), the IDT, the Kagiso Trust, the SA Housing Trust and the Urban Foundation.

Foreign

"There's a lot of hope for the Forum," says the MLA's Denis Creighton.

"This is the first occasion where most of the major players will directly be involved in solving SA's housing problems."

Mr Creighton says there is no shortage of capital for housing, but foreign money will be needed later.

"This is the first attempt to bring some order to the housing mess," says the ANC's William Cobbet.

LOA chairman Louis Shill says his organisation supports the aim of ensuring that housing provision is co-ordinated and well backed.

"Priority No 1 is housing. The funds are available but the affordability problem needs to be bridged," says Mr Shill.

But most participants stress that they do not see the establishment of the NHF as a panacea. Housing policy has been so skewed by apartheid that even though the NHF will combine considerable financial and political muscle, it is unlikely to produce immediate solutions.

The DBSA's Johan Kruger says one problem is the disparity of services. Service provision in Langlaagte costs R172 a month, but in nearby Soweto a homeowner is expected to pay R332 for less service.

Mr Kruger says: "There is no short-term optimism, but the forum should create an enabling environment which will produce long-term solutions." Mr Creighton says the SA development process has been distorted by past ideology. This has caused structural problems.

The work of the NHF should in time find teeth in legislation. But the process will facilitate the freeing of housing finance.

"Regrettably, it will be a slow process. There are major imbalances to correct."

Fruitful

Mr Shill says no yardsticks or form of prescription have arisen in the LOA's discussions with extra-parliamentary groups. Prescription is a desperate measure.

"The market mechanism provides the best solution."

Sanco has called for a boycott on payment of mortgage bonds. The ANC's William Cobbet says the real issue is how to get finance into the townships.

"Boycotts are not an appropriate way of doing this."

Funds should ideally be offered voluntarily, but the percentage allocated should be investigated.

Sanco president Moses Mayekiso says "fruitful" discussions were held on Thursday and Friday with the Government, MLA and Council of SA Bankers.

He says Sanco is not a mischievous group, but is concerned about high interest rates, the fact that few blacks have access to mortgage finance and that violence has caused some people to flee their homes.

Sanco, which meets this weekend to discuss the bond boycott, is committed to helping to solve housing problems.

Housing forum to be launched soon

B/DAY 24/8/92 339

A NATIONAL housing forum will be launched in Johannesburg at the end of this month following months of preparations.

Financial institutions, political organisations, trade unions and development agencies will be among 17 organisations who will attempt to find solutions to the present housing crisis and make recommendations to government.

Government withdrew from initial discussions on the housing forum in January, saying socio-economic matters should be discussed at Codesa.

The ANC, the PAC, Inkatha, civic groups, Cosatu, Nactu, the Life Offices Association, the Mortgage Lenders' Association, the IDT and the Development Bank are among the bodies who are represented on the forum.

A source close to a working committee entrusted with working out the forum's details said at the weekend that everything was in place and the forum would be launched at a news conference at the end of the month.

A civic leader, who asked for his name to be withheld, said government should reconsider its participation in the forum now that Codesa had collapsed.

WILSON ZWANE

Minister Leon Wessels has said government would maintain bilateral contact with the forum.

Meanwhile, SA National Civic Organisation president Moses Mayekiso has called on banks to stop lending money to government. It was not clear yesterday whether the Council of SA Banks (Cosab) would meet government to discuss Sanco's call.

Mayekiso told Cosab representatives in Johannesburg on Friday: "Cosab members hold more than R13bn in government loans of various sorts... This is more than 10% of total government debt."

Mayekiso said banks should stop lending government money until it was clear that democratisation was irreversible.

He said unless the bankers stopped lending government money and changed their lending policies towards blacks, Sanco would embark on a mass action campaign which would include the bond boycott.

Cosab could not be reached for comment yesterday, but Mayekiso said the council had promised to respond to his organisation's demands within two weeks.

Efforts to reach Local Government spokesman Johan Smit yesterday were unsuccessful.

Pilots claim Transnet breached agreement

B/DAY 24/8/92

THE SAA Pilots' Association (SAAPA) has instituted legal action against Transnet which, it claims, breached a conditions of service agreement by promoting five pilots to the rank of Boeing 737 captain over the heads of more senior candidates.

In papers filed in the Rand Supreme Court, the pilots' organisation claims numerous other pilots employed by the airline with greater seniority should have been considered before the five senior first officers who were promoted.

The association is seeking an order declaring the promotions unlawful and in breach of the regulation agreement between Transnet and the SAAPA which governs pilots' conditions of employment.

The association also wants an order directing Transnet to reverse the five appointments and pay the compensatory allowance provided in the agreement to those pilots who qualified for it.

Transnet has given notice that it intends opposing the application.

According to court documents filed by the association, Transnet (SATS at the time) signed the Regulation Agreement in April 1989. In December 1991, Transnet notified the association of its intention to

SUSAN RUSSELL

cancel the agreement. However, the terms and conditions of the agreement were to stand until it was replaced by two separate agreements.

Association president Clair Herbert Victor Fichard said the agreement was still in force as this had not yet been done.

The airline's four ranks of pilots are first officer, senior first officer, captain and senior captain in order of seniority.

Transnet invited its captains and senior first officers to apply for the vacancies in the Boeing 737 fleet in December 1990.

Fichard said five senior first officers were appointed over the heads of other more senior candidates who had applied. In addition, senior candidates whose applications were unsuccessful had not been given the allowance provided for in the Regulation Agreement for having been bypassed for promotion.

Fichard said the association's attorneys wrote to Transnet asking it to cancel the appointments or to pay the allowance.

However, Transnet denied breaching the agreement and refused to cancel the appointments or pay the allowances.

Two men die while held at police stations

B/DAY 24/8/92

PRETORIA — A 25-year-old man died in police detention at Witbank Police Station yesterday, an SAP statement said.

Maj Schalk Pienaar said police were investigating the circumstances surrounding the death of the man, whose name and address were unknown and who had been accused of stock theft and housebreaking.

Earlier, police at Blinkpan, near Middelburg in the Transvaal, said a man had used his underpants, a sock and shoelaces to hang himself from his cell window.

SAP Eastern Tranvaal liaison officer Maj Schalk Pienaar said Joseph Mpheteng, 30, had been arrested on Friday on charges of rape and theft. — Sapa.

bird. Picture: Bunty West

First-time buyers beware

STAR 25/8/92

By Zingisa Mkhuma
Consumer Reporter

There is an alarming increase in cases involving unscrupulous operators who cheat on first-time home buyers in the low-cost housing sector, according to Lawyers for Human Rights (LHR).

LHR's Housing Rights Unit had assisted more than 4 000 people in the last two years, unit spokesman Brian Leveson said on Friday.

LHR was convinced that an active education campaign was needed to protect "first entrants" to the housing market against costly errors.

LHR will convene a pro-active seminar to deal with the crisis starting on September 1 at 9 am. Interested people should contact Pauline Cuzen at (011) 331-3465.

The seminar will cover the following:

- Essentials of home ownership in the low-income sector;
- Buying second-hand and building new homes;
- Examples of actual cases currently being dealt with;
- Guidelines for overcoming pitfalls; and
- Suggestions for circulation of information and follow-up action.

Rural whites get lion's share

GERALD REILLY

THE average income of whites in rural areas last year was more than five times higher than that of blacks, according to an incomes and expenditure study by Unisa's Bureau for Market Research.

The study results, released yesterday, show the average income for white households was R63 844 and for blacks R10 785.

It was found young whites tended to leave the rural areas after the age of about 19 but many returned after the age of 30-34.

The pattern was different for blacks.

Food accounted for 36,8% of black households' spending compared with only 11,9% for white households.

The biggest chunk of whites' budgets went to housing and electricity (20,8%) income tax (14,2%) and transport (13%). Blacks spent 9,6% on housing and electricity, 9% on clothing and footwear and 8,6% on furniture and household equipment.

In metropolitan areas, black households spent 38,6% on food and whites 22,8%.

White households spent 19,6% and blacks 5,2% on housing and electricity but on fuel and lights blacks spent far more than whites — 5,7% of total expenditure compared with 0,4%.

There were also big differences in spending on clothing, footwear and accessories (9,6% for blacks and 5,3% for whites) and furniture and household equipment (11,2% and 4%).

In 1990 black metropolitan households spent 26,7% of their budgets on food compared with 38,4% by rural blacks in 1991. Cash expenditure on housing was 25,5% of whites' budgets in metropolitan areas and 15,4% in rural towns.

Move to chart AIDS strategy

Own Correspondent

DURBAN — A steering committee aimed at establishing a National AIDS convention to formulate a strategy to combat the disease has been set up.

It is estimated that every day 400 people in SA are infected by the HIV virus.

The establishment of a national AIDS convention was critical in formulating actions to combat the spread of the disease, the committee said.

On the committee are the Department of Health, the ANC, Cosatu, Nactu, Nafcoc, the SA Council of Churches, Saccola and the SA National Civics Association.

Shady developers fleece home buyers

ADRIAN HADLAND

LOW-INCOME home buyers were losing millions of rands every year to unscrupulous and fraudulent property developers, Housing Rights Unit (HRU) director Brian Leveson said yesterday.

"There is a major rip-off going on in the industry. For every person who manages to get a house through one of these low-deposit schemes, nine people are losing out," said Leveson.

Much of the money was being lent to employees by companies, with pension fund monies as security. When the so-called developers did not deliver on promised housing or disappeared overnight, the prospective buyers were left owing several thousand rands, he said.

An HRU spokesman said summonses had been issued to more than 50 development company officials in the past two years while the Harmful Business Practices Committee was investigating a further 40 cases.

Leveson said the HRU, started by a group of attorneys in 1990 and now part of the Lawyers for Human Rights organisation, was receiving about 25 complaints a day from people who had lost their deposits to fraudulent development companies.

"There is actually very little township development going on at the moment, which makes the number of complaints all the more surprising," he said.

The HRU had more than 4 000 people on its books who had been taken for a ride by "fly-by-night developers" promising cheap housing. "These companies make use of door-to-door salesmen, who also go around factories to dupe low-income workers. More often than not, even the land availability for the proposed site has not been cleared with the authorities."

Leveson said there recently had been an alarming increase in swindle claims.

Leveson said the HRU encouraged prospective home buyers to discuss potential deals with the unit before paying deposits or signing documents. The organisation has also introduced seminars to alert personnel managers to dangers lurking in the property development field.

"Many employers grant housing loans, or housing subsidies, but experience has shown that most employees also require further practical education," he said.

He said several agencies including the Urban Foundation, trade unions, the Estate Agents Board and the Harmful Business Practices Committee, had called for more information to be communicated to the public about the problem.

"We are convinced that an active education campaign is essential to deal with what is becoming of crucial concern."

We've Made Our Mark In The Legal World Let Us Help You In Yours

To many, the legal intricacies of [redacted] *intellectual property field and you could*

'Trim own affairs to pay for houses'

339 THEO RAWANA

THE own affairs system should be "rationalised" to effect savings which could be used to address the problems of providing housing for all, National Housing Minister Leon Wessels said yesterday.

Opening the 13th SA Building and Construction Exhibition at Nasrec in Johannesburg, Wessels said the fiscal implications of the De Loor commission on housing were formidable, but the necessary resources should not come from increased taxation. Rather, these should come from a redirection of expenditures within the current overall share of expenditures in GDP.

"Duplicated institutional structures brought about by the own affairs concept could be rationalised, uniform policies could be adopted and savings in bridging and other financial outlays could be directed (to) the real problem, that of providing adequate shelter for everyone."

Wessels said he had undertaken not to implement unilaterally the proposals of the De Loor commission but to achieve consensus as far as possible among all players in the housing field.

He said many of the De Loor proposals could be branded as revolutionary, but it was essential that opportunities not be lost through timid or generalised proposals.

Although the housing industry had already played an important part in providing formal housing, it had to come up with innovative ways of expanding its role.

He invited the private sector to join government in creating the correct climate for communities to work with them in the task of housing.

● Picture: Page 2

Growth achieved despite hurdles

STAR 26/8/92.

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Own Correspondent

CAPE TOWN — South Africa's political volatility is putting a drain on the country's development agencies, but remarkable successes have been achieved.

This emerges from the second annual report of the Independent Development Trust (IDT), published this week.

IDT chairman Jan Steyn notes that promoting sound development work in South Africa's unstable environment is a formidable challenge.

"Suspicion and mistrust abound. Bringing resources into deeply divided communities can cause deeper divisions if not processed painfully through the layers of community structures.

"Progress is often slow, and even tiresome and frustrating — especially when the situation is exploited for selfish or ideological reasons by 'gatekeepers'."

However, there is also a "bright side to the coin". "In the overwhelming majority of areas ... in which the IDT has been actively involved, we have seen the development process producing the dividends of stability and progress."



Jan Steyn . . . promoting sound development a formidable task.

The IDT — established in 1990 with R2 billion in seed-funding from the Government — had, by June this year, committed more than R1,9 billion to 325 housing, education, health, rural development and job creation projects.

The IDT has kept administrative costs to less than 1 percent of the funds entrusted to it, generated some R700 million through investment and drawn more than R500 million into development projects through joint ventures with the private sector.

Nevertheless, the IDT would have "liked to have moved faster".

"Where hardline or ideological approaches persist, where scars of violence have not yet healed and, more particularly, where leadership committed to development is either absent or has been muted by intimidation or apathy, our task and that of our allies is not only formidable, but we have found some problems insurmountable."

However, Mr Steyn believes South Africa is fortunate in having a partnership of development agencies genuinely committed to promoting development along non-ideological, depoliticised lines.

Progress despite turmoil

339
Sowetan
26/8/92

■ "Formidable challenge" for development trust:

Sowetan Correspondent

SOUTH Africa's political volatility is putting a drain on the country's development agencies but remarkable successes have been achieved.

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IDT chairman Mr Jan Steyn notes that promoting sound development work in South Africa's unstable environment was a "formidable challenge".

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"Progress is often slow, and even tiresome and frustrating - especially when the situation is exploited for selfish or ideological reasons.

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Stability and progress

"In the overwhelming majority of areas . . . in which the IDT has been actively involved, we have seen the development process producing the dividends of stability and progress."

The IDT - established in 1990 with R2-billion in seed-funding from the government - had by June this year committed more than R1,9-billion to 325 housing, education, health, rural development and job creation projects.

Furthermore, the IDT had kept administrative costs to less than one percent of the funds entrusted to it, generated some R700-million through investment and drawn more than R500-million into development projects through joint ventures with the private sector.

Nevertheless, the IDT would have "liked to have moved faster", says Steyn. "The emphasis we have placed on process and on the involvement of people, the fact that we employ a small staff, but above all, the volatility of the political climate, have made our task difficult and at times frustrating."

Seminar to focus on do's, don'ts

Sowetan 339

Sowetan 27/8/92

EDUCATION CAMPAIGN Housing Unit plan to educate home seekers to avoid rip-offs:

THE Housing Rights Unit, an arm of the Lawyers for Human Rights (LHR), is to hold a special seminar on September 3 to address cases of unscrupulous operators who rip-off potential firsttime home buyers in the low income groups.

The alarming increase in cases reported to lawyers has caused them to call for this urgent pro-active seminar, according to the head of the unit, Mr Brian Leveson.

The unit has assisted more than 4 090 people in low-cost housing in the last two and a half years, said Leveson, adding: "We are convinced that an active education campaign is essential to deal with what is becoming a matter of crucial concern."

"We have to maximise all resources at our disposal to educate all involved in the low income housing market. Besides the unscrupulous operators, inexperience and ignorance are also important factors to be addressed," he said.

The seminar will cover the following points:

- Essentials of home ownership in the low income sector;
- Buying second hand and building new homes;
- Examples of actual cases presently being dealt with;
- Major problem areas;
- Guidelines about overcoming pitfalls; and
- Suggestions for circulation of information and follow-up action.

"This initiative arises from a desire to protect first entrants to the housing market from making errors. Many have suffered.

"We believe that it is essential to enter this area. Several bodies have recently called for more information to be communicated to the public about buying houses.

These bodies include the Urban Foundation, trade unions, the Estate Agents Board, the Harmful Business Practices Committee and the De Loor report.

BONDS AND BLACK HOUSING

339 FM 28/8/92

Moses views the promised land

Until this week, there were signs that progress was finally being made in breaking the impasse in the moribund black housing market. But the controversial president of the SA National Civic Organisation (Sanco), Moses Mayekiso, may have over-reached himself in his linkage of mortgage lending to political demands.

On Tuesday the Council of Southern African Bankers issued a statement rejecting his position that a boycott will be instituted at the end of this month unless the institutions pressure government to accede to Nelson Mandela's famous 14 demands for the resumption of constitutional talks.

A boycott would throw the black housing market into chaos and essential investment would be lost.

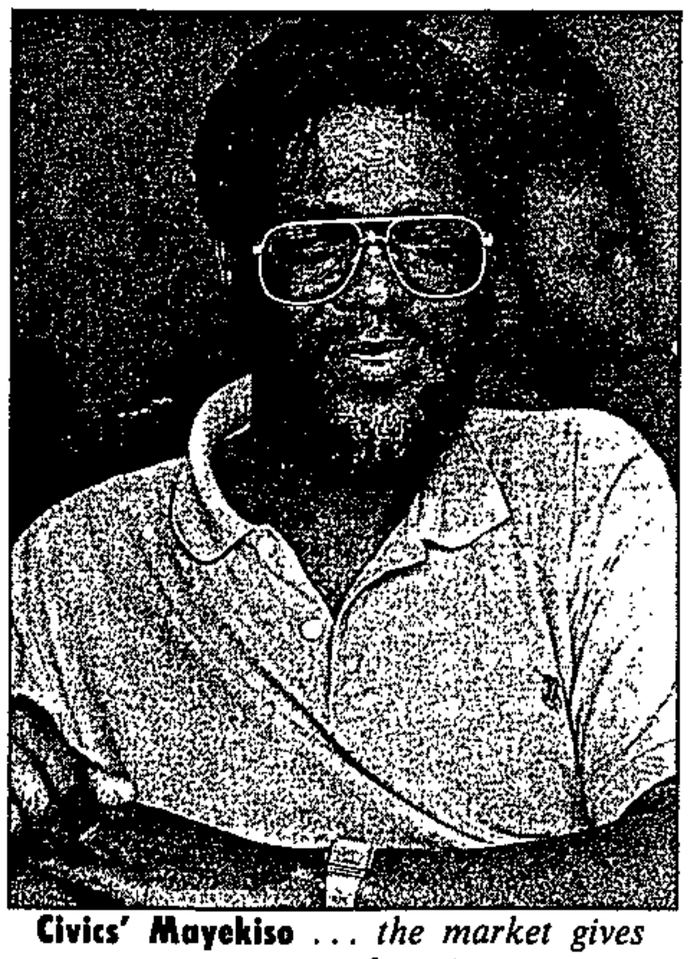
The council — the umbrella body designed to promote the "common interests" of SA's banks and building societies — puts this clearly but politely: "Our objectives agree with yours. Where we must differ is in tactics. You require us to stop all services and activities relative to the public sector on the basis that this would force President F W de Klerk to concede to Dr Mandela's 14 demands.

"This we regret we cannot agree to. Quite apart from the damage it would do to the internal economy, which is already on its knees, it would kill off the last vestige of foreign loan and investment interest as we would be seeing the banking system co-opted by a political agenda. This precedent would render us liable to pressure from all future political agendas."

This development is unfortunate. At a recent meeting initiated by Mayekiso, with Manpower, Local Government & National Housing Minister Leon Wessels, there was a productive exchange of ideas and perceptions. And on a broader level, a certain amount of relationship-building has occurred between the financial institutions and the civics which Mayekiso represents.

The spur which led to the bankers' response this week was Mayekiso's dual call for government to dissolve all apartheid local authorities forthwith — and for financial institutions to halt all credit to government pending acceptance of the 14 demands. The first plea is familiar; the second is absurd.

Mayekiso's position is not incomprehensible. At grassroots level, he charges that government's restructuring of local authorities is being handled in a unilateral manner. He told the *FM*: "Restructuring in the interim period should be characterised by a negotiated national approach, one which should provide ... national guidelines ensuring a national framework for the destruction of apartheid local government structures and the introduction of new democratic ones."



Civics' Mayekiso ... *the market gives way to rhetoric*

Of course, this makes sense — but his call for the dissolution of local authorities to facilitate "constitutional restructuring within the framework of the national constitutional negotiations" does not. For this would trigger a breakdown of local authority — as we have already witnessed in certain PWV regions — pending a national settlement.

Talks on the housing crisis had been in progress. A further meeting was due to be held this Wednesday at which the Mortgage Lenders Association would furnish Sanco with details of its exposure in black and coloured townships, which Sanco estimates at R6,7bn. Sanco said that if the banks addressed the issues in good faith — which include Sanco's request for exposure levels and proposals for a set of technical suggestions to improve the provision of financial services to urban and rural communities — then "it is more likely than not Sanco will discourage mass action campaigns against the banks."

This has not happened. The bankers' statement suggests that "we revert to the *status quo ante* where at an operational level the Mortgage Lenders Association is working closely with you, and where the political agenda is put to one side for consideration in more appropriate forums outside the banking industry."

As the *FM* went to press, Mayekiso appeared ready to call a bond boycott on political grounds. It remains to be seen whether the ANC — and Mandela in particular — can dissuade him. In the recent past he has ignored Mandela's well-considered rebuke that a boycott would blight investment in black housing. He is projecting himself as a man of the people. ■

DEEDS OFFICE

Back in 10 minutes

Johannesburg's Registrar of Deeds announced last week that as many as 20 000 deeds could be in arrears by mid-November — because of a month's study and exam leave for Deeds Office staff. As a result, the property industry has been thrown into a state of anxiety.

On August 10, Registrar At Hanekom issued a circular to conveyancers warning of the impending delays in registrations — a notice that has enraged estate agents, conveyancers and, of course, buyers and sellers. Property lawyers say the delays could cost the seller of a R10m building as much as R108 000 in interest at 13% a month.

Werksmans property partner Laurence Kaplan says this is not the first time the industry has had to pay for delays at the Deeds Office. He says it is time to privatise the service.

He argues: "A seller would be prepared to pay, say, R500 to have his transfer go through in 24 hours while another who can afford to wait a month could pay R10. In other words, the market is willing to pay for better service and, by privatising the Deeds Office, better salaries could attract better staff and deliver the service required."

Kaplan wants institutions and major market players to lobby government towards that end.

For his part, Hanekom believes the outcry is out of proportion to the delays. He says there is now only a seven-day delay, not three months as reported. "My circular was only a warning that in the worst-case scenario, there could be a delay of one month or 20 000 deeds in arrears."

Staff leave for studying and writing exams for the Diploma in Deeds Registration is an annual event. But numbers have been particularly high this year, with 14 of Hanekom's staff taking second-year exams. He concedes, however, that in coming years, ways of staggering leave will have to be found. As for privatisation, Hanekom questions how any private organisation would be able to guarantee title, though he says backlogs could be eliminated.

Failing privatisation, it has been mooted that were the industry to pay the Deeds Office R5 or R10 registration fees across the board, with no time limits, more staff and better service could be afforded. ■

Housing urgency hits home

STAR 31/8/92 (339)

Dozens of so-called masterplans to solve the housing problem have been unveiled in recent years — and ended in limbo. The launch of the new National Housing Forum in Johannesburg today may herald the start of a radical and practical approach to breaking the crisis, reports MICHAEL CHESTER.

MORE than 7 million poverty-stricken South Africans now forced to live in squatter camps and backyard shacks have become used to promises of solutions to the chronic housing crisis — only to see them vanish into remote filing cabinets.

They have good reason for cynicism while the fuse goes on burning towards a socio-economic time-bomb.

Dozens of so-called masterplans have grabbed newspaper headlines in recent years as pledges of the ultimate answer. Most have fallen by the wayside when they have encountered the problems erected by bureaucratic or political discord.

Meanwhile, the dimensions of the crisis have increased at every new count.

Worse, the actual supply of affordable new houses has slowed to a crawl.

Renewed threats of bond boycotts by disgruntled black home-owners, whatever the merits or flaws in their objectives, have caused house-builders and banks and building societies alike to slam the brakes even harder on the supply of new low-cost houses.

Violence and unrest add to the headaches. Builders say operations have become impossible in many townships because of the high rate of theft of contruction materials on housing sites — from bricks to window frames and even delivery trucks — and the refusal of employees to risk the threat of physical attack.

The banks and building societies fold their hands in despair and ask how anyone can expect them to approve home loans when they may have to run the gauntlet of boycotts on bond repayments.

So why should thousands of homeless families pay much attention to yet another round-table conference of experts who promise solutions?

The significant difference about the National Housing Forum that will be formally launched in Johannesburg today is the broad mixture of the members who will be setting out to crack the problem.

It is the first time on record that many of them have agreed to join forces and put their political differences on one side while they start work on an action plan to break the logjam.

Bringing such a broad spectrum of players to the conference table marks a triumph for the diplomatic skills of the Development Bank of Southern Africa and the Independent Development Trust (IDT), which set the ball rolling on the creation of the forum several months ago.

Many observers thought they were chasing a pipe-dream. But the final success comes today when all the main players meet to add their signatures to pledges of an active role in the exercise.

It is a mixture that sounded almost impossible until now — from the ANC to the big banks, from the PAC to the giant insurance companies and pension funds.

"The significance of bringing in all the major players, calling a truce on old antagonisms, cannot be overemphasised," says IDT housing director Ben van der Ross. "Nearly all housing programmes until now have been flawed by credibility gaps.

"The missing element has been true national consensus. This time we are not budging until we reach it — and there will be no turning back until the crisis has been licked, even though it is going to take time, perhaps several years."

The dramatic scale of the housing shortage has become common knowledge. The latest estimates show the backlog at 1,2 million — and growing.

The daunting truth hit Mr van der Ross like a lightning bolt when the IDT launched its R750 million scheme to subsidise the provision of house sites and basic services.

The yardstick for qualification was a combined household income of less than R1 000 a month.

"It sounded a lot of money when we worked out we could finance as many as 100 000 sites," he recalls. "But we were shattered to discover it covered less than 10 percent of demand. We found there were more than a million homeless families who qualified for assistance, struggling to survive on monthly incomes of below R1 000."

Latest estimates by the Development Bank put the housing backlog at a stunning 1,2 million units — climbing every year because of the population explosion. Urban development manager De Villiers Botha reckons at least 275 000 houses must be built every single year for the next decade to meet demand.

Even with costs slashed to as low as R6 000 per unit for the most modest of dwellings, annual expenditure needs to grow to R1,5 billion a year.

Affordability — comparing needs with actual incomes — will bring the massive exercise to the crunch.

Senior policy analyst Glynn Davies has found that even the average wages of black workers with the luck to have jobs in the manufacturing sector amount to no more than R958 a month. The average picked up by black farmworkers sinks to as low as R120.

In the vast informal sector, now packed with 3,5 million black workers, most of whom have been unable to find jobs in the formal business sector, average incomes work out at R534 a month. But 60 percent of the total earn less than R350 and only about one in five manages to beat the R600 level.

And still to be counted are more than 4 million black South Africans of working age with no jobs whatsoever ...

Dr Joop de Loor, who headed a special task force that produced a 400-page report on the crisis, recommended urgent action to double the annual State budget for housing, from R1,6 billion to R3,5 billion.

The task force urged brand new approaches. The ultimate target, it agreed, should be a four-room house as a minimum for every family in SA.

But the pressing priority was an interim programme with practical and viable schemes that could make an immediate impact.

The De Loor Report has stayed in limbo, largely because the commission was shunned by extra-parliamentary groups such as the ANC, which suspected links with the Government.

However, insiders say that while the commission report is unlikely to win the stamp of approval in its entirety from several members of the new National Housing Forum, there are many aspects that may be explored, even with possible amendments.

"The crucial first priority is to pull the whole housing crisis out of the political arena," said one close observer.

"If we dispense with political rhetoric and grandstand gestures, this time, for the first time, there's a chance of real progress." □

New forum a mini Codesa on housing

Weekly Mail Reporter

AN extraordinary array of political parties, business and labour organisations will join development agencies to launch the long-awaited National Housing Forum next week.

The African National Congress, Inkatha Freedom Party, Pan Africanist Congress and Azapo are among the signatories to the Forum's founding agreement. So is the South African National Civics Organisation — which has been threatening bond boycotts — and the Association of Mortgage Lenders; the Congress of South African Trade Unions and the employer organisation Saccola. The National Association of Trade Unions is expected to join within weeks.

The forum was started a year ago as a task force looking at hostels, but has turned into a wide-ranging grouping planning initiatives to tackle all the problems that constitute the country's housing crisis. Its brief will range across state intervention and private sector involvement in the delivery of housing for an estimated seven-million homeless. It will take in the provision of finance and participation of the community in decisions affecting them.

Major development agencies are involved — the Urban Foundation, Kagiso Trust and the Independent Development Trust and Development Bank of South Africa — as well as organisations representing the construction industry.

Although the government was initially involved in the process to set up the forum, it pulled out earlier this year on the grounds that decisions on housing were not the province of an extra-parliamentary grouping which was, additionally, outside Codesa.

The forum will negotiate long term policy but its emphasis will be on short term initiatives.

Bankers must take a stand

BDAY 31/8/92 339

MOSES MAYEKISO

PERSUADING the bankers is no easy job. The SA National Civic Organisation (Sanco) has been meeting with bankers for a few weeks, and we are having a frustrating time trying to put across the big picture.

The Council of SA Banks (Cosab) has not treated seriously a simple request: help the democratic forces pressure the current government to discard its racist stance on the nature of reform and the future constitution. The bankers say they oppose violence and support negotiations, but are unwilling to prove it.

Just as Cosatu attempted to reach a mutually beneficial arrangement with Saccola to avert the general strike, Sanco is now saying to Cosab: "Put your money where your mouth is. Stop funding apartheid. Stop providing financial services to homelands, the black local authorities and the police, army and Armscor."

Cosab responds that "banking is internationally neutral in such matters" and that in any case "the banking sector provides very limited facilities to government outside of legal requirements for prudential purposes". Moreover, "government can service the accommodation needed for itself and its related organs from its traditional sources".

All these statements are banal. If the state is self-financing, how is this year's R15bn budget deficit to be paid for? In reality, the bankers have more than R13bn in loans to the state on their books, and carry out crucial activities in transferring money between corrupt divisions.

Are international banks "neutral" when it comes to these sorts of activities? Bank of America has a policy in opposition to SA's "systematic racial discrimination and disenfranchisement of the majoriy of its population" and backs this up by refusing to deal not only with the SA government, but with Cosab members as well. Citibank vows not to return to SA "until apartheid is ended," while J P Morgan pulled out of a $100m loan to the Independent Development Trust last year when it learned of opposition to breaking financial sanctions.

So it appears that Cosab is out of touch with a unique international reality: the present undemocratic regime remains a pariah in civilised financial circles.

This is not the case only because ANC leaders threaten to renegotiate foreign loans taken on prior to the establishment of an interim government, but rather because international banks actually have a relatively long-term view, and know that it is only with democracy that the SA economy can grow.

How do we make this case any clearer? Sanco has tried talking to Cosab, and we have also opened some potentially productive lines of communication with the Mortgage Lenders' Association (especially the Perm).

It is our hope that people in arrears on housing bonds — as well as future borrowers — will gain relief from a proposed banking code of conduct, based on the premise that bankers must radically change their operating procedures in order to do business in the new SA. This does not mean throwing money away.

The bond boycott is one of a number of tactics that is being used to sharpen the banks' sensitivity to our problems. True, it has the potential to be painful to the banks, and we also understand the implications for communities. However, we know that bankers were already pulling out of disadvantaged communities anyway. And we know that tens of thousands of bondholders are unable to repay the bankers as it stands.

The repayment problem was especially severe after interest rates on bonds soared from 14% to 21% within 18 months. Because of inflation and unprecedented unemployment, the situation is still unbearable to many bondholders.

Some people who are repaying the bankers are doing so at a tremendous cost to their families. Some live in houses near hostels, which are often now uninhabitable. Some live in houses that have terrible structural defects. And some bondholders live far from central cities, in apartheid townships that should never have been built.

Though the banks granted loans to only the top-earning 10% of the black population, billions of rands are at stake, and the banks have a legitimate claim to repayment. It is primarily because of this that we want to avert a confrontation.

But a confrontation is inevitable if people who are unable to pay are forced to vacate their houses. As a tactic — not a strategy nor a principle — the bond boycott may be the only hope that people on the ground have to redress their problems. We hope this is not the case, and that Cosab, and the mortgage lenders in particular, see our point of view.

☐ **Mayekiso is Sanco president.**

BOOKS

Colourful cricket

authorities and got away with it more of classical music. to SA."

Pictures: ROBERT BOTHA

Housing backlog can be met, says trust

DIRK HARTFORD

THE government-supported SA Housing Trust believes that if communities set up their own financial institutions — "like a massive stokvel or club" — the enormous backlog in low-cost housing would stand a chance of being overcome.

In the meantime political uncertainty, the shortage of finance for low-cost housing and the threatened bond boycott had put new housing initiatives on hold, trust communications head Mike Foulds said.

By June last year the trust had financed 29 000 low income units — about 1 000 units a month — but is currently financing only 200 units a month. It says 170 000 new housing units are needed every year just to keep up with the population growth.

"If people become stakeholders in their own financial institutions they will be more inclined to repay their loans through peer pressure," Foulds said.

He said financial institutions had stopped providing money for low-cost housing because of township violence and their inability to repossess property from long-term defaulters. It would not be easy to get the institutions back into the market and, without their involvement, the building industry would "come to a grinding halt".

Foulds said the major need in the black market was for small loans of about R6 000 to enable people to buy materials to build their own homes.

The trust, which will take part in the housing forum, is involved in a "rationalisation initiative" with the Development Bank of SA, the Urban Foundation and the Independent Development Trust.

All the "major players" in the housing market were under a lot of strain as regards their future role, because of the current uncertainties, Foulds said.

Alliance's campaign boosted membership

CHARLIE PRETZLIK

MEMBERSHIP of the ANC had increased over the past two months as a result of the ANC/Cosatu/SACP alliance's mass action campaign and general strike, the organisation said last week.

The PAC and Inkatha, who did not back the campaign, also reported a recent increase in membership.

One of the ANC's biggest gains was in northern Natal, where regional administrator Bongani Msomi said the 5 000-strong membership had doubled.

A high increase was also reported by the ANC eastern Transvaal branch, where numbers rose 50% from 90 000 at the beginning of July, while membership in the western Transvaal jumped from 19 000 at the beginning of July to 25 000 at the end of August.

In the northern Transvaal, ANC membership rose by 5 000 from 40 000 at the beginning of July, regional membership secretary Willie Madikoto said.

ANC western Cape spokesman Vincent Diba said his branch had registered between 200 and 600 new members a day last month and the Border region saw a similar increase, with 500 people being signed up at one rally.

Border region deputy secretary-general Donne Cooney said the mass action campaign had "remobilised dormant branches and membership".

ANC spokesman Gill Marcus described the increase as "very positive". Membership had been growing for a while and would keep on growing, she said. However, no nationwide figures were available yet.

Inkatha also reported an increase in numbers. National executive member Themba Khoza said between 12 and 15 new members were being signed up every day in the PWV area, compared with about seven a day before the start of the alliance's mass action.

He said Inkatha had not yet compiled national statistics, but put the increase down to people being "disgruntled at the mass action campaign which forced politically passive people to make choices".

The PAC had no national figures available, but West Rand regional committee member Bonginkofi Mhlanga said membership had increased by 20% in the Vaal area and by 25% in Soweto.

NP spokesman Piet Coetzer dismissed the claims by the ANC, the PAC and Inkatha as "propagandist".

He acknowledged there was a "fed-up factor" and said the NP's membership drive was reaping the benefits of this. No figures were available, but the NP was making inroads into the coloured community and, slowly, into the black community, he said.

Oil fund pays for new police stations

KATHRYN STRACHAN

A PLAN to use some of the proceeds of government sales of strategic oil reserves to build 59 satellite police stations and 250 police contact points gets under way this week.

Economic Co-ordination Department spokesman Ernst van Eck said yesterday R62,4m of the R1,08bn strategic oil funds scheme had been allocated to security services in an attempt to halt the violence.

Contractors will submit their tenders for projects this week and construction will be completed by March.

The oil funds scheme, aimed at socio-economic relief projects, was announced a year ago. The projects include building thousands of classrooms, housing sites, and clinics and community centres in "informal areas" in SA and the homelands.

Several educational and community projects are already under way.

The process of planning projects and consulting communities about facilities needed was almost completed and Van Eck said he expected the scheme to surge ahead. Unrest had delayed some projects.

Plans for the conversion or upgrading of hostels, for which R31m had been allocated, had stalled because of conflicting views on how the problem should be approached.

Van Eck said the scheme was aimed at special development projects, with the emphasis on creating employment, social stability and a climate for investment.

Government guidelines for selecting projects focused on creating jobs and stimulating economic growth.

The fund would involve about 667 projects providing jobs for 59 000 people for an average period of 15 months. A sum of R20m had been allocated for a Manpower Department employment project.

BUSINESS Major players in the building industry join forces ● Big banks step in

Groups unite over housing crisis

Sowetan 31/8/92 339

By Joshua Raboroko

■ Money lenders and political organisations to form housing forum at a Johannesburg hotel:

ABOUT 17 community and political organisations, trade unions and players in the building and construction sectors are to join forces to form a National Housing Forum at the Mariston Hotel in Johannesburg today.

They include the ANC, PAC, Azapo, IFP and businesses that have expressed concern about the housing crisis in South Africa.

Others are the Life Offices Association, the Mortage Lenders Association, Saccola and representatives of the building materials and construction industry.

Trade unions Cosatu and Nactu will be represented as well as the civic associations, the Development Bank of Southern Africa, Independent Development and Kagiso Trusts, Urban Foundation and South African Housing Trust.

Mr Denis Creighton of the Mortgage Lenders Association said that the forum was a necessity because it would help combat the housing crisis, especially among black comunities.

"There is a lot of hope for the forum and this is the first occasion at which most of the major players will be directly involved in solving one of South Africa's problems," he said.

The president of the South African National Civic Organisation, Mr Moses Mayekiso, said the forum would look at various problems relating to black housing.

Mayekiso, who is also an executive member of Cosatu, said the forum should be seen in the same light as efforts between the federation and the employers' body Saccola to involve businesses in the drive for a new South Africa.

The civic movement joined others in the democratic camp in seeking a very simple consensus, he said, adding: "The consensus we want is to provide houses for everybody."



Moses Mayekiso of the South African National Civic Association.

Forum pledge to beat housing crisis

THE national housing forum, launched in Johannesburg yesterday, would map out a "convincing" plan to address the housing crisis, chairman Eric Molobi said.

Molobi said the multiparty forum would develop and agree on a national plan of action for housing in the short term, which could be implemented even before a political settlement; and participate in the development of broad policy, strategic objectives and short-, medium- and long-term plans for the housing sector.

He said there would be no need to put pressure on government to implement the forum's plan as its workability would, in itself, be "persuasive argument".

A recent Development Bank of SA study estimated that at least 275 000 houses would have to be built every year for the next decade to meet the country's needs.

The seeds of the forum were sown at a meeting with government in August last year to discuss the hostel issue.

"We concluded that the hostel issue could not be solved in isolation from the broader housing and development requirements of the community," Molobi said.

Government withdrew from the forum in January, saying the housing issue was a matter for Codesa. However, it indicated it would maintain bilateral discussions.

WILSON ZWANE

The launch was delayed by differences among forum members. These had now been resolved, Molobi said.

The forum consists of 16 organisations, including the ANC, Inkatha, Azapo, the PAC, Saccola, development agencies, financial institutions, and civic organisations. It has six working committees, which in the next few months will discuss land and services, end-user finance and integration of cities and hostels.

The committees would work with "trainees from disadvantaged communities" and submit their findings to the forum for assessment. The plenary session would finalise a national housing strategy.

The Independent Development Trust has agreed to underwrite the funding of the forum's operations for the first budget period of 12 months, by making up the shortfall after contributions by member organisations and other sources.

Forum spokesman Khehla Shubane said the SA National Civics Organisation's threat of a bond boycott would receive the forum's urgent attention.

● Picture: Page 3

Exciting plan to boost black home-ownership

STAR 1/9/92

ANDREW Lukhele, president of the National Stokvel Association of South Africa (Nasasa), is disappointed about the Government's and formal businesses' role in alleviating the severe housing crisis in black communities.

As a result he has embarked on a misssion for stokvels to play a leading role in easing this plight.

He has in the pipeline exciting projects for the development of solutions to the housing problems in South Africa.

He offers a sensitive argument from the black community: "Financial institutions such as banks and building societies, which are mostly run by whites, have been sitting with million of rands invested by black people in the form of pension funds, savings, including stokvel accounts.

"Yet they haven't made efforts to extend credit to black people to enable them to be property owners. And Nasasa is going to correct this situation."



"Mr Stokvel" . . . Andrew Lukhele, founder member and president of the National Stokvels Association of SA.

Millions

He says because of the collateral requirement of financial institutions, this had the effect of excluding millions of blacks from the formal financial system. It also means that savings by blacks are largely used as loans to relatively affluent whites.

Very little, if any, of this money is ploughed back into the community which provides it and needs its most.

Thus these institutions offer little incentive for saving because there's little or no connection between individuals' saving effort and their ability to improve their housing conditions.

"We have come up with a partial answer to the housing problem. Taking a lead from the highly successful Resident Management Committees (RMCs) in the United States, whose task it is to transform public housing into decent and affordable homes for the poor, Nasasa has, in conjunction with Tremsen Brokers Services, launched a number of building material depots in Soweto and the East Rand to provide cheap material to residents.

"We have entered into an agreement with building material manufacturers and expect this venture to be a substantial money-spinner and so contribute to the funding of other ventures."

Mr Lukhele believes the housing crisis could be alleviated by innovative approaches to financing housing projects.

And he has a big spectacular project on the cards to support his assertion. The stokvel association is planning to divest a sizeable proportion of stokvel money from commercial banks and building societies to unit trust certificates that can be used as collateral for home loans from such institutions.

This is not only to meet the security requirement, but to beat inflation that has been steadily eroding stokvel monies over past years.

Unit trusts are preferred because their returns have consistently outstripped inflation.

"Because poor people have no conventional collateral an adequate substitute would be a personal credit history offered with a stokvel's guarantee.

"A key feature of this unit trust concept is that the financial risk will be moved away from the bank and assumed by the stokvel.

"The bank will be lending money to the stokvel rather than individuals. Stokvel members will, in turm, ensure loan repayments by means of peer pressure," he says.

And this idea is already getting support from financial institutions.

First National Bank general manager Jimmy McKenzie is quoted as saying the plan was excellent and his bank supported it. The bank would certainly consider accepting unit trust certificates as collateral for home loans.

"Should the scheme get off the ground, it would make low-income earners 'bankable' by enabling them to acquire assets and build up a track record of payment."

Johan Kruger, GM at the Development Bank of South Africa, said any move to divert funding into black housing was to be welcomed from a development perspective and represented a praiseworthy use of the stokvels' financial clout.

He added: "The initiative will create an interface between sophisticated financial institutions and the less sophisticated community in a way that is financially acceptable."

This new scheme, says Mr Lukhele, will be co-ordinated by stokvels, which will determine the credit status of members and then ensure they meet their repayments. A borrower's ability to pay, rather than collateral, will be taken into account. Even the unemployed may be granted loans provided the total household income is sufficient to meet repayments.

A number of investment companies in the US and Europe have signalled they would invest in the unit trust if it yielded good returns and benefited the people on the ground, says Mr Lukhele.

This will enhance the investment capability of the unit trust and ensure good capital injection from overseas investors. And Nasasa will be lobbying hard to get this capital.

It pains Mr Lukhele that the Government has not taken any meaningful steps in easing the housing shortage. For instance, while billions are set aside by the Government for black housing, only 10 000 houses have been built in 1991.

He believes little or no progress will be made in the construction of the country and development of its communities until the housing crisis is addressd and resolved.

Everyone must be involved in the provision of shelter. This may range from private entrepreneurs in the formal and informal sectors, to non-governmental organisations, and co-operatives, community groups and individual households.

This issue of collateral for loans has long been a talking point between black and white businessmen, with the latter claiming it is a proven method of reducing the risk of non-payment and the former saying it excludes many people who have been denied the chance to accumulate resources to fully participate in the formal economy.

Praise

Mr Lukhele praises Professor Mohammed Yunus, of Bangladesh's Grameen Bank, who criticised the notion that credit should be the exclusive privilege of the rich because they can provide conventional collateral. The professor said: "If collateral can provide the basis for the banking business, then society should mark out the banks as harmful engines for creating economic, social and political inequality by making the rich richer and the poor poorer."

Crash programme on housing

By Michael Chester

The new National Housing Forum was formally launched in Johannesburg yesterday at a conference that set aim on a crash programme to produce radical guidelines to solutions to the crisis of millions of homeless black families.

Kagiso Trust general secretary Eric Molobi, who was elected first chairman, fixed a 16-week deadline for the preparation of fresh guidelines on how to tackle short-term interim measures while longer term strategies were ironed out.

Threats of bond boycotts, he said, were obviously among the issues that had to be resolved by negotiation as priorities were laid out.

First assesssments showed that new initiatives were needed to boost the supply of low-cost homes to at least 250 000 a year in the next decade.

The creation of the NHF, he said, marked a significant landmark in moves to persuade all the main players to call a truce to start joint efforts to seek ways to accelerate the supply of affordable homes.

Months of talks had finally succeeded in forging co-operation from such diverse players as the ANC and the Inkatha Freedom Party to the Association of Mortgage Lenders and the Life Offices Association.

Specific aspects to be tackled in the first phase were issues of land and services, end-user finance, housing options, institutional structures, hostels and integration of the cities.

Experts from all fields would be sharing their skills in new affirmative action programmes.

"We cannot expect instant solutions," said Mr Molobi. "But we are determined to erect at least new signposts to interim and longer term goals."

The NHF elected Ishmael Mkhabela, director of the Interfaith Community Development Association, as vice chairman; with Urban Foundation executive director Matthew Nell and Wits University Centre for Policy Studies research officer Khehla Shubanest to head a co-ordinating committee.

Electricity forum to be launched

B/DAY 2/9/92 339

WILSON ZWANE and PETER DELMAR

A NATIONAL electrification forum will be launched today after a meeting yesterday between groups from across the political spectrum, and power suppliers.

Delegates to a conference convened by the Development Bank of SA near Johannesburg expressed the hope that the forum would begin work within weeks.

The forum will work out strategies to accelerate the national electrification process and rationalise SA's fragmented electricity supply system.

Delegates representing government, Eskom, business, labour, the SA National Civic Organisation (Sanco), political parties, and local authorities backed the forum.

Sanco president Moses Mayekiso said electricity was "a right", so a new approach to the financing of electrification that "fits in with affordability" should be found.

"What may be of use to debate is the so-called lifeline system whereby each household will be given a basic amount at little or no cost. (The household) must progressively pay more for use that reaches luxury consumption levels."

Those unable to pay for electricity would have to be subsidised, he said.

"We will want to have wide debate on whether these (subsidies) come in the form of a new tariff structure with cross-subsidisation between either communities and corporate consumers, or rich and poor residential areas."

Mayekiso said electrification would continue to be a "site of political struggle" because of the high cost of electricity and "because of its importance to many municipalities' budgets".

However, Sanco was committed to depoliticising electricity if a system could be developed to serve the interests of the poor and working class urban and rural people.

Mayekiso criticised Eskom's raising of foreign capital and accused it of doing "geopolitical deals with bandits of Renamo".

Eskom CE Ian McRae said Eskom did not have the resources to electrify all SA

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Forum

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homes on its own.

"What is needed ... is a shared vision and common objectives among all role players in an efficiently structured electricity distribution industry, where resources are harnessed in a concerted effort to meet the divergent customer needs."

McRae said there was enough generating capacity to achieve the electrification of millions of homes as well as assist industry to expand production.

"What we do in SA on electrification is likely to spill over to our neighbouring countries, where it can affect the lives of 100-million people."

Association of Municipal Electricity Undertakings representative Jan Malan said the end user of electricity would benefit by removing the middle man. He said a single area distributor could purchase energy directly from the national grid at substantially reduced prices.

Electricity forum short-circuits

B|0ATy 3|9|92

WILSON ZWANE
and PETER DELMAR

ATTEMPTS to establish a national electrification forum ran into difficulties yesterday when consensus could not be reached on membership.

But delegates at the two-day national electrification conference, convened by the Development Bank of SA which ended at Midrand yesterday, agreed on the goals of the forum.

These goals include developing strategies to accelerate the national electrification process and facilitating the establishment of a national electrification fund.

There was initial agreement that the forum should be lean and focused, but a number of delegates later raised objections, saying that a small forum would not be inclusive.

Heated debate arose when some delegates suggested that rural communities and the TBVC states should be represented at the forum. The conference was also divided on government's role.

The failure by the delegates from groups across the political spectrum and power suppliers to reach consensus dashed earlier confidence that the forum would be functioning before the year-end.

It had been envisaged that the forum would have met formally sometime this month to appoint working committees, which would have been entrusted with the task of looking into the specifics of the electrification process. Conference chairman Prof Wiseman Nkuhlu said the establishment of the forum would be deferred until the conference's steering committee had secured sufficient agreement from interested parties on the forum's membership.

Steering committee chairman Peter Freeman said his committee would now embark on behind-the-scene lobbying in an attempt to get parties to agree on the forum's structure. It is understood that the steering committee will convene another conference on electrification within three months, but Freeman was emphatic that another conference should be convened only after it had been ascertained that a consensus on the forum's membership would be reached.

Expressing his disappointment at the failure to agree on the forum's composition, Freeman said the steering committee might look at processes leading to the recent formation of the national housing forum. It took 13 months for the national housing to be formed, and chairman Eric Molobi had said the delay was caused by differences among participants.

Private sector 'hasn't met housing needs'

STAR 3/9/92

339

By Shirley Woodgate

The private sector had failed miserably to meet South Africa's housing needs, Transvaal MEC John Mavuso said on Tuesday after an "urbanisation" tour of the central PWV area.

Accusing the private lending institutions of making only a minimal contribution to low-cost housing, he said the problem could be solved only by large-scale injection of funds into the poverty-stricken group earning less than R600 a month.

"The institutions refuse to lend money to black people in the lowest income sector, yet latest statistics show some 70 percent of blacks earn less than R1 000.



John Mavuso ... injection of funds needed.

"Clearly if the present situation continues, these people have no hope of ever owning their own homes," he said.

Calling on the lending institutions to lower their qualifications to include the provision of many smaller loans, he claimed their standards were based on European norms which had nothing to do with the needs of the poor.

Mr Mavuso said the Transvaal Provincial Administration had been wrongly accused of dragging its heels in addressing the housing issue, while everyone else sat back and talked big or criticised without delivering the goods.

In the past three years nearly 70 000 serviced stands had been made available at Ivory Park in Midrand, Doornkop north-west of Soweto, Orange Farm near Vereeniging, Zonk'zizwe on the East Rand and Poortjie near Ennerdale where the development potential was likely to lead to another 40 000 stands being provided in the near future.

Earlier, addressing the problem of settling the poor in built-up areas nearer to their places of work, Transvaal Administrator Danie Hough said the time had come when higher-density accommodation for the poorest sector would have to be investigated

Hope: Remedy for violence

Development projects ease conflict

GIVING people hope dilutes the potential for violence, South Africa's major development agencies believe. So, after consulting across the political spectrum, they are spawning housing, education and job-creation projects in towns and cities racked by conflict. TYRONE SEALE reports.

POLITICAL violence and instability have failed to put the lid on multibillion-rand projects that are providing jobs, housing, education and social services to the desperately poor in South Africa.

Tens of thousands of impoverished people are daily regaining self-confidence and reaping the benefits of extensive consultation between development organisations such as the Independent Development Trust (IDT) and the Urban Foundation on the one hand, and political organisations from the extreme Left to the far Right on the other.

Of the R2 billion earmarked by the Government two years ago for development through the IDT, R1,9 billion has been allocated to 340 projects, with R700 million of this already in the ground all over the country. Currently the IDT spends an average of R4,5 million a week.

In the western Cape, the Urban Foundation will spend R3 million during the next 12 months on support services for an estimated 1 million squatters. The foundation will teach building skills and methods, negotiate affordable materials for shack-builders and encourage companies to award subcontracts to unemployed communities.

On a bigger scale the IDT — and partners including the Urban Foundation, Kagiso Trust, Joint Education Trust and the Development Bank of Southern Africa — will be turning sods in South Africa and the homelands to provide beacons of hope such as schools, serviced sites and clinics.

Writing in the IDT's recent second annual report, communications director Jolyon Nuttall says the founding of the IDT from a surplus of taxpayers' money in the 1990 Budget was "clearly part of a series of bold initiatives to do things differently" after more than 40 years of apartheid.

IDT chairman Jan Steyn puts it like this: "It's much more difficult for violence to take hold where development has played a role in bringing people together. No time is more opportune than now for a massive increase in development."

But where the Government and the private sector have made a commitment to eliminate socio-economic backlogs, development agencies are confronted by suspicions about the role of corporate and civil do-gooders. Nuttall says that only a few years ago the word "development" was hardly mentioned in socio-economic or political vocabularies.

"Indeed, it had negative connotations arising from the imposition of apartheid as separate development. Now it is regarded as a driving force in underpinning political transition in this country."

Sharon Follentine, the Urban Foundation's assistant regional director in the western Cape, says: "Development is anything that promotes justice, equity and changes of attitudes. You cannot eliminate poverty unless there's also commitment to social justice."

Breaking the tensions

Gavin Wyngaard, manager of the Urban Foundation's informal settlement support programme, says: "An example of how we should try to defuse conflict is the Masipatisane Project, where we have brought about a relationship between the heads of community organisations and representatives of the private sector."

Nuttall quotes the IDT's projects at Soweto-on-Sea, in Port Elizabeth, as another example of development breaking through political tensions. There the IDT is providing 10 000 families with freehold title to serviced sites.

Reporting on the project, Georgina Hamilton says that although there is a strong African National Congress presence in the PE resettlement, other politi cal parties or groups are not excluded.

At Langa, near Uitenhage, Unifound Housing is developing a site-and-service scheme in a place where 21 people were killed in 1985 when police fired on a funeral crowd. A year later, local authorities forcibly relocated the Langa shack community despite pleas for upgrading.

Today, the ANC, Pan Africanist Congress, Azanian People's Organisation, the SA Communist Party, the Uitenhage municipality and development organisations are jointly involved in establishing a motivated, self-contained community.

"There are countless other examples," says Nuttall. "If you give people hope, you diminish the potential for violence. In a time when there has been so much violence, there has also been amazing development news — which unfortunately spreads more slowly than bad news."

Invest in black producers, say scenario planners

SHOULD South Africa adopt a "business as usual" approach, or should the country "change gears"?

Written in 1991, the Nedcor/Old Mutual "changing gears" scenario calls for immediate massive investment in the black community as producers.

1. Housing

There should be a massive investment in homeownership and the development of black skills.

Housing is labour intensive and creates jobs. It encourages people to save to buy houses. Housing is a visible redistribution of resources and it results in community stabilisation.

According to the team:

- 400 000 serviced sites should be provided a year, or three times as many as in 1990.
- Low-cost houses would be built on 200 000 of those sites — these are houses costing less than R15 000 each because more than 60 percent of the black community cannot afford houses that cost more.
- The scheme would create at least 250 000 new jobs.

But to realise this plan all involved in housing should "change gears". Government will have to allocate land close to places of work, not in distant townships, and provide a capital subsidy. Builders will have to change their "cheap is small" attitude and come up with houses of up to 40 square metres which cost R15 000.

2. Electricity

The team proposed a widespread electrification programme, which would improve the quality of life in the townships. This will also create about 250 000 jobs and will mean that more people will want to buy electrical appliances, which will boost the manufacturing sector.

3. Education

There is no future for South Africa unless all children are literate and numerate. That means there has to be compulsory, free primary school education for everyone.

If government is to pay for this, the team says the private sector must pay for skills-orientated education — the government cannot afford to provide both.

Business can do this by directly funding skills-orientated education or by paying a skills development tax. The government must aslo change its attitude and have a single education policy and department and devote all real increases in education spending to building primary schools and upgrading teachers.

But the community also has to change its behaviour. Pupils should be told to go to school and dicsipline and standards would have to be maintained.

4. Job creation

The last component would be the cration of a job corps. There are 5,5 million unemployed people, which makes it impossible to get to grips with the problem of social disintegration.

A job corps would provide people with the opportunity to do useful work, to develop themselves in an environment where there is discipline and standards. Again, the private sector will have to accept the responsibility to create jobs or to pay a job corps levy so that the government has the funds to run it.

Low-cost housing scheme in pipeline

BIDAY 8/9/93 339

TIM COHEN

PRETORIA — A National Housing Finance Corporation, which would free billions for low-cost housing, could be implemented soon, even before an interim government, Development Bank of SA GM Johan Kruger said yesterday.

Kruger said in an interview that the housing super-bank was one of the interim measures which, if accepted by all parties, could be implemented soon to lay the foundation for a new national housing policy.

The proposal for rationalised financing of low-cost housing has been endorsed by financial institutions canvassed, but still has to be negotiated with other groups, including the National Housing Forum.

Financial institutions are keen to play a role in the provision of low-cost housing although they are reluctant to become involved in the administration of the system.

Kruger, who spoke earlier during the presentation of the De Loor report on a national housing policy, would not give details of proposed equity, but it is understood that it will be in the region of billions of rands. The bank would enjoy state guarantees and have a gearing ratio significantly higher than commercial banks'.

The De Loor report, which proposes one-off capital grants as its key strategy, suggested the creation of a National Housing Finance Corporation, similar to the Development Bank. The report will be accepted as government policy only after comments from all parties.

focus on Housing

For some people retrenched by Sasol 1 there has been a second heartache - the pain of not having a roof over their heads anymore. Lulama Luti spoke to the people who are paying dearly for going on strike:



Sowetan 10/9/92

IT IS A DUSTY MONDAY afternoon in Zamdela near Sasolburg and Mr Daniel Maloka looks like he's about to break down and cry at any minute.

Only yesterday he and his family had a roof over their heads, but now he has to run from pillar to post, begging friends and relatives to give them some place to sleep, if only for a night.

Standing next to his empty house, Maloka realises he is paying the price for participating in a strike at the Sasol 1 oil company in Sasolburg, in the Vaal Triangle in 1987.

As he battled to ward off tears, while loading his belongings onto the back of a bakkie, it dawned on him what a bitter price it was.

This week, almost five years after the strike, which saw the sacking of more than 1 500 workers from the company, Maloka was kicked out of his house because he could not pay his bond.

Locked up

The Malokas are one of three families whose houses were locked up - without prior notice - by the United Building Society because of the non-payment of their bonds.

They were left on the street, without a place to sleep.

"I don't know where we are going to sleep. I've asked friends to keep these household goods for us. I just don't know where we are going to sleep," he said, pulling hard at a cigarette.

A former labourer with the oil company, Maloka told *Sowetan* that he has lived in his R24 000 house since 1989.

He goes on to explain that the action by the building society, where his bond is held, comes exactly five years after he and other members of the South African Chemical Workers' Union took part in the strike.

Retelling the event which took place late in 1987, Sacwu national organiser Mr Manene Samela said about 1 800 people were involved in the legal strike over wages.

Industrial Court

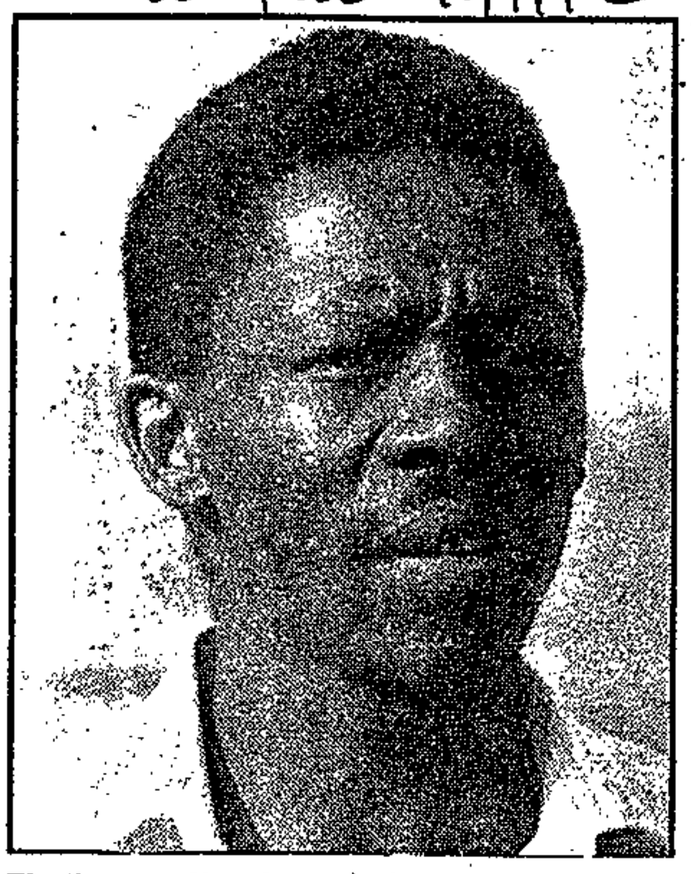
"After three days on strike, the company dismissed all the workers on strike and the matter was taken up with the Industrial Court," said Samela.

Although the court ruled in favour of the union, Sasol lodged an appeal with the Labour Appeal Court which overruled the Industrial Court's decision.

The company re-employed some of the workers, but not all. And Maloka was among the unfortunate ones.

While the strike continued, the union received financial help from, among others, the International Confederation of Free Trade Unions and the South African Council of Churches.

"The money was not necessarily for the payment of rents and bonds. It was an emergency relief fund which was utilised to help meet all the workers' needs during the strike," said Samela.



Tladinyana Kgodumo - planning boycott

"I don't know where we are going to sleep. I've asked friends to keep these household goods for us"

Through the Trust Fund, ICFTU helped provide money for the payment of workers' bonds and rents and other needs.

But the union coffers soon dried up and in 1990, the ICFTU stopped all payments.

Samela told *Sowetan* that through further negotiations with Sasol 1, a R1 million Trust Fund has since been established in order to help train the retrenched workers.

"We certainly hope that at the end of the training project they will have acquired certain skills like plumbing, wiring and electricity.

"And in that case they would be able to work for sub-contractors in the area," he said.

Chairman of the Mortgage Lenders' Association Mr Tony Norton said this week that banks normally did not want to repossess houses and that they tried all that was humanely possible to help people stay on the property. "It doesn't help much to evict people," he said.

Sounding a word of advice, Norton said if people got into any problems with their bond payments, they ought to talk to their financing institutions very early.

"If they (financial institutions) don't get notified early, it becomes difficult to help the people," he said.

Bond boycott

Meanwhile, the local Bondholders' Committee under the chairmanship of Mr Tladinyana Kgodumo, himself a victim of the strike, has threatened to go on with plans of a bond boycott should the building society continue with the evictions.

"We have made it clear to them that we would not be able to contain the people's anger if they continue in this fashion. So far the question of a bond boycott cannot be ruled out," said Kgodumo.

Meanwhile unless Maloka gets a job soon, it remains doubtful that he and his family will ever go back to occupy House 4216 in Zamdela.

Strike action

Strike started between September and October 1987 because of a dispute between Sasol 1 and the South African Chemical Workers Union.

Workers involved: About 1 800. Over 75 percent retrenched.

Donors: International Confederation of Free Trade Unions and the South African Council of Churches.

Resolution: Dispute was never resolved.

A R1 million Trust Fund has since been established to help train the workers who were retrenched.

R102m to house 112 000 needy

339

13/9/92

S/Times (Biss)

By TERRY BETTY

THE Independent Development Trust (IDT) spent R102-million on providing shelter for 112 000 people in the first 12 months of its capital subsidy scheme.

The scheme aims to give 108 000 families freehold title of a plot of land, worth R7 500, with running water, water-borne sewerage and access roads.

IDT communications director Jolyon Nuttall says R800-million has been allocated to 104 projects. Six have been completed and 60 are under construction.

"The money has started flowing out as the project gains momentum," says Mr Nuttall.

The IDT is paying more than R5-million a week to developers on transfer of ownership of the land to the families.

"Most of the projects are due to be completed next year — only three years after the idea's conception."

The plan is expected to provide housing for 700 000 people — about seven occupy each piece of land.

"This is only 10% of the homeless population, so the IDT hopes to get a regular annual allocation in the national budget."

The properties vary in size from 50m² to 600m², depending on the terrain. The average size is 300m².

Bundu

Mr Nuttall says the developments are not in the bundu, but on the outskirts of cities. About 65% are new sites and 35% involve upgrading.

Developers have to own the land they develop and there must be community participation. This is why Mr Nuttall believes the project has succeeded in achieving its aims so rapidly.

To qualify for a site, the family breadwinner has to be over 21 years of age, earn less than R1 000 a month and have dependants.

Mr Nuttall says: "The community structures allocate the sites according to need. The decision is based on the size of the families, their combined earnings, existing living standards and how long they have been in the area."

In some areas names were pulled out of a hat because the people were equally needy.

The long-term goal is to have integrated neighbourhoods where people upgrade their shacks and plant vegetable gardens, grass and flowers.

Two years on, the IDT reaps the fruits

W/Mail 18/9-24/9/92 (339)

CHAIRMAN JAN STEYN

OUR country has been riding the roller-coaster of transition ever since February 2, 1990. From time to time we climb the heights of expectation, then descend to the depths of stalemate and confrontation.

This is the atmosphere in which development agencies have to work: hope and participation on the one hand, despair and destructive opposition on the other.

We constantly have to remind ourselves what the climate was like before 1990, how development was truly peripheral because there was a lack of political will on all sides.

We need to remember how we had to struggle to secure any co-operation in our efforts to promote joint endeavours that would stimulate a development process, and allow the development of our people to be a means of bringing South Africans together.

Nevertheless, to promote sound development work in such an unstable environment is a formidable challenge. Suspicion and mistrust abound.

Bringing resources into deeply divided communities can cause deeper divisions if not processed painfully through the layers of community structures. Progress is often slow, and even tiresome and frustrating — especially when the situation is exploited for selfish or ideological reasons by "gatekeepers".

But there is another, bright side of the coin which must not be obscured by events like Boipatong or Phola Park. In the overwhelming majority of areas in which the IDT has been actively involved, we have seen the development process bring people together and produce the dividends of stability and progress.

Free from ideological constraints, and led by leadership committed to the advancement of the total community, communities have faced the challenges of development in unison with resolution, and with tangible, measurable projects as the product.

This is how the IDT, in close co-operation with all parties, contributes to stability and the erection of beacons of hope.

Clearly we have not been successful in all our endeavours. Where hardline or ideological approaches persist, where the scars of violence have not yet healed, and more particularly where leadership committed to development is either absent or has been muted by intimidation or apathy, our task and that of our allies is not only formidable but we have found some problems insurmountable.

However, there have been, throughout, representatives in government and the extra-par



□ **JAN STEYN:** 'If political progress is achieved, the IDT's ability to contribute to the building of a new, more stable South Africa will be greatly enhanced.'

Plan to provide 108 000 serviced sites well on track

W/Mail 18/9-24/9/92 (339)

HOUSING

THE IDT's R750-million capital subsidy programme to provide 108 000 serviced sites — its single largest programme — is well on track.

Work is either under way or about to start at most of its 104 projects, and funds are being disbursed at the rate of R5-million a week, says programme manager Ian Palmer.

In terms of the programme, breadwinners over the age of 21, earning less than R1 000 a month, and who have never owned their own home, are given ownership of a site provided with basic services, like running water, sanitation and roads, at a cost of R7 500. Communities decide on the exact mix of services that a maximum subsidy of R7 500 from the IDT can provide. If there is a surplus, they plan how it should be used.

The scheme was devised to help poor people own property as a first step towards home ownership, and to stimulate development.

Palmer believes the success rate has been outstanding.

"We ran into problems in various political hot spots like Phola Park and Alexandra township on the Witwatersrand — these are bound to cause headaches. And we are bound to be forced to review a few original proposals. But on the whole progress has been excellent.

"By September at least 100 project agreements should have been signed, sealed and delivered — or at least well along the pipeline. If a project has hit complications it has usually been due to disagreements inside the community, or between the developer and the local authority over technicalities. If this is the case we stand aside and undertake to press on when the arguments have been sorted out.

"Each project must set off with full community agreement and participation, either via a steering committee or forum, or the creation of a community trust. Where that has happened, as in most instances, progress has been swift," says Palmer.

Despite the scheme's success, IDT housing director Ben van der Ross is swift to point out the enormity of the task ahead. As the IDT moved from planning to action in the past 12 months, so the plight of the homeless was made plain by an avalanche of requests for help.

"We were thrilled," says Van der Ross, "when we calculated that the budget promised to provide site-and-service packages for no fewer than 100 000 low-income families. But it tore at our guts when the evidence poured in about the extent of utter poverty and homelessness." With 1,2 million families estimated to be homeless, even R750-million could help no more than 10 percent of the homeless.

As the sites are completed the IDT will move into a process aimed at encouraging the upgrading of each site and the improvement of communal facilities.

Greater community involvement remains a priority, says Van der Ross. "It's at community level that initiatives must be encouraged because there is no way the state will ever be able to afford to wave a magic wand that, of its own, will increase the quality and standard of living of the massive number of underprivileged families."



□ **PAINFUL:** "It tore at our guts when the evidence poured in about the extent of utter poverty and homelessness." — IDT housing director Ben van der Ross

The only viable approach to the housing/poverty crisis is more home-ownership and less reliance on the state, says Van der Ross. There needs to be a transfer of decision-making power and the assumption of responsibility. Here, South Africa must look to the National Housing Forum, which the IDT helped launch formally on August 31, 1992, to build the consensus needed to devise a long-term policy for housing, with appropriate strategies.



□ **STAKED OUT:** At Soweto-on-Sea, a sprawling shanty town outside Port Elizabeth, plots are staked out for registration as part of the process of transferring title to 10 000 families who are to be provided with serviced sites as part of a major capital subsidy and development project for the area.

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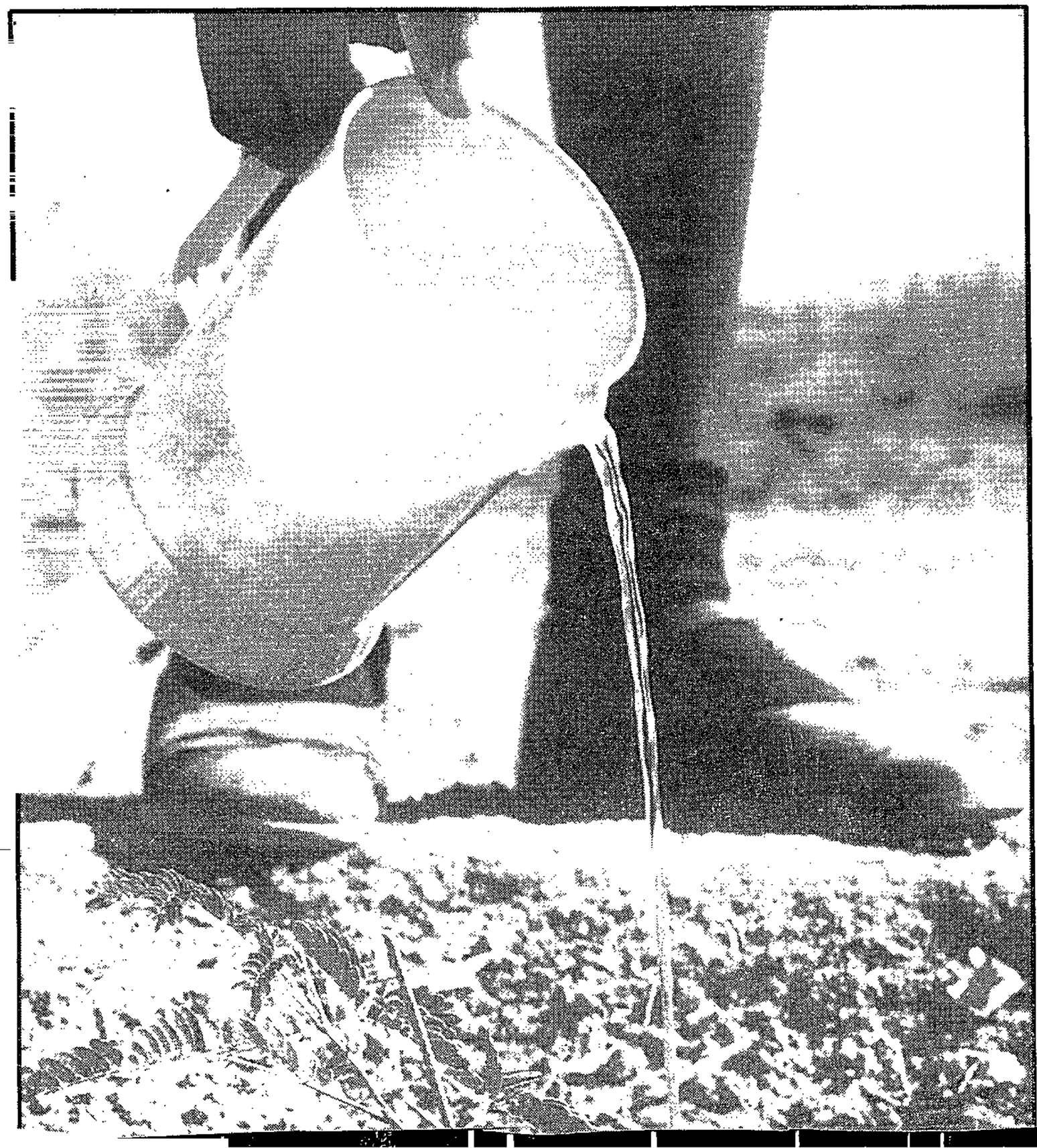

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TO THE WEEKLY MAIL

# of its work in poor communities

w/mail 18/9 - 24/9/92 (339)

REVIEWS THE YEAR

liamentary organisations who understand and value the role of an independent agency in times of conflict, and have helped us stay on course.

We would have liked to have moved faster. But the emphasis we have placed on process and on the involvement of people, the fact that we employ a small staff, but above all the volatility of the political climate, have made our task difficult and at times frustrating.

Even so, we have contained administrative costs below one percent of the funds entrusted to us. We have begun to impact on scale, and have retained substantial support among most of our various constituencies.

If political progress is achieved, our ability to contribute to the building of a new, more stable South Africa will be greatly enhanced. We look forward, together with our committed and representative Board of Trustees, to doing so.

The question we must ask ourselves, and which concerned South Africans should ask of us, is: What progress have you made towards achieving your objective — breaking the cycle of poverty?

Somehow there was a belief in certain circles that one act of faith — the establishment of the IDT — could change things fundamentally; that a short-term intervening agency manned by people of credibility and goodwill, pursuing a non-parochial agenda, could successfully wage war on poverty.

We conclude that this is impossible. Indeed, development requires longer-term strategies, and sustained involvement. The IDT has accordingly developed plans to ensure that it can play this role, together with its partners, in promoting common objectives.

As for partnership, South Africa is singularly fortunate in that those who lead its major development agencies have a genuine commitment to working together.

Thus key actors such as Eric Molobi of the Kagiso Trust, Mike Rosholt of the Urban Foundation and the Joint Education Trust, and Andre la Grange of the Development Bank of Southern Africa, all have a commitment to promoting development along non-ideological, depoliticised lines. This augurs well for the future of development.

To those who have given such unselfish service to the achievement of our objectives, I would like, on behalf of us all, to express my sincere appreciation.

IDT'S KEY ACHIEVEMENTS

By August 1993, three years after receiving its funds, the IDT aims to have delivered:

- **108 000 fully serviced, fully owned sites on which about 750 000 South Africans will live.**
- **more than 1500 classrooms which will give tens of thousands of children access to quality education.**
- **150 clinics, providing services to many poor rural people who have no access to primary health care; and to have stimulated jobs among budding entrepreneurs drawn from the poorest of the poor.**



□ **NEW HOME:** The IDT is funding several projects in the Port Elizabeth-Uitenhage area. At Langa in Uitenhage, from which residents were forcibly evicted in 1986, Mrs Regina Ndima, right, has returned and begun to build her shack on a plot to which she has been given freehold title in terms of a capital subsidy scheme.

JOB CREATION

Funds for budding entrepreneurs

W/Mail 18/9 - 24/9/92.

A NEW IDT portfolio has been established, and R100-million set aside, to promote job creation and support entrepreneurs in poor communities.

Professor Len Konar, an IDT trustee on secondment from his post as head of accounting at the University of Durban-Westville, has been appointed executive director in charge of the portfolio.

Konar will be emphasising entrepreneurship in determining how the IDT allocates funds.

"Entrepreneurs," he says, "are people who rise to the occasion. In the community they are

Solving problems at regional level

W/Mail 18/9 - 24/9/92

BUILDING strong regional structures to run programmes has been a major priority for the IDT's education portfolio in 1991-92, says education director Merlyn Mehl.

These programmes include a country-wide school-building initiative to which R300-million has been allocated, as well as support for pre-primary education (R70-million), and bridging and upgrading adult literacy programmes (R60-million). All told, the IDT has committed R641-million to 164 education projects.

EDUCATION



□ **MERLYN MEHL:** 'We want to redress imbalances.'

tially sought to run its pre-school and literacy rough national structures sor Mehl, "it became clear s were so intricate and one couldn't make devel- al imperative."

vel, however, "people were to try to solve problems", mpact.

IDT is setting up 11 inde- al trusts to handle the programme. These will communities, and can en- ts with other funders. In pposing political groups C and Azapo have co-op- g trusts that will cut and government bound-

ts 35 school-building pro- d-1992, 540 classrooms r construction or com- eed up when the regional eet.

eth 300 township class- in the 1980s were being auspices of the Vusisizwe erative venture between local businessmen, community and student organisations, and the education authorities, will complete 12 schools by the end of 1992 and, Mehl believes, offers a model for the post-apartheid era.

Another model the IDT hopes to replicate widely is the Rolihlahla Primary School in Etwatwa, an informal settlement on the East Rand. This "two-in-one, two-of-everything" school has separate school sessions morning and afternoon, and serves as a community learning centre after hours.

"We don't just want to put up schools; it's easy to put up buildings. We want them to be a cohesive force in communities. We want to redress imbalances so that people benefit in less tangible ways as well — like working together for common objectives, having different political agendas but still being able to look at the greater good," says Mehl.

At pre-school level, movement has been slower. Of the R70-million set aside for projects, only R6,36-million has been allocated so far. In February 1992 key educare groups rejected a proposal to handle an IDT programme at national level in favour of five regional trusts. These are being set up, and Mehl believes the programme, designed to reach 250 000 children, will be able to absorb major funding over the next 18 months.

At tertiary level, the IDT has given R18-million to academic support programmes, and R50-million in loans to 14 000 disadvantaged students at 16 universities and technikons, since 1990.

The loans, at zero real interest rates, are administered by the Tertiary Education Loan Fund of South Africa, initiated by the IDT and the Kagiso Trust.

IDT funding to NGOs has enabled them to increase their scales of operation exponentially. This is directly affecting the quality of teaching in hundreds of schools, and is beginning to improve the learning situation of many thousands of pupils nationwide.

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rning less than R1 000 a month. h care, including the provision g water and adequate sanita- equate, and major funding has redress this.

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In this way, the IDT has used its financial muscle to unlock another R1,225-billion for development. The IDT is also looking to overseas development agencies to partner it in funding South Afri-

'Talks failed to halt AWB'

RAY HARTLEY

POTCHEFSTROOM — A series of 11th-hour meetings between police, NP and AWB members failed to defuse potential confrontation on the eve of the "Battle of Ventersdorp" last August, the Regional Court heard yesterday.

Gen Lourens Malan, who was in charge of police operations during the clash which claimed three lives, said this in testimony in the trial of 15 right-wingers charged with public violence related to the incident.

He said police had met NP and AWB members the day before the massacre and warned lives could be lost, but he had not asked the NP to call off the meeting because this was a decision the meeting organisers had to make.

"I made a plea to (AWB leader) Eugene Terre'Blanche to use his influence to defuse the looming conflict between the AWB and the police. His reaction was that the President collected taxes from the residents of Ventersdorp and he had a right to attend the meeting to ask the State President certain questions."

A thousand policemen and a nearby army unit were mobilised to maintain law and order and to protect President F W de Klerk, who spoke at the meeting which was disrupted by hundreds of armed right-wingers, Malan said.

He said tens of thousands of rands had been spent on security for De Klerk.

Malan admitted he had not arranged to control traffic because it was "a small detail which I didn't think about".

Two of the dead were run over by vehicles during the conflict.

Malan later admitted no loudspeakers had been set up to inform passersby and protesters that demonstrations had been banned in the area around the hall.

He also said the tyres of a water cannon had been slashed, rendering it useless, and police had not been issued with gas masks.

The conflict came to a head when the town's electricity was cut off, firecrackers were thrown at police helicopters and police shouted to him that teargas and handguns had been fired at them, he said.

The trial continues.

New-look housing dept proposed

PRETORIA — The Housing Task Group has recommended the establishment of a restructured, nonracial housing department.

The restructured department would have jurisdiction over the entire country, including the self-governing states, trust areas and eventually the TBVC states should they be reincorporated into SA.

Addressing a seminar on Housing in SA yesterday, National Housing executive director Neville Krige said many of the deadlocks in the housing sector stemmed from current political differences and constitutional changes.

Other recommendations included the encouragement of private sector initiatives with regard to small housing loans, the dissolution of central government's housing-related development funds and the liquidation of fixed assets to the best advantage of the state.

The group also felt activities and assets of the local authorities loans funds should be transferred to the proposed Housing Finance Corporation, and the structure of the Development Bank of Southern Africa should be used to accommodate the corporation as a second development fund under a separate board of trustees. — Sapa.

Dignity and earning a living, twin pillars of development

W/M ail 18/9 - 24/9/92 (339)

HUMAN dignity and the power to earn a living — these are the twin pillars of development, says Professor Wiseman Nkuhlu, newly appointed executive vice-chairman of the IDT.

For him, therefore, the two most important tasks on which development should concentrate are: community access to essential services, for example clean water, sanitation and primary health care — these, he says, are "essential to human dignity and development;" and enabling poor people to engage in income-generating activities.

His job includes supervising the two IDT directorates whose activities are focused on those tasks, namely Health, Rural and Community Development, headed by Professor Len Karlsson, and Job Creation under Professor Len Konar.

Wiseman Lumkile Nkuhlu, 48, was born in Cala, Transkei. In the 1960s, as a 19-year-old matric student at Alice, he was arrested for membership of a banned organisation and jailed for two years.

After his release he worked at the Loraine Gold Mine in the Free State. His superiors realised he was an intelligent young man and wished to promote him to the position of clerk in the kitchen stores. But Wiseman was black, and the designation "clerk" was reserved for whites. They called him, instead, "mabalana" — "one who can write". It was prophetic.

Nkuhlu completed his matric at Loraine, studying in secret at a table hidden behind the stores' huge sacks of maize meal, so as not to alert bosses and co-workers who might suspect him of "being too big for his boots".

He saved R300, enough to enrol as a commerce student at Fort Hare in 1967. Thereafter, top results earned him bursaries that funded the rest of his studies.

His first love was economics. When he discovered no black person had ever qualified as a chartered accountant, he decided this was what he should do. He achieved this goal in 1976 and went on to establish his own successful accounting practice in Umtata, as well as a department of accounting at the University of Transkei. He was appointed rector of Unitra in 1987.

During this period he focused increasingly on economic policy and strategy for developing countries, and on developing initiatives to promote black economic activity.

Today he counts among his many commitments posts as deputy chairman of the Development Bank of Southern Africa, and president of the Black Management Forum — both accepted this year. Clearly, Nkuhlu could have chosen among several top jobs and the IDT considers itself lucky to have him.

For Nkuhlu, however, the IDT has the advantage of being a small organisation where, he says, he can "do strategic planning at the most sophisticated level and yet be in touch with communities" in implementing policy at ground level.

pillars of development

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"More important, the IDT has the kind of resources and approach to development that is compatible with my own philosophy — its focus on non-government organisations, communities and empowerment. It deliberately emphasises institution capacity-building — through support for community participation and the empowerment of organisations directed by members of the disadvantaged sector."

Development, says Nkuhlu, "is a process that gives disadvantaged people better control over their lives. It must also unite people; this gives it a better chance of sustainability. We have done this successfully, with the ANC, the PAC, the IFP and other groups joining in community trusts to take responsibility for developing local initiatives."

Development initiatives such as the IDT's are often beset by the tension between speedily delivering "products" — schools, homes, jobs, facilities — and allowing time for proper, sometimes arduous, consultation with the communities involved.

Nkuhlu believes the IDT has demonstrated its commitment to proper consultative processes — especially in housing and education where it has spent considerable sums of money simply on bringing players together to discuss issues and formulate strategies.

Nkuhlu is a leading adviser to several major economic research groups but remains politically non-aligned, believing party-political involvement would only encumber his development work.

But it is also his experience that politics and government, while important in support of development, have their limitations when it comes to getting the job done. He has written: "It is high time political leaders and intellectuals accept that they know very little about what motivates individual communities to initiate and sustain a process of socio-economic development...

"The simple truth is that it is the individual and individual communities which cause development, not governments."

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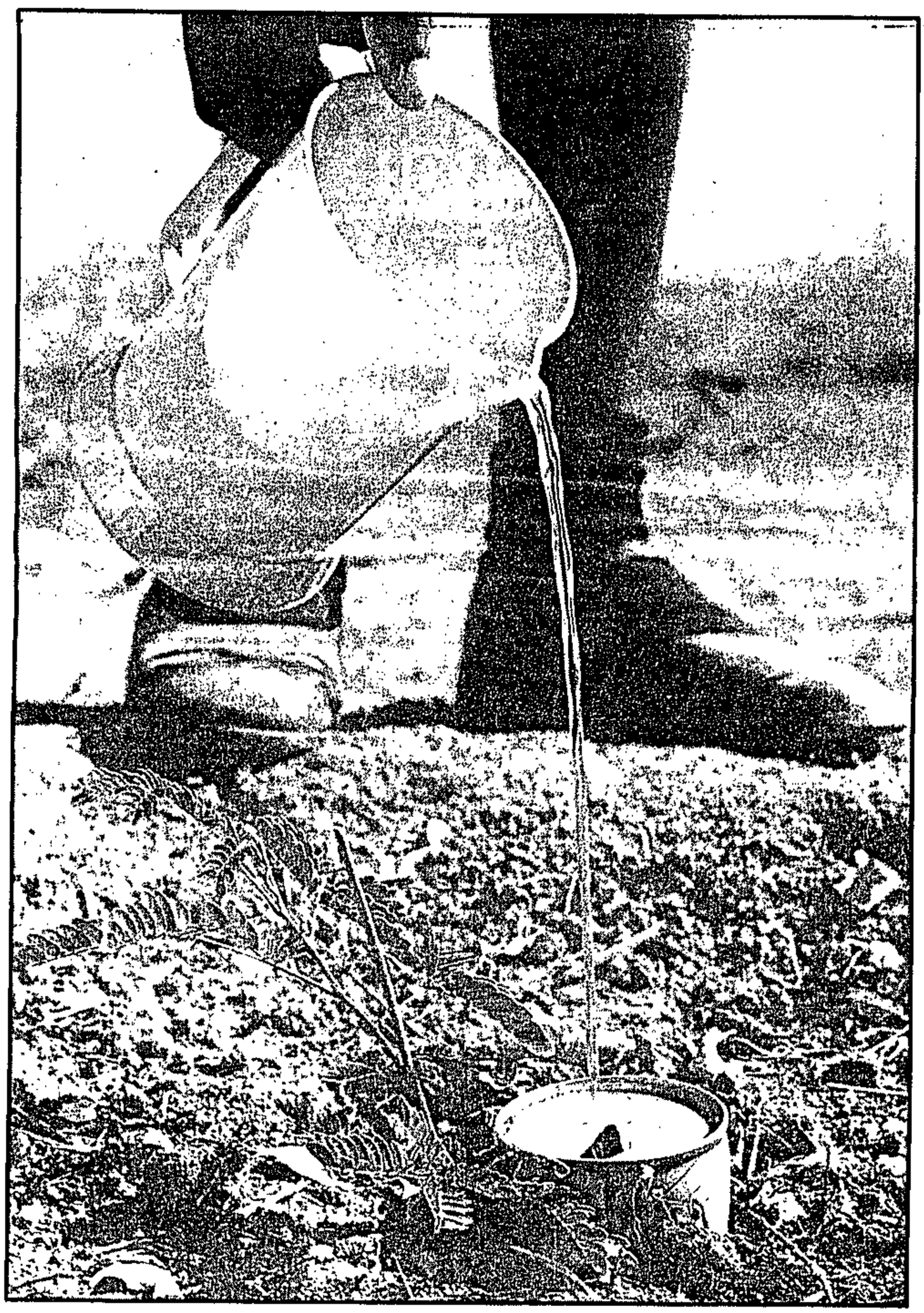

The work must go on

339

W/Mail 18/9 - 24/9/92.

DESPITE violence, recession and drought, the IDT's assault on poverty has secured strong gains in the past 12 months, but the Trust is extending its mandate and will continue its work for as long as there is work to be done.

In his second annual review of the IDT's activities, chairman Jan Steyn says that although the Trust, whose original mandate was for three years, has "begun to impact on scale", it is impossible for a short-term intervening agency — however credible or imbued with goodwill — to wage war on poverty successfully.

"Development," says Steyn, "requires longer-term strategies and sustained involvement. The IDT has accordingly developed plans to ensure that it can play this role, together with its partners."

These plans involve using the funds at its disposal to unlock additional funding from other sources, the private sector and the state in particular, and tapping into the aid and development budgets of major foreign governments and international development agencies.

By the end of its second year of operations, the IDT has allocated funds to about 350 projects nationwide in education, housing, health, community development, and job creation.

The amount allocated has already outstripped, by almost R100-million, the taxpayers' original grant of R2-billion in 1990. Of this, about R700-million has already been disbursed to projects — a sum equivalent to that earned by the IDT in the money markets, where interest on its funds has accrued at an average rate of 18 percent per annum.

But the IDT cannot get by on interest payments alone. Steyn expects that the funds now at its disposal will have been spent on its present commitments within three to five years.

And, as communications director Jolyon Nuttall points out, "R2-billion, although a uniquely large sum for development funding in South Africa's history, will not be nearly sufficient to make a permanent impact on the poverty cycle".

Meanwhile, says Nuttall, the work of the IDT and its partners in the field has led to the emergence of important new and replicable models for development — "creating, in a short space of time, a treasure house of collective IDT experience and expertise".

Nevertheless, substantial new funding will have to be found, says Nuttall, to ensure that these models can be replicated on a scale large enough to make a

■ Turn to page 2

☐ **EACH DROP COUNTS:** In drought-stricken Kangwane, to gain the most from every drop, water is poured into a can planted with this sapling. The can has small holes in its bottom which release the water directly to where it is most needed — the roots — over a few days. The tree, a leucaena planted in a rural garden whose owner is learning new conservation techniques through the IDT-supported EcoLink project, will grow to maturity in two years, providing firewood and fodder from its leaves, and will regrow rapidly.

IDT INDEPENDENT DEVELOPMENT TRUST

Written and edited by PAUL BELL. Photographs by DAVID GOLDBLATT. Reports by MICHAEL CHESTER, GEORGINA HAMILTON, PHIL MOLEFE, JOLYON NUTTALL, REG RUMNEY, and LINDA VERGNANI. Design, headlines and sub-editing by CAROL GEY VAN PITTIUS.

P.T.O.

Work must go on

■ From page 1

meaningful impact on the poor.

In his review, Steyn refers to the "formidable challenge" of promoting sound development in an unstable environment where "suspicion and mistrust abound". And he again takes a harsh view of "gatekeepers" who obstruct the work of development agencies and other supporting institutions for their own political ends.

There are nevertheless many instances, says Steyn, where communities have faced the challenge of development "in unison, with resolution, and with tangible, measurable projects as the result".

The IDT initiative, aimed at helping South Africa's poorest citizens break the cycle of their poverty, was established in March 1990— a month after President F W de Klerk released Mr Nelson Mandela from prison and both men committed South Africa to negotiations for a democratic future.

Work began in August 1990 after Steyn had assembled a widely representative and highly skilled group of trustees to supervise its operations.

Those operations rely on wide consultation with the communities affected, their involvement at all stages of the development process, and on the extensive use of non-government organisations already working on the ground in the IDT's various spheres of action.

Operational highlights for the IDT in the year August 1991-92 include:

■ Significant progress towards the establishment of 11 regional education trusts to supervise a R300-million school-building programme, aimed at reducing the current national backlog of 50 000 classrooms;

■ The spending of about R5-million a week on the capital subsidy programme, aimed to provide 108 000 serviced sites, and ownership thereof, of low-income breadwinners. Up to R450-million of the R750-million allocated to this, the single largest IDT project, will have been disbursed by the end of 1992;

■ The initiation in March of a R100-million relief development programme, with a rapid-response operations room in Johannesburg, to help drought-stricken communities; and

■ The setting up of a new job creation portfolio, with an initial R100-million earmarked for projects that support budding entrepreneurs.

Why the IDT'S special role must be preserved

W|Mail 18|9-24|9|92

339

ONLY a few years ago the word "development" was scarcely a part of South Africa's political vocabulary; it even had apartheid connotations. Now it is regarded as essential to our transition to democracy, writes **JOLYON NUTTALL**, communications director of the IDT.

Development is not just about economic growth. It's about people building the capacity to mobilise resources and improve their quality of life on a long-term basis.

Governments, because of their resources, have a pivotal role to play in funding development but their programmes often fall short of the target. Experts agree that while the state must set the framework for development, it is civil society that must drive the process. That this is recognised in South Africa is borne out by the major role NGOs play here.

The IDT's establishment in 1990 was part of a bold series of initiatives to do things differently in South Africa after 42 years of apartheid. In the process, it was hoped that development — with the emphasis on redressing historical imbalances — would gain some much-needed legitimacy. Two years later the IDT has shown itself to have an ongoing role to play in this country's transition.

The trustees focused on housing, education, health, and rural and community development — where enormous backlogs had accumulated mainly because the government had fallen behind in the provision of basic essential services. Job creation was added subsequently.

In education, for example, the shortage of classrooms, based on free compulsory education for eight years, was put at 50 000. To reduce this backlog, the IDT earmarked R300-million for a national school-building programme.

The government's former policy on housing and residential rights for black people led to a shortage of about 1,2 million housing units. So more than a third of the founding capital, R750-million, was allocated to a capital subsidy scheme to provide 100 000 serviced sites for breadwinners earning less than R1 000 a month.

Primary health care, including the provision of clean drinking water and adequate sanitation, is very inadequate, and major funding has been directed to redress this.

Community involvement was made mandatory for support to any project, and the IDT has used its funds wherever possible to strengthen the work of existing NGOs.

Two years later, the benefits are emerging. The consultative process is establishing development models in all IDT spheres of action — models that can be widely replicated in the knowledge that they really work.

Today many visitors to the IDT, including those from overseas, want to embark on projects to assist the poor. Our standard response is: "Come and join us." Experience has shown that better results flow from partnerships than from going it alone.

IDT chairman Jan Steyn has compiled guidelines for institutions and agencies searching for developmental partnerships. He says:

- Concentrate funding in a fairly small number of focus areas;
- Become knowledgeable of all other actors in your chosen fields and involve yourself with them;
- Respect the wishes of people to wrestle with their own problems, and regard your role as supportive and interactive; and
- Argue for the widest possible participation by groups in all the projects in which you are investing.

In but a short time, the IDT has built up a considerable head of steam in stimulating, with others, new approaches to development. Abroad, a watching world is aware of our needs, and international agencies have the capacity, the experience and the will to assist.

But the challenge is primarily South Africa's. Further substantial funding must be found in order to ensure that the models that have been honed can be replicated on a scale sufficiently large to impact meaningfully on the plight of the poor.

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FINANCE

Good return on money

W/Mail 18/9-24/9/92. (339)

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The IDT spread its funds among six merchant banks, to be managed by their investment experts. The banks are ABSA, First National, Rand Merchant Bank, Standard, Syfrets and UAL.

IDT special projects director Jannie Kitshoff, who set up this arrangement, instructed investment managers to stick to gilt-edged marketable securities such as stock issued by Eskom, the Post Office and Transnet, and not take credit risks.

So far these investments have yielded more than R700-million, at a healthy average return of 18 percent per annum. They are also easily cashed in: 10 percent can be withdrawn on a month's notice.

The IDT Finance Corporation, set up to provide housing loans to poor people and with R400-million at its disposal, has identified 15 community organisations to help it disburse funds and manage repayments. It is also drawing in employers, who recover loans via payrolls.

The IDT has always known its R2-billion would not be enough to carry out its attack on poverty, so it has sought ways to tap other sources of finance.

It has used its funds as collateral to secure development investments by the private and public sectors, drawing an additional R575-million to 46 programmes already receiving IDT support. The private sector has also put a further R650-million into development projects as a direct result of the IDT's establishment.

In this way, the IDT has used its financial muscle to unlock another R1,225-billion for development. The IDT is also looking to overseas development agencies to partner it in funding South African projects.

Steyn, searching for funds for the longer term, has had several rounds of discussion with the South African government, and seen foreign governments, the European Community, the US Agency for International Development and the World Bank.

"We are hopeful," he says, "that either the IDT or some of the initiatives it has undertaken will receive support from a range of those committed to investing in the development needs of our society."

But international breakthroughs will probably have to await a transitional government.

"The World Bank contends that there has to be a genuine spark of legitimacy in governing structures. Then we as a development organisation will be able to enter into partnership agreements with international agencies that will enrich our capacity to make an impact on poverty," says Steyn.

'Let there be electricity'

SOUTH Africa needs a new approach to financing electrification to make it affordable to as many people as possible. According to the president of the South African National Civic Organisation (Sanco), Mr Moses Mayekiso, it is intolerable that black communities, denied electricity for decades, now have to pay more for electricity than those in former "white" areas.

Sanco believes electricity is a right in a country where there is a 40 percent excess generating capacity, and that it should be made available at affordable rates throughout the country, including rural areas.

Instead, three out of four black people are without electricity. And, where it is provided, has been done in a "high-handed" way that costs up to 60 percent more.

Mayekiso proposes the establishment of a national electricity forum to hammer out how electricity can be provided more cheaply. At a recent National Electrification Conference at Midrand he put forward several proposals which could be considered by the forum.

- First of all, communities must be involved in decisions about how electricity is to be provided. They "simply want to be treated with the same respect that blue chip clients receive". The forum could be a means of achieving this.
- Secondly, the financing of electricity needs to be overhauled.

Mayekiso says there needs to be more debate on suggestions such as the so-called "lifeline" system whereby "each houshold will be given a basic amount at little or no cost, and then must pay progressively more for use that reaches luxury consumption levels".

Because electricity was a necessity and can therefore be called a social good, consideration will also have to be given to providing major subsidies for those who cannot pay, he says.

"We will want to have wide debate over whether these come in the form of a new tariff structure — with cross-subsidisation between community and corporate consumers, or between rich and poor residential areas — or with new state subsidies," says Mayekiso.

"Electricity is one area where South Africa offers extremely cheap inputs to major corporate consumers. In the interests of making electricity affordable to all, it may be useful to see how far prices can rise for these consumers before this affects their overall inflation and competitiveness."

The Civic Associations of the Southern Transvaal (Cast) has proposed, among other things, a Bank of Reconstruction to help finance electricity. South 19/9-23/9/92

Sanco is involved in detailed negotiations with the "big five" banks on possible options in the financing of housing and development — including electricity — in disadvantaged communities.

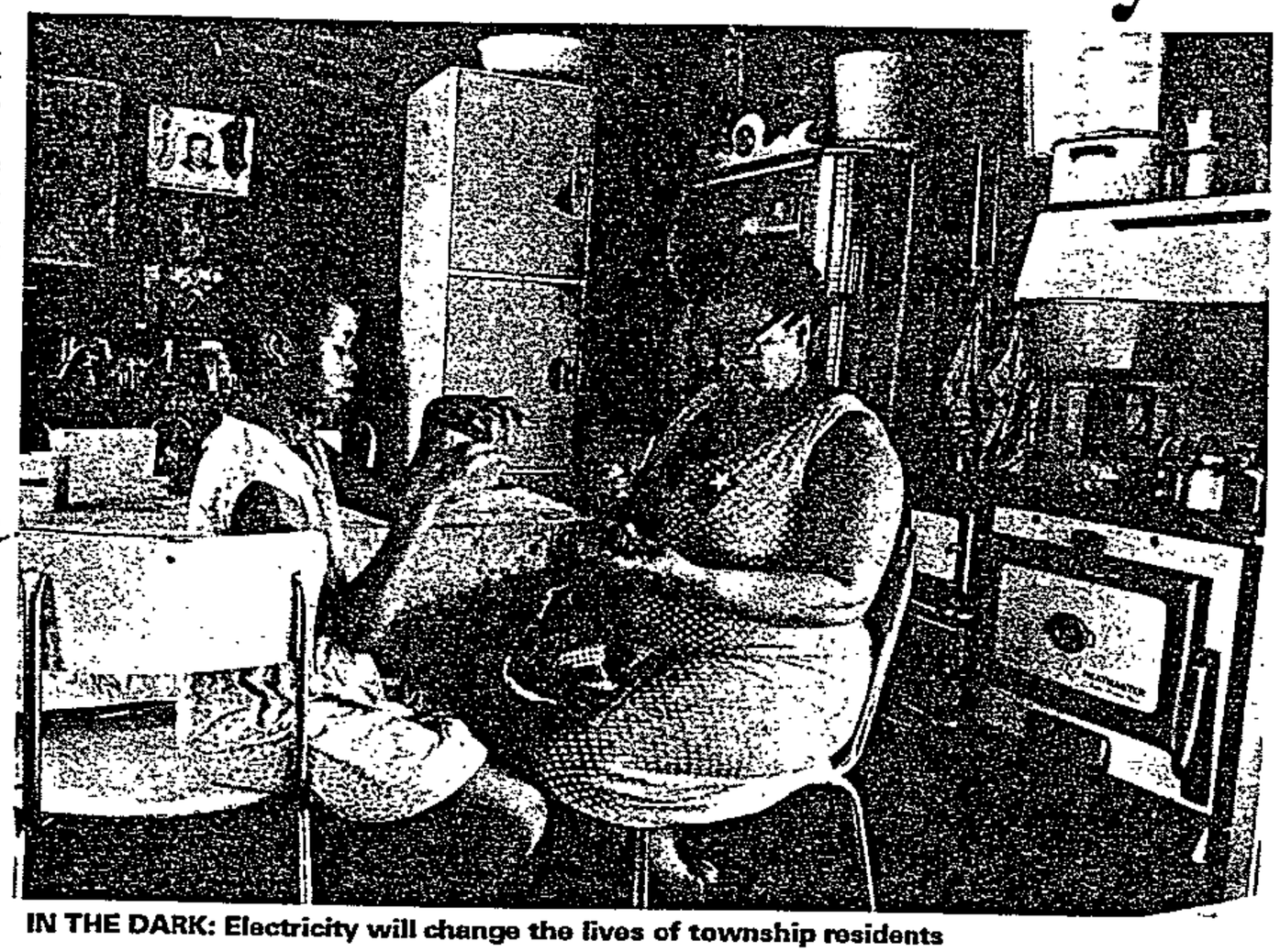
Possibly the most controversial of these options is what Mayekiso describes "unlocking the hundreds of billions of rands now wasting away in the Johannesburg Stock Exchange and commercial property speculation".

Although Mayekiso says support for this is "shared by many actors across the political spectrum", it is the one most likely to chase away the local and foreign investment that many people agree is needed to create jobs and promote economic growth.

Possibly more acceptable will be the option proposed in the Nedcor/Old Mutual scenario plan which talks of a percentage of prescribed assets of financial institutions going into housing and related development.

But Mayekiso believes the community can also contribute through the small-scale savings and credit facilities springing up everywhere in the form of stokvels, burial societies and credit unions.

LYNDA LOXTON



IN THE DARK: Electricity will change the lives of township residents

Banks funding small business

South 19/9-23/9/92.

WHILE civics campaign for better and easier access to bank finance for grassroots communities, five major banks have joined forces with the Small Business Development Corporation to raise over R500 million over the next three years for small business.

Obviously aimed at combatting rising unemployment by encouraging small businesses to expand operations, the scheme is being underwritten by the government to the tune of R20 million.

The scheme underwrites a portion of the risk to which banks are exposed when considering small business loans. This enables bankers to retain their normal credit standards while reducing the collateral which small businesses usually have to supply.

To date, the scheme has provided loans worth R28 million to more than 130 small to medium-sized businesses, giving an average loan size of about R200 000.

The maximum loans allowed are for R400 000. A fee of 0,75 percent a year is levied on the amount granted and the interest rate cannot be higher than the prime overdraft rate plus four percent.

The banks involved are the African Bank, Boland Bank, First National Bank, Nedbank and Standard Bank.

World Bank backs Eskom-ANC plan

By KEVIN DAVIE: Washington

THE World Bank has thrown its weight behind the Eskom-ANC initiative to electrify low-income households.

A position paper by the bank estimates that a three-to-five-year programme to electrify 3-million houses could result in 150 000 to 750 000 new jobs.

The paper follows the visit of a bank household energy fact-finding mission this year.

The mission says 2,4-million of SA's 7-million households have electricity.

"The proportion of electrified households is rising, but so is the number without electricity."

The bank supports the national electrification forum and would help if asked.

Pilot

The World Bank's Alun Morris says electrification is an area where the consensus-building process is fartherest down the road. Successful development will need agreement on the issues plus an institutional framework.

Other bank projects in SA include a training programme for potential public servants.

A pilot study has been completed at the University of Cape Town and more are to follow countrywide.

Four universities — UCT, Stellenbosch, Western Cape and Wits — are establishing the first quantitative profile of poverty in SA. The three universities and others will undertake a national household survey which can be updated periodically to track poverty and its alleviation.

Mr Morris says the project, which has financial backing from Norway (the Netherlands and Denmark are also "seriously interested"), will cost about $1-million and is "ready to go".

The bank has also offered its expertise in the amalgamation of local authorities. It will study SA's urban areas, describe scenarios and their cost-benefits.

The bank is constructing several macro-economic scenarios facing SA.

Mr Morris says the bank can offer its experience in many other countries which have faced similar problems to those now being dealt with in SA. The bank intends developing tool-kits for these problems.

The bank has increased its internal budget for its SA programme.

A year ago this budget was minimal, the bank's SA activities being funded to some extent by countries such as Sweden, the UK, Norway, Denmark and the Swiss and by aid agencies like the UNDP.

Now the bank's SA effort is significant compared with other African countries, although still not on the scale of Latin America, says Mr Morris.

The bank intends opening an office in SA when "internal and external consensus has been reached".

The bank's annual report makes brief mention of SA, saying: "Growth performance has deteriorated over the past 15 years and real per capita incomes have fallen by about 1,6% a year over the past decade.

"The challenge facing a new government will be to revive economic growth while facilitating a more equal income distribution and access to publicly provided services."

Quality homes at an affordable price

Sowetan 11/10/92

■ New technology brings housing within reach:

By Joshua Raboroko

HIGH quality homes can now be quickly constructed for only R39 000.

This is as a result of the development of modern materials and building methods which bring quality homes within the reach of many South Africans.

Chief executive of CA Brand Construction group Mr Alan Young said: "The rationale behind the development and ongoing application of modern technology was based on the premise that the true test in differentiating between a home and a shelter was the asset value of each, if any, after 10 years."

With this as their frame of reference the company, together with architects, engineers and home builders from around the world, have developed this cost-effective and maintenance free approach to housing.

He added: "We can build an 84 square metre home of three bedrooms, two bathrooms, lounge, diningroom and kitchen for only R69 000. A similar home of two bedrooms with high quality finishes, ready to move into, costs only R39 000.

"This translates into real savings and makes owning a home a reality for many families who only dreamt of this basic right."

Speed of erection and reduced labour costs combined with this modern technology had served to bring about these substantial savings.

The houses have the outward appearance of face brick and are constructed on walls made of polymer concrete, one of the strongest known materials.

Young said the new building system, which offered unlimited possibilities for large scale housing schemes and individual homes for upper, middle and low income groups, enjoyed the approval of major municipalities, while banks and building societies were ready to provide bonds.

R2m for Get Ahead

THE Get Ahead Foundation is to receive R3-million in German aid for job creation and black housing.

This is in addition to R200 000 for training each year from the Konrad Adenauer Foundation, which distributes aid on behalf of Germany's ruling Christian Democratic Union (CDU).

Get Ahead plans to use R1-million for lending for low-cost housing in black areas and the balance for training and job creation.

Serviced stands offering water, sewerage and refuse removal will be provided under the scheme. ST Times 4/10/92.

Get Ahead in partnership with the Independent Development Trust Finance Corporation (IDTFC) will make loans of between R5 000 and R10 000 available to prospective house owners under a form of stokvel lending programme. Stokvels are informal savings clubs in black communities.

Get Ahead pioneered informal lending to stokvels, whose members lack the collateral required for bank loans.

Peer pressure ensures the loans are repaid. Get Ahead has a bad-debt debt ratio of just 6%. It has made 12 000 loans with a book value of R10-million since the early 1980s.

The balance of R2-million aid from Germany will be used for "institution building", says Get Ahead managing director Don MacRobert.

"Rather than establish Get Ahead offices around the country — we have 22 — we want communities to elect their own representatives so that we can train them in administration, fund raising and the running of a stokvel lending programme.

"This money will have a huge impact on job creation and community living standards."

German aid to SA may be increased after a visit by Economic Co-operation Minister Carl-Dietrich Spranger later this month. About half the German aid to SA, currently more than R100-million a year, is channelled through the European Economic Community aid budget. Germany contributes 27% to it.

The other half comes through German churches and non-governmental organisations such as the Konrad Adenauer Foundation.

Urbanisation trends may be changing – study

By Anita Allen
Science Writer

The commonly held perception of urbanisation, where people come into the city and stay in one place, may not be correct, according to Professor Noel Cameron of Wits University's department of anatomy and human biology.

Professor Cameron heads up Birth to Ten, a study which is looking at factors in urbanisation that affect child health and growth. It is following the history from birth to the age 10 of a sample of children in Soweto and Johannesburg.

Having just completed the second year of the study, one of the main trends that has emerged is a high mobility among black urban families.

Of a total of 5 451 babies born in Soweto and Johannesburg between April 23 and June 8 1990, the study was able to sign on 3 800, or 69 percent, at birth. After one year, 2 500 children remained with the study. Of those lost, 6 percent left the study, but 31 percent of the original families had moved out of Soweto or Johannesburg.

"In these rapidly developing urban environments, people are shifting all the time," said Professor Cameron.



Birth to Ten . . . Professor Noel Cameron heads a 10-year study of growth of black children in urban South Africa.
Picture: Peter Mogaki

He noted that this had important implications for government and town planners and for the type of community services provided in these areas.

Birth to Ten is a joint study between Wits Medical School, Unisa, Johannesburg and Soweto City Health, and the Medical Research Council.

According to Central Statistical Services, 6,5 million blacks, or 40 percent of all SA blacks, lived in urban areas in 1985. This was expected to double by 2000, representing an influx of some 20 million people.

'Harambee' for a new SA

STAR 6/10/92 (339)

The Urban Foundation advises caution in planning a new South Africa. The future depends on finding the correct blend of three basic requirements — democracy, development and economic growth.
MICHAEL CHESTER reports.

MY introduction to Africa came in the 1960s on arrival in Nairobi to witness the ceremonial lowering of the Union Jack and the funeral of colonialism in Kenya. Celebrations of independence and the birth of a new republic were in full swing.

The atmosphere tingled with optimism. In Kenya and over the borders in Tanzania and Uganda, shouts of "Uhuru" (Freedom) echoed everywhere. "Harambee" — "Let's all pull together" — was a common greeting even between strangers, white or black made no matter.

Another regular Swahili exchange was "Umoja", meaning "Unity" — a bit more difficult to understand why so popular until one learnt that Kenya alone had no fewer than 48 tribes, many of which had been deliberately kept divided if not antagonistic towards their neighbours by former British rulers with various political motives.

Across East Africa, Jomo Kenyatta and Julius Nyerere and Milton Obote beamed wide smiles from huge posters that seemed to inspire confidence that magic wands were soon to be waved to end an era of oppression and create a perfect new society.

There had been recent similar new dawns elsewhere in Africa as former rulers sank their last sundowners. More were to follow.

Examples of Utopia are still hard to find...

Now, 28 years later, in Johannesburg, there seem many parallels in watching the funeral of apartheid and the dawn of a new South Africa.

Suspicion

The atmosphere is much different, charged by undercurrents of violence and suspicion rather than the echo of the equivalents of "Uhuru" and "Harambee".

However, Africa teaches newcomers to tame their optimism about promises of the creation of ideal statehood.

Even so, simple logic makes the point that at least South Africa has the advantage of being able to take stock of the countless errors that have been made elsewhere on the continent — and ensure it lays much firmer foundations for longer term ambitions. The lessons that should be noted are by no means confined to Africa alone. The disintegration of the former Soviet Union and the rubble of fallen idols in Eastern Europe have added to the list.

Perhaps, on reflection, it means there can be merit in the current mood of caution about the future. At least the caution should serve as protection from the dangers of disillusionment that may follow the first one-man, one-vote elections... when, inevitably, the magic wands seem slow in working.

Insiders know better than to trust in assurances about quick fixes. But must the solutions be beyond reach?

Not so, argues the Urban Foundation. All may depend, however, on the realism shown by a new South Africa about the scale of problems to be solved — and how it tests the real viability of various strategies.

In particular, the Urban Foundation believes the basic conundrum to solve is how to blend three vital ingredients that can be crucial to success but are all too often difficult to blend in the correct proportions — democracy, development and economic growth.

Is it failure to find the right recipe that has made Utopia so elusive?

To put the issue under the microscope, the foundation has created a special division called the Development Strategy and Policy Unit, headed by Ann Bernstein, who earned her reputation for no-nonsense approaches to complex problems as executive director of the Urbanisation Unit.

The search for the key to the puzzle has been started with a series of behind-the-scenes workshops that have managed to create a truce between combatants across a wide spectrum while they talk it over.

The exercise has by no means been confined to local participants but has drawn in overseas experts to take closer looks at international experience to help trace the best guidelines.

For example, the Urban Foundation searched as far as the United States to find the ideal candidate to lead the study teams and found Professor Peter Berger, director of the Institute for the Study of Economic Culture, based at Boston University.

Also drawn in from the US is Professor Myron Weiner from the Massachusetts Institute of Technology.

And instead of an exclusive fixation on the rest of Africa, the think-tank has pulled in experts from such far-flung places as South America, South-East Asia and Eastern Europe.

Analysis has delved into the track records of such diverse examples as Chile, Taiwan and Hungary.

Ms Bernstein believes the workshops have already yielded several key guidelines. Among them: "The momentous events in the former USSR and Eastern Europe have removed any serious debate around the choice between capitalist and socialist paths to development."

However, debate has so far raised as many new questions as answers. For instance, what sort of capitalism? "Market-oriented policies are not inevitably successful," notes Ms Bernstein, "nor is there a single path to market-based economic, political and developmental success."

So, what kind of market economy would suit South Africa best? What kind of economic strategies? What kind of social policies? What kind of democratic society?

"The achievement of universal franchise in South Africa is long overdue," the think-tank agrees. "However, a society in which all citizens vote will not guarantee that poverty will be eliminated, that prosperity will follow or be more widely distributed, that ordinary people will have increased control over their own or their children's lives, or that public resources will be used to the benefit of all South Africans.

"South Africa in the 1900s will face three great challenges: a transition to democracy; a return to economic growth; and achieving socio-economic development on scale."

The links between the challenges will be inextricable, say the researchers. And success will depend on simultaneous progress with all three issues.

Vision

Ms Bernstein adds in a progress report on the debate: "A new government will need a strategic and conceptual vision — a package — that combines clear economic and fiscal choices with hard political realities.

"Meeting the economic and development challenge is the base on which the country's attempt to build a truly discrimination-free and truly democratic society rests.

"In the tough sequence of demands that the society faces, stability is necessary for economic growth — but that stability can only be attained if we have an inclusive society governed by the rule of law.

"What this will mean, in effect, is that the kind of 'national accord' we really need must be one that extends further than only the 'big three' — business, organised labour and the state — but an accord that includes sufficient numbers of ordinary South Africans for them to form the bedrock of support, hope and stability as the society works towards a better future."

The study unit plans regular publication of discussion documents as the debate presses ahead. It has also invited submissions from outside the think-tank to widen the search for solutions.

At the moment, democracy, development and economic growth each in turn demands to rank as the main priority. But can they be harnessed to pull together towards ultimate goals?

The enthusiasm of the unit inspires hope there may still be a chance for South Africa to serve as a model example of "Harambee". □

IDT putting education on track

By FRED KHUMALO

LAST week the Independent Development Trust (IDT) completed 125 classrooms at 24 rural schools in the Natal/KwaZulu area as part of its countrywide development programme.

The construction of the classrooms, five of which were officially launched at Thabela Secondary School in Hillcrest, 50 km from Durban, is the fruition of work by the IDT in conjuction with the Urban Foundation and the Rotary Club of Durban.

This is over and above the 1 051 classrooms completed by the Natal Schools Project in the region since 1985, according to the Natal Schools Project manager Nigel Wood.

"Communities too must be strongly recommended for their commitment to school building. They raised R378 000 in deposits towards the costs of R2,12-million, and they deserve full praise for this sacrifice," said Wood.

Communities contributed an average of just under R3 000 a classroom, while the IDT contributed R704 000 to overall costs.

This amount is part of R300-million set aside by the trust for school building at national level.

The programme has put 6 000 pupils in classrooms – a tiny but worthwhile effort aimed at gradually chipping away at the huge countrywide shortage of 50 000 classrooms.

A further 73 dilapidated classrooms have been extensively renovated.

One of the beneficiaries of the programme is the battle-scarred township of Mpumalanga.

Scene of the worst violence from the mid-1980s onwards, Mpumalanga saw the destruction of almost all its 20 schools during IFP-ANC warfare.

After the warring parties signed a peace pact, reconstruction of the township began.

Idle children had come to accept that township fighting was "normal" – even a pastime – according to Steve Simpson, a local industrialist who facilitated the peace process.

At a national level the IDT has earmarked about R700-million – nearly one-third of its founding grant of R2-billion – for education projects.

IDT spokesman Joylon Nuttall said the money would be used at every level of education from pre-school to adult literacy with the focus on achieving long-term structural change in education in SA.

The development programme aims to complete 924 classrooms by July 1993.

The classroom programme will be managed through 11 regional trusts which will interact with a network of local trusts, all heavily community-oriented.

"Sound development is always done best through partnership rather than by single initiatives. Where resources are scarce, every rand spent needs to be geared by support secured from other sources, including beneficiary communities," said IDT executive chairman Jan Steyn.

Eskom in deal with Fabcos to boost affordable housing

Business Day 14/10/92

THEO RAWANA

IN A first marriage between Eskom and the informal sector, the utility yesterday entered into a joint venture with business organisation Fabcos which should see about 16 000 affordable houses electrified in the next two years.

Eskom commercial manager Dennis Cook told the launch of the venture at Eskom head office that the utility would supply the necessary resources while Fabcos would provide contractors from the informal sector.

A cheque for R600 000 was handed to Fabcos as sponsorship for the pilot run of the venture.

Fabcos affiliate Fabfin, which was involved in the development of affordable housing, was already putting the scheme into operation in Bela-Bela township in Warmbaths and Tshepiso township in the Vaal, the parties said in a joint statement.

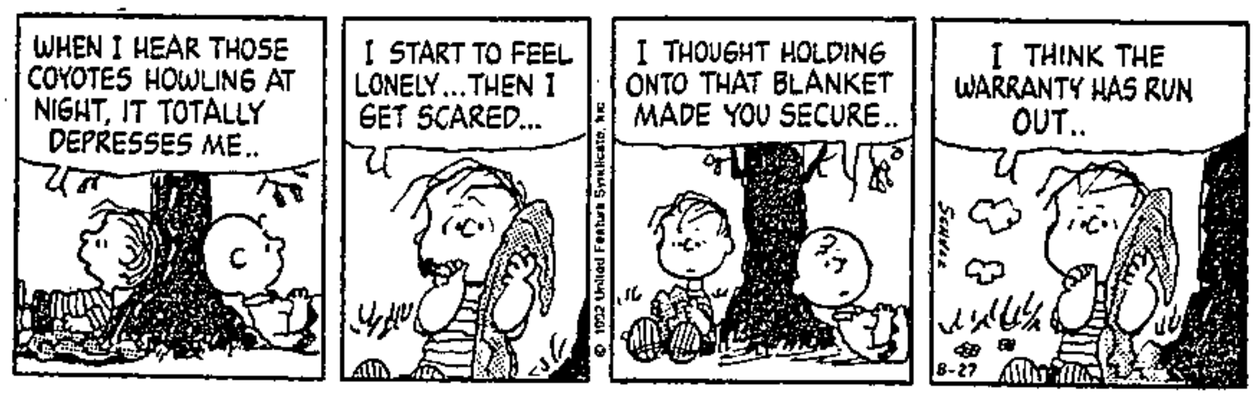
"The scope of this venture will also include the marketing of affordable electrical appliances and the erection of electric poles to be developed by the African Builders' Association (Aba), another Fabcos affiliate," the statement said.

Fabcos CEO and Future Bank chairman Jabu Mabuza said the relationship between Fabcos and Eskom was long overdue.

"This historic occasion just shows how developed and developing business can jointly work together at developing the quality of life of our people, and at the same time empowering people at the bottom rung of the economic ladder," he said.

Future plans of the joint venture would cover areas such as sub-contracting for black plumbers and electricians in the fitting of geysers in affordable houses, and other services, the parties said.

PEANUTS By Charles Schulz



'2 700 die at work a year'

Business Day 14/10/92

DIRK HARTFORD

SUN CITY — About 2 700 people died in industrial and mining accidents in SA each year while each day workers were permanently disabled, ANC health spokesman Dr M B Kistnasamy said yesterday.

About 100 000 hands and 50 000 feet were lost each year in industrial accidents, he told National Occupational Safety Association annual conference delegates.

Although the mortality rate in mining had remained fairly consistent, the accident rate had declined. While this could be because of better health and safety procedures, employers' failure to notify the authorities of accidents and the exclusion of certain employment sectors was also a contributory factor.

Kistnasamy said SA's accident record was eight times worse than Britain's, four times worse than EC countries' and twice as bad as the US's.

The ANC's occupational health and safety concerns would also focus on farm and domestic workers.

NEWS Can the media meet the demands of a new SA? ● Eskom increases from January

Power price to go up early next year

■ **Aim is to 'provide power to 90 percent of SA's people':**

Sowetan Reporter

THE price of electricity is to go up by eight percent from January next year, Eskom chairman of the Electricity Council Dr John Maree announced on Friday.

He said while inflation was expected to be around 12 percent in 1993, an increase of just eight percent ensured that the electricity price had been reduced by four percent in real terms.

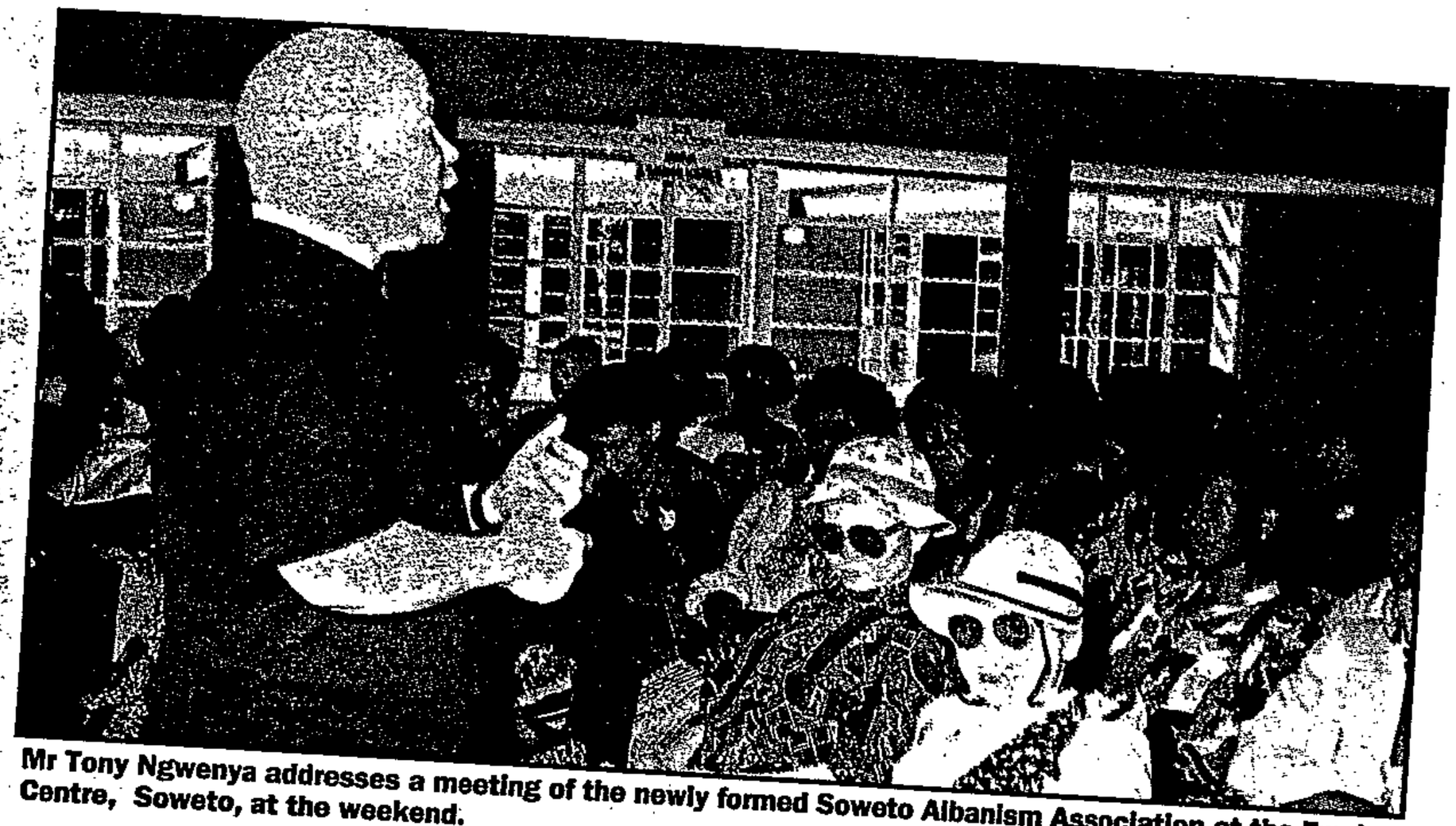
He said Eskom was confident that it would meet its undertaking to reduce the price by 20 percent within a five-year period.

"For Eskom, an increase of only eight percent is a significant achievement. The current state of the economy is such that to keep adjustments below inflation is extremely difficult," he said.

Maree said Eskom was committed to lifting the percentage of people with electricity from about 30 percent to 90 percent.

"We believe that electrification should be a national priority (because) this would be imperative for future economic growth and job creation."

Probed on the success of Eskom's supplying electricity directly to the consumers, particularly in the townships, Maree cited Alexandra, just outside Johannesburg, as an example.



Mr Tony Ngwenya addresses a meeting of the newly formed Soweto Albanism Association at the Funda Centre, Soweto, at the weekend.

Mayekiso to business: 'upgrade black areas'

South 24/10 - 28/1992

339

CONTROVERSIAL South African National Civic Organisation president Mr Moses Mayekiso has challenged big business to do more to promote upgrading and development of neglected black townships.

Addressing the Johannesburg Chamber of Commerce and Industry last week, he said there were four main problem areas facing townships that big business had the power to deal with.

These were:

● The cartel of building material suppliers, which had resulted in soaring prices for basic building materials, pushing affordable houses beyond the reach of many people.

He said it was "a crime that huge stocks of expensive building materials and huge numbers of construction workers were both sitting idle while there was a huge demand for houses".

"If we could get the prices right, and perhaps break these industries up — or if that does not work, nationalise them — then there will be more housing built for less money."



MOSES MAYEKISO

● The limited access to, and affordability of, urban land for housing.

"The Land Task Team of the Metropolitan Chamber has identified tens of thousands of hectares in the Witwatersrand.

"Are you ready to look at who owns precious inner-city land, and why the prices are so high that it is impossible for many working people to live there?

"Is anyone addressing the problem of land held by mining companies?

"And what about enormous golf courses, under-utilised suburban tracts of land and the need for infill?

"Even the World Bank identified 40 percent of unoccupied land within a 10km radius of the centre of Johannesburg — but that land is either not on the market or it is far too expensive for low-income housing."

● High interest rates on bonds at a time of rapidly-rising inflation has led to increased foreclosures by banks. Some areas, usually mixed inner-city ones, have been "red-lined", meaning no loans are granted there.

● Many developers are building sub-standard, defective houses.

"Has the industry begun to police itself?

"Aside from working feverishly to lower wages of construction workers and to lower standards of housing construction and town planning, what measures are being taken to raise the integrity of the industry and prepare for a new dispensation where workers and communities will have a qualitatively greater say in our futures?"

World Bank funds waiting for talks

339

GRETA STEYN

A KEY World Bank official yesterday indicated the bank could provide finance for education and urban development in SA once it felt comfortable with the political situation. BIDAY 28/10/92

The bank's country officer for SA, Alun Morris, said in an interview in Johannesburg yesterday current studies — particularly on education and urban issues — would enable the bank to move immediately once it could provide finance. He emphasised that the provision of finance would take place only at SA's request.

Morris said the bank needed to be satisfied "consensus" had been reached politically. "We are not defining consensus," he said. Until then, the bank's role was confined to policy advice.

Monetary officials speculated the bank might be able to agree to a request for finance before an interim government was in place, but after a return to the negotiating table and some clarity on SA's future.

Morris is co-ordinating the bank's programme on SA and is in the country to obtain feedback on wide-ranging studies the bank has undertaken. The bank's director of the southern African region, Stephen Denning, was scheduled to arrive in SA next week to discuss current economic developments, Morris said.

He said the bank was intensifying its work on trade and industry and was looking into SA's "complex" tariff structure. The bank was also developing an integra-

☐ To Page 2

World Bank

BIDAY 28/10/92. 356

☐ From Page 1

ted quantitative model which would include a number of variables including investment, exports and imports, inflation and employment. ~~1250~~ 339

The bank also planned workshops on land, agriculture and housing after what Morris described as two highly successful workshops on education.

Morris emphasised the bank was involving South Africans in its work, noting that sectoral studies were being done in a workshop environment. The main political and institutional interests were represented, including key academics, trade unions and urban non-government organisations. The bank had been impressed by the strength of SA's non-government organisations.

The bank hoped that by the first half of next year all the information would be brought together in a coherent view of the economy, providing a historical perspective and a basis to make projections.

Studies that had already been completed included the macroeconomy, unemployment and manufacturing.

SOWETAN Thursday October 29 1992

PROPERTY Co-ordinated effort to solve problem

Forum to tackle housing problem

Sowetan 29/10/92

By Joshua Raboroko

STRATEGIC OBJECTIVES Tough schedule of work planned for Forum:

THE BUILDING INDUSTRY has been plagued by a lack of strategy and no broadly accepted policy, much duplication, indecision and politics, according to an article in *In-House-In-Trust*, the official journal of the South African Housing Trust.

The article says limited co-ordination has perhaps been the order of the day and as a result there have been losses in the provision of housing.

The establishment of the National Housing Forum was of significant importance to the housing problem.

The forum initiative arose as a direct consequence of various interested groups who assembled during August 1991 to consider possible solutions to the hostel crisis in South Africa, the article says.

The hostel issue could not be solved in isolation, especially when facing the enormous and immediate need to redress historical imbalances, backlogs and future demands in the housing arena.

"The forum is the most representative and democratic negotiation structure to date to develop and agree upon strategies and national housing policy," the article says.

The 15 organisations forming the forum aimed to:

Develop and agree on a national plan of action for housing in the short term which can be implemented within the present period of transition;

Participate in the development of broad policy, strategic objectives and short, medium and long-term plans for the housing sector.

It would approach its task through the establishment of a range of working committees dealing with specific subjects relating to housing delivery.

A tough schedule of work for the nine months has been planned.

In the first phase, working committees will discuss land services, end-user finance, housing options, institutional structures, integration of the cities and hostels.

These committees will consist of experts who will work together with trainees from disadvantaged communities as part of the forum's efforts to engage in affirmative action through the sharing of skills.

It is envisaged that the first phase will take 16 weeks, thereafter detailed planning committees will work for a further 16 weeks.

In a parallel process, the members of the forum, supported by the working committees, will begin negotiating an agreed way forward.

"It is intended that agreement between the parties will be struck in the short term thus facilitating the development of housing initiatives on the ground," he article says.

Future Bank to channel R30m into loans for low-cost housing

B10Aug 29/10/92

PETER GALLI

FUTURE Bank would channel R30m into loans for the low-cost housing market over the next five years, marketing GM Philip van den Heever said yesterday.

The IDT would initially provide about 70% of the finance at an interest rate that took notice of the risk factor. However, this level of funding could decrease to about 15% over the period, with the interest rate dropping as the bank assumed more risk, he said.

The package was tailored to enable employers to assist with the provision of housing for lower earning staff without having to give massive financial guarantees for loans.

"Loans will be granted of between R3 500 and R12 500 for a three-year period. However, the employee, employer and contractor each have to place 10% of the loan amount with us, which will be put in a 32-day notice account and accrue interest at the going rate over that period."

In addition, the buyer would give a deposit of 5% of the purchase price. To reduce costs, no mortgage bond would be granted over the loan, which could be rolled over after the initial three-year payment period.

However, the fixed rate of interest for the loan would be individually determined by the level of risk, the stability of the person and the nature of his occupation, he said.

"The minimum rate will be 24,25% as small loans are enormously expensive to administer. Given the short duration of the loan and other short-term interest rates, we believe this is fair," Van den Heever said.

It would also be mandatory for the repayment amount, which worked out at about R41,50 a month per R1 000 borrowed, to be debited from the company's bank account. If the employee left his employ, the employer would still be liable for his 10% surety.

To get the scheme off the ground, companies would need a minimum of five staff members to participate.

Only certain suppliers would be allowed to build the homes and these were being approved at the moment.

Alwyn le Roux of consulting engineers V3 said the proposed systems would be judged on lifespan, weather resistance and suitability.

Tanzania ripe for SA exports

PETER DELMAR

THE first SA trade mission to Tanzania, which returned last week, has described its visit as a breakthrough for exporters. B 10Aug 29/10/92.

SA Foreign Trade Organisation spokesman Andrew Maggs said the 12-member delegation had met members of the formerly hostile country's business community, many of whom were interested in doing business with SA.

Industrial Commodities shareholder Peter Wales described Tanzania as a "gold mine" waiting to be exploited.

"This is so, despite the maintenance of official sanctions," he said.

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Experts to discuss urban housing

Sowetan 30/10/92

By Joshua Raboroko

AN INTERNATIONAL housing congress is to be held under the auspices of the Institute of Southern Africa and the National Association of Home Builders next May.

The congress, which is being held in conjunction with the International Association of Housing Science based in

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Drumblade Design

■ Housing will be addressed at an international congress in May '93:

Miami will address the topic of "The future of Human settlements; Its challenges and opportunities."

Chairman of the IHSA Mr Jan Viljoen said the congress hoped to attract and host a wide range of well known local and international personalities and decision-makers who were extensively involved in all facets of housing and urban settlement.

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Difficulties and dilemmas

It plans to address issues such as:

- How the future of human settlements will be determined by today's policies and actions;
- What difficulties and dilemmas can be expected;
- What lessons have been learned and how they can be solved positively;
- How adequate and beneficial policies and actions are.

In order to achieve the IHSA's objective of promoting the art and science of human settlement and housing through interdisciplinary co-operation and research, the congress' organising committee has drawn together a panel of top experts involved in all facets of the housing and development industry to plan this exciting event.

FutureBank boosts mass housing in SA

Sowetan 30/10/92. (339)

By Joshua Raboroko

TAILORED SCHEME Lower income groups are given even chance:

WITH THE ENTRY of FutureBank into the affordable housing finance market, the critical issue of mass housing in South Africa is set to receive a tremendous boost.

A new, and very necessary, attitude to home loan finance is evident in the bank's specially tailored scheme which enables employers to provide their lower-income staff housing loan facilities.

The scheme was announced by FutureBank's general manager Mr Philip van der Heever at a Press conference in Johannesburg this week.

He said: "It is becoming increasingly obvious that the availability of finance, rather than the actual supply of land, is the major obstacle facing the current housing crisis.

"Our scheme is designed to provide these funds to the employee, without calling for exorbitant guarantees from employers."

As with many of the other services offered by the bank, the methods of lending was unconventional and had been moulded to the needs of the market, involving the commitment of the employer, the contractor and the customer.

The scheme is intended to cover housing costs up to approximately R12 500, with loans repayable over a maximum period of three years.

Funds will be made available on a loan basis without the expense of mortgage bond registration. However, some form of long-term tenure over the site will be mandatory.

Currently living in shacks

According to experts, the housing shortage is about 2,2 million homes and it appears that many of those people currently living in shacks are perfectly capable of meeting a reasonable monthly instalment.

Extensive research, both locally and internationally, has shown that long repayment periods are inappropriate to the low income sector and it is more important to provide a revolving facility for the upgrading of accommodation in the future.

Van den Heever said: "Our plan caters for this admirably, as the facility can be 'rolled' after three years to enable the employee to expand his basic home."

Another serious predicament cited by Van den Heever which faced the affordable housing market was the poor construction of homes.

"Low cost should not necessarily mean low quality, however, and we are most impressed with some of the innovative building systems currently on offer.

"We are therefore insisting that contractors have their systems vetted by a dedicated firm of consulting engineers prior to being admitted into our panel, thereby protecting buyers' interests in the long term," he said.

He said the bank aimed to provide loans which were suitable and appropriate to the needs of the borrower

"We hope to be able to provide more South Africans with the security and comfort of a home through our new housing loan scheme," he said.

Homes crisis 'reform threat'

Sowetan 30/10/92

■ Fewer homes built despite billions of rands set aside:

By Joshua Raboroko

THE housing problem has reached crisis proportions which could topple the entire reform process.

According to the Human Sciences Research Council substantially fewer houses are being built for low-income buyers.

According to an editorial in *Affordability*, written by the president of the National Stokvel Association of South Africa, Mr Andrew Lukhele, Central Statistical Service figures show that the number of completed dwellings for the period January to May 1991 fell by 2 878 units compared to the first five months of 1990.

During this period 41 percent fewer houses were built for blacks, 57 percent fewer for Indians and 17 percent fewer in the case of coloureds. During the same period the number of homes for whites decreased by 9 percent.

It adds that despite billions of rands being set aside by the Government for black housing, only 10 000 houses were built in 1991.

Figures released by Time Housing in December 1991 showed that the yearly addition to black housing had been falling steadily.

About 15 000 houses were built in 1990 and 18 000 the year before.

The most conservative estimate is that the country has a shortfall of 2 million houses right now and that 175 000 houses should be built in the foreseeable future to satisfy the demand.

The World Bank's urban mission says South African housing, including its effect on the broader economy, has many characteristics of the economies of Eastern Europe which are "among the more conspicuously under-performed and disruptive housing sectors in the world".

In South Africa blacks' housing expenditure compares roughly with that of Poland where households spend 11 percent to 15 percent on alcohol and tobacco but only 2 percent to 3 percent on housing.

Here whites spend 18 percent to 22 percent of their income on housing while blacks families spend 8 percent to 10 percent.

Blacks spend about 9 percent on tobacco and alcohol. The mission says this discrepancy is remarkable since research elsewhere has shown low income households allocate more to housing than do higher income families.

According to the article this is at least partially the result of the apartheid system which told most blacks that they were only temporary sojourners, and therefore accommodation would be provided for them - in places where they did not want to live.

The black community's normal instincts to establish and develop institutions which empower and serve them have been undermined.

It is no compensation saying to blacks that such institutions will be established for them, because that destroys the whole development process by which individuals come together in a community.

Leaders 'should put SA's interests first'

CAPE TOWN — If the political leadership in SA would convert some of the energy devoted to the power struggle to the development of the people and the stimulation of the economy, there would be hope for the country, Independent Development Trust (IDT) chairman Jan Steyn said yesterday.

Speaking at an investment seminar in Cape Town, Steyn said political leaders should abandon strategies that imposed additional burdens on the poor, the powerless and the underprivileged.

Steyn said there was agreement on key development initiatives such as:

- ☐ The accelerated development of low-cost housing;
- ☐ Increased stimulation of small business and the informal sector;
- ☐ The extension of educational opportunities, skills training and vocational training;
- ☐ The spread of services such as clean water, primary health care and clinics;
- ☐ Making financial resources available to the poor; and,
- ☐ Tax incentives for labour-intensive investment.

Steyn said protest was important, but he criticised the form mass action had taken.

"It not only undermines confidence, but creates the image of SA as a society without the potential of being a mature and rational country."

Steyn said the need to stimulate and entrench an entrepreneurial culture was a keystone to efforts to prevent two threats facing the country — state ownership and one-party rule.

He announced that the IDT, in co-operation with the Development Bank of SA, had set up a programme to ease access to resources by small entrepreneurs.

The IDT is to make available R37m in loan funds and R25m in grants, and the Development Bank has allocated R85m to loan funds over the next three years to assist entrepreneurs. — Sapa.

Sowetan 30/10/92

R74-m for housing

MINISTER of Housing and Works Mr Adriaan Vlok yesterday said about R74 million would be spent within three years on building 1 850 low-cost family units.

Vlok said the money had been allocated for low-cost housing projects in Pretoria, Alberton, Springs, Randfontein, Oudtshoorn, Vereeniging, Bloemfontein, Knysna and Worcester. (339)

Innovation in housing urged

B/DAY 4/11/92

PETER GALLI

THE provision of housing in SA should represent formal and informal initiatives and the role of organisations like Standard Bank would be intricate and delicate, Standard Bank home loans divisional GM Duncan Reekie said.

He told the Pam Golding Property Group managers' convention in the Cape yesterday the bank would have to balance this against its need to remain a stable financial services provider which had to support the medium- and long-term prosperity of its customers — both borrowers and depositors.

"This will require innovative financing mechanisms and entering into working relationships with agents, other financiers, development agencies and community associations to find solutions, implement policies and thus manage change," he said.

Initiatives to deal with the national housing problem were essential for social and economic stability and it would be a mistake to believe the upper-income white housing market would be immune to the effects of national housing initiatives.

"These initiatives will mean a diversion of resources from the traditional market and will probably be encouraged by state intervention. If this happens, demand in the traditional market will outstrip supply, causing prices to rise," he said.

A third of South Africans were not adequately housed, which meant they had little or no financial investment in permanence and thus constituted a social threat.

"They have the potential to upset economic and political consensus, structures and plans. A view is emerging that squatter settlements can meet immediate needs reasonably adequately," he said.

Unless the law took a pragmatic view of unconventional housing schemes and local authorities took a supportive one, these schemes could cause social tension.

It was probably necessary to build on systems and forms of housing that had arisen from need and treat them as intelligent adaptations to circumstance rather than dismiss them because they did not fit "some grand scheme", he said.

'Bleak' outlook for house market

BIOAM 5/11/92

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PETER GALLI

THE outlook for any short-term improvement in the residential property market appears bleak, with activity levels and price movements expected to remain depressed until early next year, says the latest Absa quarterly housing review.

The review, released yesterday, said the business cycle could reach a turning point early next year, but activity levels and price movements in the market would remain depressed until then.

Overall economic activity diminished even further between the second and third quarters of this year, which was reflected by an annualised 17,6% drop in the price of large houses over this period.

The price of medium-sized houses fell 6% to R133 023 in the third quarter, while the price of a small house remained static at R104 703.

The first quarter review had noted that real house prices could rise by 2% this year provided the political situation did not deteriorate.

Compared with the third quarter of 1991, the average price of all houses declined in real terms. Medium-sized houses rose by only 3%, while larger homes decreased by 3% to R177 062 and smaller houses cost 9,7% more at R104 703 than a year ago.

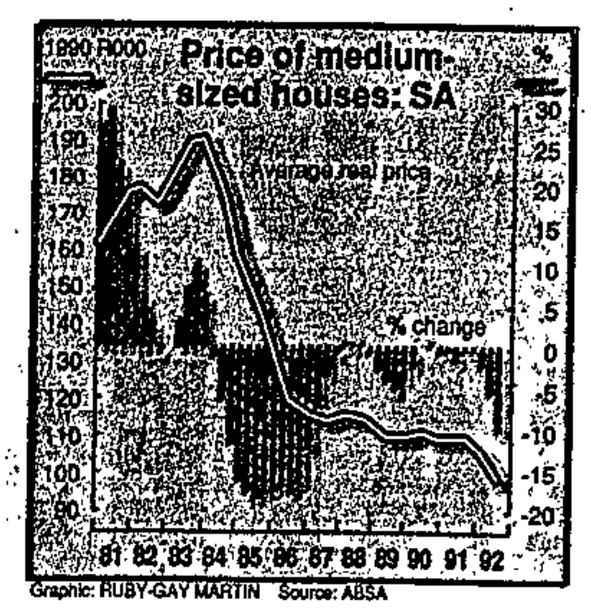
The recession cut even deeper into the construction industry, with building costs rising by an average 5,6% over the past two quarters.

These moderate increases resulted in the price differential between new and existing medium-sized houses narrowing from 24% in 1991 to 20%, the review said.

Regions most affected by political unrest recorded drops in medium-sized house prices between the second and third quarter. Natal, excluding the Durban-Pinetown area, showed a 7,7% fall to R113 776, while prices in Johannesburg and the eastern Cape fell 2,8% to R159 081 and R117 210 respectively.

However, small house prices in the Vaal Triangle gained 7,6% to R90 729 and 6,6% in the Free State and northern Cape to R107 608, while prices in Pretoria, the western Cape and the East Rand remained fairly stable.

Interest rates have fallen three percentage points since the peak of the interest rate cycle reached in the first quarter of 1991 and are expected to continue this downward trend over the next nine to 12 months. "However, sharp upward pressure on rates is a distinct possibility by 1994 given the heavy funding requirements of the exchequer, an economy that could soon suffer capacity constraints, higher wage demands and the likelihood of a much reduced surplus on the current account of the balance of payments by then."



Graphic: RUBY-GAY MARTIN Source: ABSA

Housing drive 'can boost transition'

BIDAY 10/11/92

SOMERSET WEST — A large-scale housing and electrification programme could play a critical role in ensuring a successful outcome for SA's transition to democracy, Board of Executors senior portfolio manager Rob Lee told the conference.

He said critics of the "kick-start" concept of housing and electrification programmes were ill informed. It was necessary to adopt a wider socio-political perspective and not see the issue purely from an economic point of view.

Lee said the multiplier effects of initial investments in both housing and electrification were very high on both growth and employment. Such a housing programme could add 3,5% to the level of real GDP over two years and create 200 000 jobs.

An electrification programme could add another 3,5% to real GDP over a period of three years.

Give the SADF the vital job of housing the nation

B|BM 16/11/92. **LINDSAY MADDEN**

SOUTH AFRICA IS a land rich in crises. If one can be so bold as to put aside today's crisis of government legitimacy, there remain two other crises of a more enduring nature. Politicians may be confident that the problem of government legitimacy will be solved in the course of time, but the crises of housing and national service may hamstring the country for years to come.

The R2bn committed to eradicating the housing backlog via the Independent Development Trust has not made a dent in the demand for low-cost housing. Today, the numerous government, parastatal and private organisations involved in this sector find their efforts frustrated and ineffective. If anything, the housing backlog is increasing rather than reducing. A lack of funds is just one of the problems — more serious are the problems they experience in respect of bureaucracy, disorganisation, lack of infrastructure and ultimately, the destruction of their product.

The SADF faces a crisis of a different nature. It is a war machine without a war to fight. History has shown that an army without a war will soon find one to prove its mettle. More specifically, the SADF no longer has borders to protect, as its enemy has been let within.

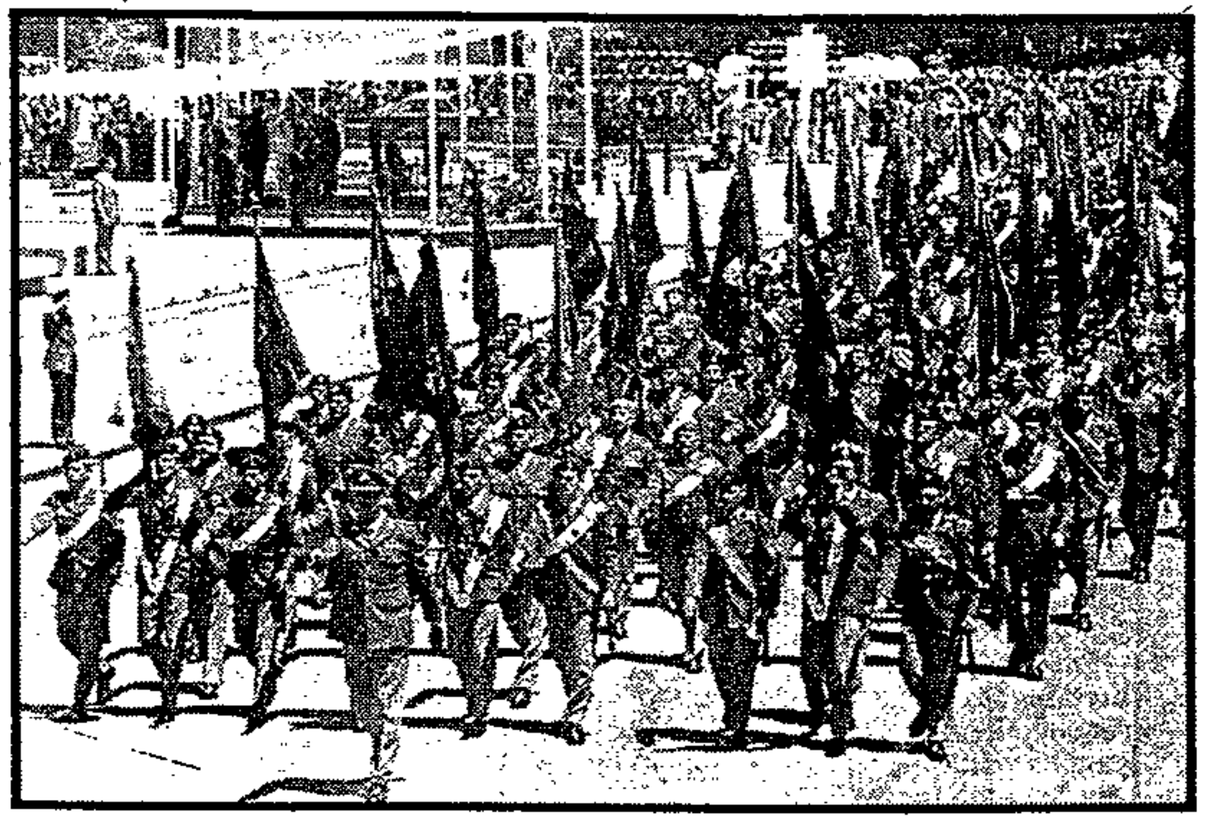
Maintaining a large defence force in peace time is both a luxury and a danger that few economies can afford. In SA, it is made more uncomfortable by the changing social order which questions the very legitimacy of the SADF, with its history of oppression.

A continuing national service system that conscripts white males does little for its so-called nonracial image. To compound it all, the war machine, without a war to fight, costs South Africans R9bn a year, and the country has nothing to show for it.

Housing experts say what is needed to solve their problem is a huge injection of capital, a massive organisation that cuts across bureaucracy, a vast and trained labour force capable of building at least 200 000 houses a year and most importantly, acceptance of ownership of the houses by the communities for whom they are erected. One glance at this wish list shows that the requirements cannot be found in the private sector, nor can the state be expected to find additional sources of revenue to fund them. To whom can one turn?

Enter the SADF, currently demotivated and purposeless, beating up and down the sidelines like a ship without a port. What it needs is a purpose, one whereby it can reestablish its credibility in the new social order. It needs to direct the same efficiency and zeal with which it sought to destroy SA's "enemies" towards building houses for them.

In the SADF, with minor modifications, exists the ideal instrument to solve the housing crisis. With an employment force already costing billions every year and having no jobs to do, the state need not raise another cent of tax but rather redirect the resources currently being wasted. The SADF has much of the equipment, all the logistical experience, a tested command structure with a disrespect of bureaucracy and the added thread of discipline. More particularly, it needs a job.



Keeping the defence force busy could give national service new meaning.

It is time for national service to acquire its true meaning. Granted, defence was the country's highest national priority in the past, but this has now changed. It is now more important that national service be directed towards settling the national debt. In truth, this national debt exists between whites and blacks and has two components: inequality of opportunity and the wealth differential.

Inequality of opportunity can be addressed through affirmative action and equal education, both of which take time to implement. The wealth differential is in reality a reflection of the years of exploitation of blacks by whites. This differential is evidenced most clearly in the difference in fixed assets and, more particularly, in whether people have a home or not. National service can be directed at squaring this element of the national debt.

With this in mind, there is litle reason why all young men and women should not be conscripted to render national service in a peace force and build houses for the black community, until the backlog is met. Mass employment and training in a multiracial work environment can have only a beneficial effect on our currently divided society.

To ensure that communities appreciate the houses built for them, families can be required to work alongside the national servicemen in building their own houses. Perhaps through this exercise the SA Defence Force will become a peace force and will be able to show to its new constituency that its strength lies more in building up than breaking down. In turn, communities may learn that the peace force is there to protect them rather than to punish them.

At first glance this proposal may appear novel, but it has been successfully implemented before. Once the US had conquered Japan in the Second World War and destroyed its infrastructure, Gen Douglas MacArthur then spent several years reconstructing it. Was this not a success?

The major difference between that war and our own is that in the US and Japan there was a clear winner and a clear loser. In SA, both sides have been losers and so we have to help ourselves.

Before dismissing this proposal, think of your country and how much it has lost already. This common sense suggestion costs nothing extra and could be implemented tomorrow. Isn't it worth a try?

☐ Madden is executive manager and an attorney at Edward Nathan & Friedland.

FOCUS *How the IDT is striving to create better living conditions*



focus on the IDT

Sowetan 17/11/92 (339)

The Independent Development Trust is the best form of empowerment and is using R2 billion of taxpayers' money to bring hope for a better future to the poor of all races in South Africa. IDT's director of communication, **Jolyon Nuttal**, explains:



ONE OF THE CORNERSTONES of the IDT's philosophy, policies and practice is the involvement of the community in any project we fund.

In fact, there is a hard and fast rule within the organisation that no money is paid out to any programme unless we have convincing evidence that community representatives are intrinsically involved.

There is a simple reason for this: Evidence the world over, and specifically in Africa, has shown that the only lasting way to break the cycle of poverty in which people become entrapped is to empower them.

By involving them genuinely and fully in development projects, the process of empowerment is advanced.

"I have never heard of anyone who burns down his own house, have you?" asked Professor Merlyn Mehl, head of our education portfolio in a recent video about the organisation's work. He goes on to make the same point about schools.

Against these fundamental tenets, it was surprising, therefore, to find a development academic recently questioning whether community empowerment along the lines I have described was not, in practice, community exhaustion, even impoverishment through further burdening of already stretched communities.

Referring in particular to the rural poor, the academic felt it was going too far to expect communities to form committees where development proposals are "workshopped," to collect savings, open bank accounts and control budgets, make technical choices, manage projects and be responsible for maintenance.

Positive response

The IDT's experience in nearly 400 projects funded to date do not bear this out. In by far the majority of cases, quite the reverse pertains.

One of the most stimulating rewards from our work has been the positive response of communities on the ground to opportunities for involvement and empowerment.

In truth, our project managers and consultants have often had to fight hard to ensure that all elements - rather than just those who are quicker off the mark - have representation.

Local civic organisations and rural village communities have been alert to opportunities to join in development programmes, once (and this is critical) they are satisfied about the authenticity and credibility of initiatives.

There have been numerous examples of the flowering of ability and confidence, as doors to participation have opened.

That said, the academic would have a point if communities were left to work out their empowerment on their own.

This is not IDT policy. We see the process rather as a series of partnerships.



Residents stand forlornly at Mandela Squatter Camp in Etwatwa East.

All the elements of genuine development - community, entrepreneur, developer, funder - meet to come together. Sound advice, strong support, secured finance must be given as communities embark on the projects that lead to ownership.

Given this back-up, community empowerment results not in exhaustion but exhilaration.

Sound development work is not without controversy.

In the IDT we feel uplifted when, out of the blue, we receive a letter like this from a rural programme we have funded:

"It is seldom if ever that we really encounter a fairy godmother.

"The IDT has made it possible to re-employ all our labour on a fulltime basis. We were down to a one-day week and a skeleton staff of six people.

"The trauma that the drought has caused cannot be measured. The comment most heard from our staff is how long a day and a week is without work.

"The chance of fulltime employment again is like a dream come true."

Our only wish is that there were sufficient resources to make everyone's dream come true.

Interesting thought from India:

"The poor will remain poor if they depend on the technology of the rich."

IDT scorecard

Projects supported to date:387

Funds allocated:

R2 151 556 000

Funds "in the ground":

R719 757 000

Improved access to funding boosts Urban Foundation

IMPROVED access to development funding boosted the Urban Foundation's operating revenue in the past year by more than 500%, enabling it to significantly expand its activities, particularly in housing and education.

The foundation's 1992 annual review, released today, shows operating revenue rose from R3,1m to R20,3m, with total income up 32% to R50,8m.

However, contributions — mostly from corporate donors — declined from R32m to R29m. Expenditure on education (up 66% to R16,9m) and housing (up 256% to R15,8m) showed big increases.

Highlights of the year included mobilising R400m of development funding for housing by the foundation and its associated companies.

The foundation was also involved in building classrooms for 43 000 pupils and placing 4 400 teachers in development programmes.

Chairman Mike Rosholt described the year as "a particularly successful one with significant achievements, demonstrating that positive solutions to difficult socio-economic problems can be found".

Acknowledging that SA was facing a severe development crisis, Rosholt said government had the primary responsibility for creating a policy framework within which solutions could be found.

PETER DELMAR

It was clear, however, that in the present political circumstances, "it was in no position to formulate and implement a dynamic development strategy which would bring a sense of hope and optimism to those who have been marginalised through past policies".

"This places a particular onus on non-governmental organisations as vehicles through which society can play its part in tackling the development challenge."

Rosholt said the foundation was shifting from managing development to promoting it by creating separate institutions capable of attracting adequate funding.

To achieve this, it was committed to promoting partnerships between business and communities. "The positive consequences of bringing these two parties to work together as equal partners in development has been amply demonstrated in many ways over the past year," he said.

● See Page 8

Urban Foundation maps new strategy for development

B/Day 18/11/92 PETER DELMAR (339)

FOR MORE than a year the Urban Foundation has been repositioning itself to play a new kind of role in development — as a facilitator and sometimes as manager. Towards this end it has joined the "unbundling" trend, transforming itself into a family of associated organisations jointly governed by partnerships between communities and business.

Foundation CE Sam van Coller says the complex structure the organisation built itself over the past 15 years is being dismantled. By June the first phase of the foundation's extensive restructuring will have been completed and, says Van Coller, the results to date have been encouraging, resulting in substantial expansion of development.

With limited access to funds, the foundation recently realised that its most important role lay in nurturing partnerships between the private sector and the communities themselves and letting them get on with development work at the coal face.

Van Coller says: "In the '80s we had a strong focus on projects, generally small-scale ones, which were aimed at demonstrating the value of development work and which were funded mainly through donation income.

"There were two main disadvantages of doing development that way. It created dependency, which while acceptable on pilot projects, had negative longer term implications. Whether the projects went well or badly, the Urban Foundation was being called upon to provide continuing finance, either to bale out the projects or to fund their expansion."

The foundation, Van Coller points out, operates largely on the basis of corporate funding, which cannot keep pace with the growing development needs and demands. In the past year corporate contributions declined from R32m to R29,1m.

The fall-off was due to growing pressure on recession-weary corporations' social investment budgets and a growing reluctance on the part of foreign donors to fund development in SA themselves.

On the brighter side, however, is the fact that operating revenue leapt from R3,1m to more than R20m. One reason for this was the greater operating revenue generated by the newly independent projects themselves. But the major factor was the dramatically increased availability of development funding.

"In this respect, our restructuring came at the best time," Van Coller says.

The projects themselves will start to generate their own income. Township resource centres, of which 14 have been established, levy charges on their users.

"From now on, growth is going to be determined by performance, rather than having the projects tucked securely under the wing of the Urban Foundation," Van Coller says.

He disagrees that the foundation is simply transferring dependence on itself to other donors. "It is a fact throughout the world that certain development work is dependent on grant income.

"Enabling these organisations to attract development funding themselves gives them a greater security and control over their future. They have to develop a direct relationship with the funder which generally suits the donor.

"Often people put money into the Urban Foundation and want to know what the foundation is doing with its money. Now they will be able to see exactly what is being done."

Donors, particularly foreign ones, are also more likely to put money into specific goal-orientated projects than into general development bodies such as the foundation. The fact that the foundation remains committed to ensuring their viability and making their resources and skills available, provides further, important security to the donor, and to the project itself.

The foundation's 1992 annual review shows that in the past year the independent New Housing Company — a subsidiary of a Section 21 company — delivered 11 500 housing units and a turnover of R162m on funding of R35m.

For the foundation in general, the past year has been one of its most successful and active yet. Education and housing activities, in particular, have mushroomed.

The R500m Joint Education Trust, in which the foundation has played a pivotal role, is operating on its own account, while the foundation's Primary Science Programme will become independent early in the new year with its own staff, board and finances. In the next four years the programme is expected to reach 12 000 teachers. In the past year 150 000 pupils benefited from its training.

Urban Foundation chairman Mike Rosholt says in the annual review that pursuing the foundation's restated mission will involve important changes to its traditional role and functions.

These will entail a shift from "managing development to promoting it through the creation of separate institutions ... a shift in emphasis from the issue of racial structuring to that of poverty and a recognition that the foundation's skills and expertise must also be used to enhance the capacity and skills of others."

Van Coller sees the foundation's role relative to development work on the ground as creating new institutions to focus on crucial problems and acting as facilitator and, in some cases, as manager. With limited resources, it is imperative that the communities themselves take over at least joint responsibility for their projects. In any event, they know best what is best for them. In this way the foundation will be able to spread its resources much further.

"We are sensitive to the problems of creating islands of prosperity in a sea of poverty. But we also have the problem of having to determine how thinly to spread those resources."

Once the restructuring process has been completed, the foundation itself will face no new pressures to grow. A major focus of the leaner new foundation will be on the development of policy.

Its renowned Urbanisation Unit is to be relaunched as the Development Strategy and Policy Unit and, according to Van Coller, will concentrate on targeting critical problem development areas which it will vigorously open up to debate.

"The demise of apartheid is creating the opportunity to focus on the real issues of development and to draw as many people into that process as possible.

"We want to use our expertise to strengthen the development process, not to direct it. The danger often exists that the experts will want to direct the process, but that is not the road we envisage."

The foundation also plans to increase its involvement in the various forums — for example in housing, electricity and local government — which have emerged in recent months. "That all these various parties are coming together is a very, very critical phenomenon in relation to the divisions that exist in SA.

"There remains a perception, however, that the future of the country will be determined by a few political leaders. It will, in fact, be determined by the many, many people right now who are busy wrestling with their problems.

Too often one hears only of black people killing each other, which clearly everyone is deeply concerned about. At the same time, many black people, in fact, are wrestling with the future of this country and making their country a better place.

"The business community must believe that it is in their interests to have a non-governmental group playing a leading role in the development field. The Urban Foundation is offering them a chance to play a bigger role themselves."

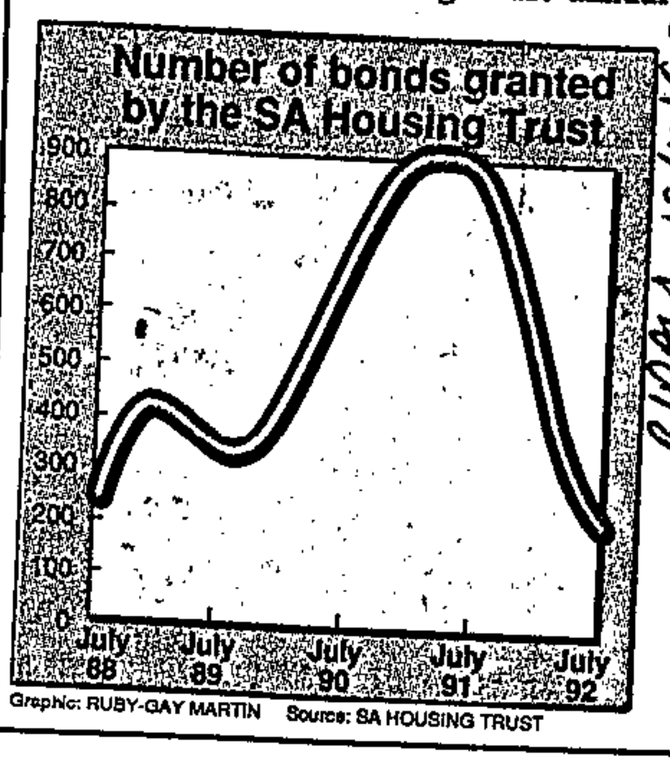
SPOT DESK

Boycotts slow housing projects

339

BOND boycotts, coupled with increasing unemployment and continued violence, have resulted in a radical decline in the number of bonds granted and homes built in the affordable housing market in the past year.

In the latest SA Housing Trust annual report released yesterday, MD Wallie Conradie said the housing backlog stood at 1,4-million units, and only about 15 000 houses had been developed in the starter, or incremental, sector (35m² to 50m²) in the year.



Graphic: RUBY-GAY MARTIN Source: SA HOUSING TRUST

18/11/92

BIDAY

PETER GALLI

"About 9 500 were delivered through our involvement — 21% down from 12 000 in 1991 — which represents 63% of the national output to this market segment. I believe this environment will remain restrictive in the short to medium term."

There had also been an increase in the number of people defaulting on their home loans, mainly because of rising unemployment and an increase in formal boycotts against all financial institutions in certain areas.

Private sector lending in this market had dwindled to a trickle, while repossessions had increased.

The trust was involved in home loan finance through its wholly owned subsidiary Khayalethu Home Loans. It had granted 6 500 new bonds by the year-end,

☐ To Page 2

Housing

BIDAY

18/11/92

2 000 down on last year.

Of the 23 000 stands available for sale, only 6 400 were sold in the financial year.

"This restrictive environment is expected to continue throughout 1993 . . . and will probably prevent us from granting more bonds in our traditional market — the R25 000 to R35 000 range — from current low levels," he said.

The trust had also begun acquiring land

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☐ From Page 1

for development in traditional "white" areas. The first of these investments was in Midrand.

"The trust is talking to the stokvel associations about exploring areas of mutual growth and opportunity, but this will probably take some time.

"Any interaction would, however, have to provide a sound investment return," said Conradie.

Boycotts mar growth

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■ Provincial authorities continue to develop projects in non-viable areas:

Sowetan 19/11/92

BOND boycotts and violence have continued to plague the growth of the low-income housing sector in South Africa during 1992, the annual report of the Urban Foundation says.

Other factors affecting this sector includes high risk, conflict around key housing issues, a reluctance by financial institutions to provide loans in the low-income market and a deepening of the recession.

The report says the Government has not provided the leadership and vision so desperately needed and provincial authorities have continued the practice of developing low-income projects in non-viable areas.

"Distortions in the allocation of resources through tricameral structures have also continued," the report adds.

However, onc of the few positive features has been the Independent Development Trust's capital subsidy scheme.

Yet, despite increasing evidence of the effectiveness and efficiency of this scheme, the Government has failed to allocate further funds to it in order to sustain the extremely valuable momentum the scheme has generated.

The UF's housing activities have been successful, despite the negative environment.

The organisation was involved in the establishment and operation of many housing structures, including the formation of the National Housing Forum.

With the abolition of the Group Areas Act and other racially-based legislation, new opportunities to locate low-income housing throughout the cities are emerging.

The UF has continued to develop and refine approaches to mobilising small mortgage loans through its Home Loan Guarantee Company.

R9m housing scam exposed

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Sowetan 20/11/92

5000 LOSE Banks see them as financially risky:

By Joe Mdhleia
Consumer Reporter

ABOUT 5 000 would-be homeowners have been swindled out of more than R9 million by "unscrupulous property developers", a top human rights lawyer disclosed this week.

The lawyer said building construction "sharks" often targeted customers with minimal education whose incomes were around R950 a month.

These customers were desperate for accommodation and were "easy meat" for the operators.

Clients have been swindled over a period of two years, between April 1990 and September 1992, lawyer and director of the Housing Rights Unit, Mr Brian Leveson, said.

He said the problems of clients stemmed from banking institutions turning them away as "financial risks".

"As a result they are embraced by these developers who exploit and extract every cent from them," said Leveson.

He said newspaper advertisements exacerbated matters by exposing the ordinary people to these companies "whose sole existence is not to provide a service but to make millions in the shortest possible time".

He said included among the companies that exploited blacks were some reputable ones normally held in high esteem by the public.

Statistics revealed that 40 percent of the rip-offs related to people who lost their deposits as a result of deals that never materialised.

This represented 1 960 cases, Leveson said.

He said 1 029 cases involved clients who lost their deposits during attempts to buy municipal houses - representing 21 percent of cases of people defrauded.

Leveson said clients could protect themselves against the "sharks" by personally dealing directly with financial houses or refusing to pay their deposits directly to the developers.

Times 'a changing for Urban Foundation

SOUTH 21/11/-25/11/92

By Waghied Misbach

THE Urban Foundation (UF) has come a long way in trying to shift its image from that of a big business charity organisation to a respected development agency.

It has been 15 years since the organisation was formed to help uplift black communities.

The mistakes made during those years were common to all development organisations.

The deep suspicion with which it was regarded by black communities was compounded by the lack of consultation before starting projects.

Until last year, the emphasis was on funding and managing projects.

Now the organisation has recognised the need for greater community participation and ownership of projects, says Western Cape regional director Mr Vernon Rose.

He says projects started during the eighties are being encouraged to become independent, ultimately having their own governing trusts and funding bases.

"Restructuring was meant to take a critical look at the needs of communities. It was a progressive change to ensure empowerment of communities.

"Previously, our talented managers were confined to projects. The new changes meant they were relieved of this and their experience could then have broader impact."

There has also been a greater acceptance by the community of the foundation's work.

Rose says the organisation is now using its expertise "to ensure maximum efficiency". This means that it no longer provides funding but is more or less the middleman between communities and prospective funders.

"This also appeals to funders as they can be directly involved in linking various communities with resources."

But while community pressure was one factor which sparked streamlining of the organisation, another was economic.

With the deepening recession and the mushrooming of development organisations in the country competing for limited resources, the UF was forced to cut back.

Rose says it has resulted in the organisation becoming more effective in carrying out its objectives.

The work of the organisation is focused on four areas:

- An informal settlement programme aimed at providing cheap housing and training.
- An education support service focused on teacher development and upgrading of schools.
- Resource centres aimed at training people to run management centres.
- Community contact service, which attempts to link communities to appropriate donors and social responsibility programmes.

Examples of the foundation's new thrust are the Masiphatisane Development Centre in Philippi and the Ulunti Resource Centre in Gugulethu.

At the Masiphatisane centre, the emphasis is on upgrading informal settlements by providing housing and economic development programmes such as the Cape Town Job Creation Project.

Rose says the aim will be to:

- Train local residents in timber frame construction in an attempt to upgrade some of the 60 000 shacks in the area.
- Provide business counselling to an estimated 160 entrepreneurs over a period of five years with the possible creation of 1 000 jobs.
- Provide training to civic organisations to prepare for a post-apartheid society.

Plan now for huge urban influx, PC report urges

LINDA ENSOR

CAPE TOWN — A 155% increase in the number of urbanised black people has been projected for the period 1985 to 2010 and a proactive approach has been recommended by the President's Council to cope with the influx.

The council's report on a revised urbanisation strategy for SA recommends the formation of a single development corporation to undertake large-scale township development for the estimated 20-million new urban dwellers.

The fastest growing metropolitan population was forecast to be the Durban-Pinetown-Maritzburg area where population was expected to expand from 3,4-million in 1990 to 5,4-million in 2005.

The Cape Peninsula's metropolitan population would grow from 2,5-million to 3,4-million in this period, the PWV from 7,4-million to 10,2-million and Port Elizabeth-Uitenhage from 885 534 to 1,1-million.

The urban black population in 2010 was estimated at 33,2-million and the rural black population at 15,2-million.

The report, compiled by the council's economic affairs committee under the chairmanship of Andries Scholtz, said land for urban settlement should be identified in advance. Infrustructures should be developed and structure plans prepared for every town or city where expansion was expected. This would serve to limit further growth of squatter areas and prevent ad hoc development.

"It is apparent that much of SA's urbanisation in the foreseeable future will take the form of informal settlements with site and service schemes," the committee said.

The infrastructure to cope with the urbanisation process could be developed by a special, nationwide organisation manned voluntarily by jobless, untrained blacks who had left school prematurely from 1967 onwards for political reasons. This would give them on-the-job training while addressing urbanisation needs.

The committee's report updated the government's 1986 White Paper on urbanisation found by the committee to have had not much success in achieving balanced towns in black areas.

The report said there had been a lack of community participation in the development process, as the approach advocated by the White Paper had been top-down, bureaucratic and had left little scope for local community initiatives.

Town planners and city managements would have to aim to establish viable communities in informal settlements; replan and upgrade existing black townships; and incorporate both types of townships into nodal white urban areas on the basis of integrated local authorities.

The report urged protection of the urban hierarchy, from the larger metropolitan areas to the smallest rural towns, as well as encouragement of middle-order towns which would link big cities and towns.

"The SA urban system exhibits signs of an abnormal imbalance. There are too many small towns accommodating too few people, set against a few large metropolitan areas with too many people in them. This trend underscores the decaying process of the majority of small towns on the platteland."

Attempts should be made to ensure the survival of small rural towns and consideration should be given to the establishment of small towns for farm workers who presently lacked fixed property rights. Township development on tribal land in the self-governing areas should also be looked into.

The committee felt that improving rural circumstances could decrease the flow to the cities.

Bifsa has plan to provide housing

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ST Times [Buss] 22/11/92

By TERRY BETTY

THE building industry, which is on the verge of collapse, has asked the Government for "construction relief".

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says Bifsa has presented an 18-page proposal to keep the industry on its feet as well as handle socio-economic imbalances.

The report has been given to the Economic Advisory Council and to Finance Minister Derek Keys.

Clinics

Recommendations include:

- A 15% increase in expenditure on low-income housing to R4,3-billion.
- A 15% increase in public spending on non-residential buildings, such as clinics and schools.
- Additional funds to supplement the R22,5-million Bifsa spends on skills training and tertiary education.
- Increased funding for the first-time house-buyers subsidy scheme from R155-million to R332-million.
- A higher ceiling for those qualifying for the subsidy to take account of inflation.
- Implementation of the De Loor recommendations as soon as possible, specifically to establish one National Housing Department instead of the present 14 unco-ordinated departments.

Mr Robinson says funds would be available if the Government reduced the bloated public service. Streamlining it would also yield great returns.

Shortage

He says every rand spent on low-income housing provides jobs and has greater social benefits than if spent on public servants' salaries.

This is because the construction sector is highly labour intensive.

The National Manpower Commission said in August 1990 that the construction sector provided 186 jobs for every R1-million spent, compared with 124 in agriculture and 67 in commerce.

Such an initiative would go a long way to alleviating the shortage of 1,4-million houses and would provide low-skill jobs in areas of greatest unemployment.

Mr Robinson says this scheme has socio-political advantages.

"Providing adequate housing and employment will go a long way to easing domestic unrest."

From a macro-economic point of view it will not adversely affect the balance of payments because housing has virtually no direct import component.

Construction is the "engine of growth". Public construction goes hand in hand with economic growth. But SA Government spending on infrastructure and buildings has diminished to 3,5% of gross domestic product. Current expenditure yields no returns, but has been increasing.

Boycott

Low-income housing could be provided by site-and-service schemes, greater subsidies for first-time house buyers, reduced initial payments and supporting financing schemes.

Mr Robinson says the best option would be to use government money as leverage to free private-sector cash.

If the fiscus allocated R177-million to interest-rate subsidies it would result in R2,7-billion being injected into housing in the form of loans from private financial institutions.

"The private sector is awash with cash. It needs government backing and assurances from labour that there will be an end to the bond boycott."

Bifsa is involved in the National Economic Forum as well as the National Housing Forum.

Mr Robinson is convinced that labour could be persuaded to drop bond boycotts if the Bifsa proposals were accepted.

SA investment in homes tumbles

Political Staff

CAPE TOWN — SA's gross domestic fixed investment in housing had fallen from about 17% of the gross domestic product in the 1960s to 11%, the President's Council economic affairs committee said today.

It also warned that by the turn of the century more people in the urban areas could be living in informal housing, including shacks, than in "standard" housing.

Whatever the expenditure on housing, it was commonly accepted as inadequate, it said.

"Apart from the immediate quantitative implications, the growing backlog creates an excessive demand, thus driving up the cost of housing and making the actual expenditure less and less effective."

The committee said unless the recommendations of the De Loor task group were accepted and speedily implemented, chances of a substantial improvement in the housing situation in the short and medium term were small.

ant when dealing with developers

Swindle tales

Sowetan 25/11/92.

Income: Home-seeking families affected come from the income range of around R950.

Period in which clients paid their deposits: June 1990 and September 1992.

Number of lost deposits on new houses: 1960.

Number of lost deposits on council match-box houses: 1029

~~283~~ 339

Number of bond applications forged by sales representatives: 196.

Number of houses not completed or builder going insolvent: 245.

Number of clients whose house were repossessed: 294.

Most clients interviewed responded to newspaper adverts.

PROP

National housing policy is 'completely lacking'

B/DAY 25/11/92

A COHERENT national housing policy is completely lacking even though SA is experiencing its most intense period of urbanisation, says Cape Town deputy mayor Clive Keegan.

Because of this, private and public sector bodies have been asked to start educating the public on the radical changes facing SA's cities.

Keegan recently told the Cape branch of the Institute of Valuers that land was the most politically volatile issue in SA society.

It would probably be the resource brought most strongly to the fore in any post-apartheid government's policy of redistribution and restitution, he said.

"In the current socio-economic and political environment, any readjustment aimed at normalising the highly inequitable shape of the apartheid city requires a combination of efforts by the public and private sectors and by community organisations," he said.

But a stalemate had arisen, and neither the private nor the public sectors were able to deal adequately with the crisis.

Not only was there no coherent national housing policy or strategy,

PETER GALLI

but there was also little academic interest in inner city housing.

"There is a need to start reurbanising the city, to implode urban areas and so avoid developing the city fringes that place heavy costs on people and resources in terms of travel distance and lack of jobs in the area."

There was a tendency to resist subdivisions in city suburbs and this would have to change. The economic inefficiencies of the cities could be met only by a "profound change" in thinking, said Keegan.

Affordability

Options included looking at infill housing in existing areas, subdividing into smaller plots, and the utilisation of vacant inner city land for housing — particularly for the poor.

"However, this is also problematic. Inner city land is costly and, if we rely solely on market values, will push the cost beyond the affordability level of the people we want to move there," he said.

It could be argued that strategically located inner city land was far too valuable in terms of its potential for providing affordable housing to dispose of at market related prices, particularly at the current stage of political development.

"The ANC, civic associations and other progressive bodies are insisting that the state and local authorities should not be considering the disposal of public land until new local authorities are in place."

Keegan said there was a growing need for innovative thinking about new subsidy systems, title and housing management, which had not yet been contemplated in this country.

Unlike previous attempts at community involvement, it was expected that future housing would be designed and built through a process in which the end users would be involved from the outset of the project to its implementation.

A range of new administrative mechanisms would emerge in future years to facilitate urban initiatives for low income developments.

"Many will be based on prototypes not yet experienced by this country, like co-operatives, Section 21 companies as housing vehicles, community land trusts and sectional title for low income housing," he said.

Pretoria agencies due for merger next week

A MERGER between Pretoria-based Chapman Real Estate and Joan Behr Estates on December 1 will create the city's largest estate agency, says Chapman Real Estate MD Rob Ketjen.

The merged group, to be known as Chapman-Joan Behr Estates, would represent about 30% of Pretoria's property market with a combined turnover of between R150m and R200m in 1993.

Ketjen forecast that the new group's share of the Pretoria market would grow to between 35% and 40% by 1995.

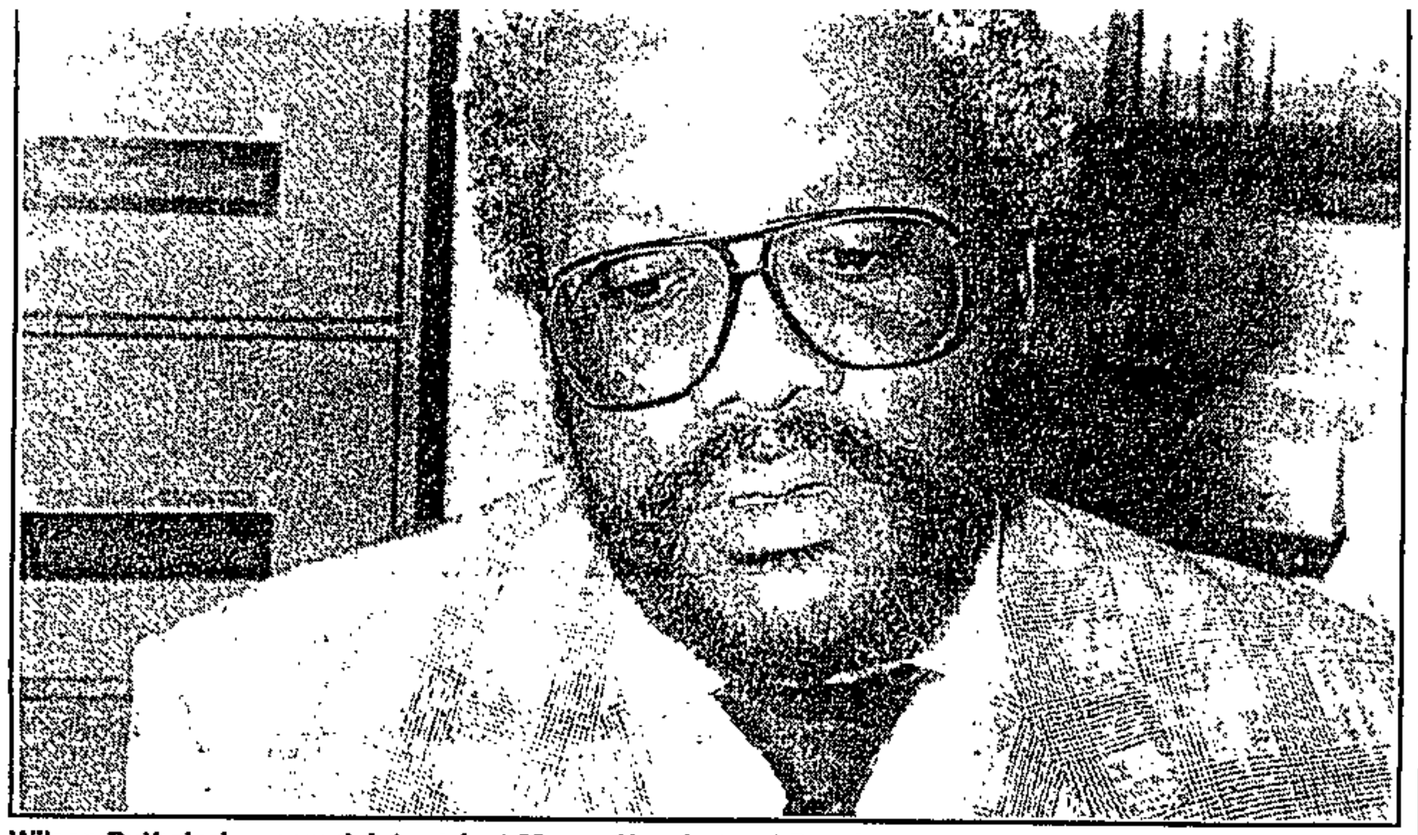
B/DAY 25/11/92

ANDREW KRUMM

Joan Behr Estates MD Roy Esakov, who will head the group, said the merger came about when both agencies realised they were seeking the same thing: market leadership in a single geographical area.

Ketjen said integration of the two operations had already started, and was proceeding smoothly.

The new agency would be represented in seven offices by 120 property consultants.



Wilson Buthelezi ... complaint against Mepco Housing and Developers. PIC: MBUZENI ZULU

Couple's dream now nightmare

Sowetan 25/11/92 (339)

By Joe Mdhlela
Consumer Reporter

PROMISES, EXCUSES *No house after payment of R3 500 deposit:*

"If you pay a deposit of R6 500 you will have your house ready in 90 days time," a building contractor told home-seeker Mr Wilson Buthelezi.

Buthelezi, beside himself with excitement, rushed to break the good news to his wife, Noreen.

"We have been promised a home of our own within 90 days if we can raise a deposit of R6 500.

"We dare not let this opportunity pass us by. Let's get cracking and pool our financial resources," Buthelezi told his wife.

His wife replied: "Bring half and I will bring half so that we have the full amount required for a deposit."

In no time the couple had the required R6 500 and made a bee-line to property developer Mr Cyril Mtshali of Mepco Housing and Developers.

But the couple's dream of owning their house at Alexandra's East Bank has since turned into a nightmare.

Three months have gone without any house being built for them.

What the Buthelezis now have is not a house of their own but many promises and excuses why this had not happened.

"My wife and I have decided that we are no longer going to swallow this," Buthelezi said. "We want our deposit back and are not compromising on this one," Buthelezi said.

But it has proved problematic for the Buthelezis to retrieve their deposit.

"Countless phone calls and personal visits to Mtshali's office have all proved to be in vain. I am mad at this man and I think we deserve protection," said a distraught Buthelezi.

The Buthelezis who were hoping to occupy their R65 000 five-roomed house this Christmas are not the only clients who have complained about the same contractor.

Mtshali admitted that he had received R6 500 from Buthelezi as deposit for a house.

He said he was not entirely to blame for the delay in building a house.

He blamed the delay on the registration of Buthelezi's bond which, he said, took a long time.

He said that was the reason why there was a delay in the building of Buthelezi's house.

Miss Thandi Maseko (37) a mother of two, paid a R3 500 for a "house" in Palm Springs near Evaton.

She was apparently assured by Mtshali that she would move into the house by June but this did not happen and she has demanded her deposit.

"We cannot blame these newspapers for carrying the advertisements of these unscrupulous dealers but the point is that these newspapers help them reach a large section of black clientele"

Maseko has been chasing after Mtshali since August without success.

"He first gave me a cheque post-dated to October 31 saying that he would have funds by this date. But to date I am still battling to get my money from him," said Maseko.

Approached for comment, Mtshali said he hoped it would not be necessary to issue post-dated cheques in future.

Maseko has until now not received her cheque for R3 500.

She is seeking legal advice.

A number of companies, including some reputable ones, have delayed meeting their obligation in terms of putting up structures for their clients.

The director of the Lawyers for Human Rights housing unit, Mr Brian Leveson, said the excuses for failure to deliver were that the developers could not work on the sites because of the violence in black townships.

A spokesman for one building contractor said his company sometimes had problems in meeting the deadline for the provision of homes to its clients.

He said: "I am not saying this is incorrect, but it should be understood that often we cannot deliver on a specified date because we have our properties vandalised by criminals. It is not uncommon to have criminals stealing building materials on site.

"Taking that into account, it is often not possible to deliver on a specified date. But we are not saying this practice is right. We are merely trying to put issues in their true context."

Other difficulties facing would-be property owners are that unscrupulous property developers reached their targeted markets by placing their advertisement in newspapers with a large readership.

"We cannot blame these newspapers for carrying the advertisements of these unscrupulous dealers but the point is that these newspapers help them reach a large section of black clientele," Leveson said.

Sowetan established that certain companies, including Invesco International, exclusively did business with blacks "on the lower rung of the economic scale".

In May Invesco disappeared with millions of rands belonging to black clients.

Leveson warned blacks to be more vigilant when dealing with property developers by refusing to pay deposits directly to them.

He also suggested that blacks should deal with reputable companies.

Leveson said they had already spoken to more than 5 000 clients who have invariably claimed they had been swindled by these companies.

ANC policy guidelines need clarification

ANC policy guidelines released in May reflect an outdated view of the nature of SA society, say Urban Foundation analysts.

In the December edition of the Urban Foundation publication Development and Democracy, development strategy and policy unit executive director Ann Bernstein and political economist Charles Simkins say there is a need for greater clarity and consistency in the underlying principles and values that would guide ANC policy discussion, formulation and decision.

LLOYD COUTTS

"It would seem as though it is only on issues where the ANC has been challenged by loud outside voices that the policy is carefully scrutinised and its practical impact is thought through."

The uneveness of the document emphasises the need for the organisation to identify its constituency and determine the trade-offs that will need to be made on its road to power.

They say many of the ANC's plans for improving the quality of social services will have to be deferred, even if there are substantial cuts in spending on benefits for the affluent.

The trouble is that the most urgent requirements need counterpart institutional change and policy development which have been, and will continue to be, relatively slow to emerge.

It is clear the ANC wants an interventionist state, but a critical question is the ANC's ability to guarantee as much protection as possible against their kind of state for the individual.

Govt takes fresh look at forum

TIM COHEN

PRETORIA — Government has initiated discussions with the National Housing Forum with a view to rejoin the body should it be reconstituted.

Deputy Regional Development Minister André Fourie said government might rejoin the forum, following publication of the President's Council urbanisation report this week.

The report recommended that an "inclusive consultative mechanism" be established to negotiate an urbanisation strategy.

But Fourie said rejoining the forum was but one possibility and that it ought to include a wider range of government departments.

Fourie welcomed the council's report, which also recommended the identification of land to accommodate SA's urbanising population and the streamlining of mechanisms for establishing townships.

Fourie told a news conference that government's current approach to urbanisation management was largely in line with the report's recommendations.

Government is still considering a recommendation that an urban development corporation undertakes large-scale decentralised developments.

Fourie said existing bodies might be able to perform these functions.

But he emphasised that the core issue for the urbanising community was the urgent need for economic growth and job creation.

SA HOUSING TRUST 339

Trying to ensure a future

The SA Housing Trust is changing direction — if comments in its annual report by acting chairman Meyer Kahn and MD Wallie Conradie are to be taken seriously.

The trust is a government-funded organisation that services the low-cost end — R25 00-R35 000, including house and land — of the housing market. Since its inception five-and-a-half years ago, the trust has brought about the construction of 38 500 houses — all through private-sector builders — and provided 48 000 serviced stands.

Earlier this year, the De Loor Report advocated rationalising development bodies concerned with black housing, such as the trust, to avoid duplication of effort. But Kahn and Conradie appear to see a more promising future for the trust.

Says Kahn: "The trust board was able to ascertain with sufficient clarity that, if the strategic direction and business focus of our company were to be redefined marginally, its relevance would be ensured in the SA of tomorrow." Kahn adds that "appropriate adjustments have accordingly been implemented, while the corporate structure has been amended to reflect the need for cost-effectiveness and dedicated focus in certain key strategic areas." FM 27/11/92

The trust's focus will thus shift from "doing for" to "doing with" the communities it serves. It has also meant keeping to budgets and so staff have been cut 14,6% this year. This brought retrenchments and natural attrition to 28% over the past two years. The trust now employs 367 people, including residential agents, and it will consider affirmative action to make its board and management team "more representative of the market it serves."

Due to the recession, bond boycotts and the lower number of bonds granted by financial institutions, the trust's level of performance was lower than the year before. For example, only 9 500 families (12 000 in 1991) acquired homes through it this year. ■

Govt seeks ideas on urban plan

STAR 27/11/92

By Jo-Anne Collinge

The Government does not intend to act unilaterally in formulating an urbanisation policy, Deputy Minister for Regional Affairs Andre Fourie said yesterday as he invited interested parties to submit proposals for "an inclusive consultative mechanism".

Addressing a press conference in Pretoria, Fourie said: "The Government is committed to a process of negotiation and therefore accepts the President's Council's proposal for an inclusive consultation with all interested parties in the formulation of a new urbanisation vision ..."

The Deputy Minister said a February 28 deadline applied to submissions on the consultative structure, which should be addressed to the Director-General of Regional and Land Affairs.

Fourie suggested that it was possible that an expanded National Housing Forum might fit the bill for such consultations.

Some months ago the Government turned its back on the forum, which was left with representation mainly from extra-parliamentary parties, civic bodies and development agencies.

President's Council plans for flood to the cities

ST Times [Cape Metro]

29/11/92

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EIGHT in 10 black people — 26 million — are likely to be living in urban areas by early next century, according to a report by the President's Council.

This would be a massive increase from the present 56 percent.

The report, tabled this week in Cape Town during a debate on urbanisation strategy, acknowledges that squatting and related problems are by far the most pressing matters in devising urbanisation strategy.

It says squatter settlements are here to stay and should be planned in an orderly way.

Demands

President's Council chairman Dr Willie van Niekerk described the report as a "source document" that could be used for further discussion, like the De Loor Report on housing strategy.

The report is to be referred to President FW de Klerk.

The ANC, PAC and Azapo were invited to contribute to the report but did not respond.

The report, by the President's Council Committee for Economic Affairs, says a large percentage of the expected 26-million migrants will move to towns and cities from rural areas.

It emphasises that migrants must be helped to come to terms with urban life and its demands.

The committee's recommendations include that:

● Because of large-scale unemployment, the labour movement's co-operation should be gained in creating work opportunities and guarding against such impediments as excessive wage demands.

● Mixed land use should be allowed in buildings along middle and higher-order streets of suitable new residential townships. This would enable families to run acceptable small businesses at street level while they used the floors above as living quarters.

● Formal and informal small business development should be stimulated to enable large numbers of people to enter the free market system.

● Ways must be found to help newcomers improve their economic situation with dignity and the report recommends that every effort be made to supply small businesses, whether formal or informal, with the facilities they need to ply their trade — such as space, water and electricity.

By NORMAN WEST
Political Reporter

● Ways must be found to help newcomers improve their economic position with dignity.

● Deregulation should be continued.

● A competent authority such as the department of Mineral and Energy Affairs should encourage the development of affordable wind and solar power for households.

● Because urban housing needs exceed formal financial resources, the potential of "stokvels" or savings clubs should be investigated.

● Mini-gardens with a water source should be made available to households that want to grow vegetables and fruit.

● Special areas should be demarcated in towns and cities for unfettered use by informal traders.

The report also recommends that attention be give to:

● The possibility of launching a countrywide organisation that would train unemployed urban youths and use them in urban development projects, preferably in their own communities.

● Training programmes for urban government councillors and staff.

● The survival of rural towns that are becoming depopulated.

● The possibility of establishing small towns for farm workers.

NEWS IN BRIEF

BBusDay 11/12/92 (339)

Unit changes form

THE Urban Foundation relaunched its urbanisation unit today as the Development Strategy and Policy Unit.

Unit executive director Ann Bernstein said the restructuring followed two years of consultations involving more than 100 community and business leaders.

The new unit would focus on four key national issues: cities and economic growth; land and rural development; affirmative action; and regionalism. It would take part in negotiations and run programmes intended to build and empower neighbourhood and civic organisations.

New mortgage deal on low-cost housing

By Frank Jeans

Old Mutual and the Urban Foundation are to launch a new initiative to tap pension and provident fund money for housing.

The last major legal obstacle to innovation in this area was lifted recently and the necessary regulations governing its implementation are expected to be gazetted soon.

Jill Strelitz, an executive director of the Urban Foundation, says: "This initiative targets those who are employed but who cannot afford the repayments on mortgage bonds.

"We see it as an important component in assisting lower-income people to enter the housing market."

Retirement fund members will now have immediate access to the money they have accumulated in the fund rather than having to wait until retirement.

Henk Beets, of Old Mutual's Employee Benefits General Management, says: "The initiative is simple in concept. A fund member may use his or her accumulated withdrawal benefit as a deposit for a bond and or to top up the monthly mortgage bond repayments.

"This means that should monthly repayments exceed 25 percent to 30 percent of a home buyer's income, the extra amount can be borrowed from withdrawal benefits."

Since bond repayments generally decline over time in relation to income, a point is reached where the home owner's income is high enough to allow him to service the bond repayment without a top-up from the withdrawal benefit.

At this point, the owner begins to repay the loan from the retirement fund.

The scheme is structured to ensure that the member's retirement benefit is intact by the time he or she retires.

While the scheme has tremendous potential for increasing home ownership, it does rely on the participation of the mortgage lenders for its success.

"We hope the initiative will encourage financial institutions to take up the challenge of entering the lower-income housing market," says Strelitz.

Trust 'is a role model'

LINDA ENSOR

CAPE TOWN — The R150m Pula Trust established jointly by the EC, the Kagiso Trust, the Development Bank of SA and the Independent Development Trust (IDT) to undertake water and sanitation projects was likely to be a precursor to future foreign funding for development, IDT chairman Jan Steyn said yesterday.

He said the presentation of a united front by three SA development agencies had been crucial in securing foreign funding and could provide a role model for future finance.

Each of the SA participants had unique strengths to bring to a joint venture and could provide projects into which foreign donors could lock.

Steyn said the participants had identified access to clean water as one of the urgent needs in rural areas.

The Kagiso Trust (funded by the EC), the IDT and the bank would each inject R48,5m into the Pula Trust. The bank also undertook to provide infrastructural support worth R3m.

Apology to the Trust

339

SOWETAN reported on November 27 that the Independent Development Trust occupies "opulent offices that cost R7,1 million a month to maintain".

We also said only five blacks were employed in the Johannesburg office out of a staff of about 20.

The IDT has pointed out that:

It occupies offices that cost R10 106 in rental and parking charges;

Its relief development section occupies three offices and the space costs R1 800 a month and no charge if levied by the IDT;

Of an IDT staff of 15 in Johannesburg, 10 are black.

The relief development section has a staff of seven, and five are black.

We apologise to the IDT for any embarrassment it might have suffered because of our report.

Sowetan 2/12/92

DEVELOPMENT

Beyond the feuding

Development Bank of Southern Africa chairman-designate Wiseman Nkuhlu says an independent panel to co-ordinate the efforts of development agencies and determine priorities is essential if an interim government is to have any chance of tackling demands.

In an interview with the *FM* this week he outlined, for the first time, proposals he will make to major political players and development agencies for the establishment of what will in effect be a national commission for economic restructuring and development.

It will be more than an advisory body and could put members in a position to influence government spending, economic restructuring and development strategies.

FM 4|12|92

Energy and resources

Nkuhlu, who is also CEO-designate of the Independent Development Trust and on several corporate boards, including Barlows, Old Mutual, Genbel and Standard Bank, believes the interim government — the first phase of which is expected in the first half of next year — will not be able to devote the necessary energy and resources to development.

There's a danger that it will face massive demands and high expectations but have no development programme to implement, no way of determining priorities and will be unable to make significant progress on development issues while also wrestling with the creation of a new constitution.

cont—p

The panel must have advisory and executive powers as well as direct input to Cabinet on issues such as spending priorities and budgeting for development.

Using the considerable research information and talent already available through the development community, it would work in tandem with the interim government to identify development needs, plan strategies to address them, advise and assist in budgeting for projects and raise additional funds to meet budget shortfalls.

It would have to bridge party political differences which have until now tended to label development proposals as the initiative of one or other group and, thereby, undermined their credibility in some communities and blunted their effort.

Nkuhlu says it is important for the panel to be nonpartisan. Participants must be selected on expertise, not simply as representatives of political groups or agencies. They will have to rise above their party or agency loyalties and consider the good of SA above all else.

The panel would also provide a single channel for development grants from foreign governments and loans from international agencies.

Nkuhlu does not want the panel to become simply another development agency — its only full-time staff will be a secretariat — and says it will not usurp the functions of agencies such as the Independent Development Trust, Kagiso Trust and Development Bank. They would carry on operating in their areas of expertise with the panel's support and co-ordination. ■

BUSINESS FEATURE From mine worker to head of two powerful institutions

All for one, one for all - Prof Nkuhlu

Sowetan 4/12/92

By Mzimkulu Malunga

DEVELOPMENTAL institutions should work together to co-ordinate upliftment programmes for all South Africans, says Professor Wiseman Nkuhlu.

When he takes over next year as chief executive of the Independent Development Trust and chairman of the Development Bank of Southern Africa, Nkuhlu said he would nurture a closer co-operation between the two institutions.

"The country needs both a bank which supports development through interest-bearing loans as well as a grant-making mechanism aimed at achieving the best upliftment impact.

"It is important that the two programmes be co-ordinated and my appointment is going to enable me to foster this type of co-operation," he said.

It was imperative that during this transitional period black people should be aware that organisations such as IDT and DBSA controlled the national resources which belonged to all South Africans, Nkuhlu argued.

Both institutions had the stigma of being a creation of an apartheid government, but the greater emphasis should now be put on making them accountable.

Progressive movement

"For this to be achieved, people associated with the progressive movement have to be involved in the management of both IDT and DBSA," he said.

Had it not been due to the gains made by the broad liberation movement in this country, his appointment to such influential portfolios could not have been possible.

While many were having sleepless nights about whether the future government will meet the expectations of the masses, Nkuhlu said he was not troubled.

A democratically elected government would be in a position to initiate projects that would cultivate hope at grassroots level.

"If the government succeeds in doing this, the people will have the patience to wait because the realisation of their expectations will take many years," he added.

"I have faith in the wisdom of ordinary people, provided you tell them the truth about what is possible in the short and medium term.

"The danger will only be if politicians fan the expectations themselves," said the former principal of the University of Transkei.

However, Nkuhlu warned that there was a danger of over concentration on constitutional issues once an interim government was in place, hence pushing economic matters to the back seat.

He called on all people and the development institutions to play a vanguard role in ensuring that upliftment programmes were not thrown into the backyard.

On the role of the International Monetary Fund and World Bank in a future South Africa, Nkuhlu said much as the two were needed to support developmental projects, the country should develop a mechanism of co-ordinating and managing their involvement.

Nkuhlu, who is also president of the Black Management Forum, studied accounting while a student at Fort Hare University when he discovered that the were no qualified black accountants.

His first love had always been economics. "My heroes were Kwame Nkrumah (the first president of Ghana), Tanzania's Julius Nyerere and other African freedom fighters. This stimulated my desire to work in Africa.

"By that time we saw the struggle in South Africa as intertwined with that of the rest of the continent and a lot of things were happening in Addis Ababa (the Ethiopian capital)," said the former mine worker.

Like many youths of his time, the 48-year-old Nkuhlu served a jail sentence on Robben Island for belonging to a banned organisation.

After qualifying as the first black chartered accountant in 1976, he went to Umtata where he opened an auditing firm.

At about the same time he established the department of accounting at the University of Transkei.

GLORIOUS GAINS Liberation movements made climb possible:

Later he did his Masters degree in Business Administration at the New York University in 1983.

In 1987 he was appointed principal and vice-chancellor of Unitra and last year was elected president of the BMF.

Among his many research papers on development was "Economic empowerment in sub-Saharan Africa during and after the colonial era" which he delivered in 1990.

Nkuhlu is married to Hazel Nondina and they have four children, three boys and a girl.

Two of his children are at high school, one at primary and the youngest at preschool.



Professor Wiseman Nkuhlu ... his first love has always been economics.

"The country needs both a bank which supports development through interest-bearing loans as well as a grant-making mechanism aimed at achieving the best upliftment impact. It is important that the two programmes be co-ordinated and my appointment is going to enable me to foster this type of co-operation"

Key land concessions hailed

W/Mail 18/12 - 22/12/92

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By FERIAL HAFFAJEE

IN an apparent move to clear the decks for constitutional talks, the government has made key land concessions and promised far-reaching reforms of its land commission next year.

This follows the recent appointment of Democratic Party luminary Professor Nic Olivier to the helm of the Advisory Commission on Land Affairs (Acla), also hailed as a vital move in beefing up a largely ineffectual body.

Olivier, former DP MP and the party's research director, recently took over as acting Acla chairman, after the retirement in October of Judge Tobias van Heerden.

"Olivier is on our side and we welcome his appointment," said a representative of the Transvaal Rural Action Committee this week. He was sure the new man would be confirmed as chairman next year, which "throws the balance on the commission in our favour".

Acla, hamstrung by the restrictive terms of reference given it by President FW de Klerk, has been branded a government ploy to avoid the land issue and stave off land restitution. The National Land Committee (NLC) recently threatened to occupy 38 contested areas in January after a year of fruitless talks with the commission.

Last week, Acla made far-reaching recommendations for the broadening of its powers, including a proposal that it be allowed to investigate all land claims, not only those relating to rural land.

And in other moves:

● President FW de Klerk decided that the Roosboom and Charlestown communities in the Kliprivier and Newcastle districts, removed under grand apartheid, would get their land back.

● The government decided that an Indian trader could claim property in the Pretoria city centre from which he was evicted in 1966, and that the commission could allocate 100 000ha of unoccupied state land for redistribution to those with historical claims.

The NLC welcomed the return of land to the Roosboom and Charlestown communities, recognising its precedent-setting potential: "We are hopeful this will mean that other communities claiming land are in line for a speedy process of restoration."

The decision also means that hundreds of Indian traders forced from city centres across the Transvaal may now lodge claims for property they lost.

But the concessions fall short of NLC demands and reveal a number of hurdles yet to be crossed for effective land negotiations.

The commission was unable to make a recommendation on the claim of the GaMampuru community, near Groblersdal, because they are not claiming state land — the only land which falls within the commission's jurisdiction.

Acla's secrecy clauses are also a problem: De Klerk did not make public his decision on contested farms near Queenstown, and he is not compelled to give reasons for his decision.

The NLC insists the state should identify all the public land available for reclamation, not merely the 100 000ha being claimed. This will "allay fears that land which could potentially be claimed is being secretly and speedily disposed of," says the organisation.

And Acla's proposals for increased powers still fall short of the main demand for the upgrading of the commission's powers, from merely advisory to executive.

Banks now wary about granting blacks bonds

By Joe Mdhlela Consumer Reporter

THE collapse of local authorities and alleged lawlessness in the townships has resulted in banks being cautious to grant mortgage loans in black areas.

This is the view of general manager of the SA Permanent Building Society Mr Denis Creighton.

However, Creighton said in an interview with *Sowetan* that the Perm was doing everything in its power to consult civic organisations to try and solve the many problems facing institutions helping black people to own property.

"We need to try and develop mechanisms that will encourage blacks to own property in the townships," Creighton said.

But issues negating this process included the endemic violence in black townships and the fact that the system of local authority had collapsed.

"We have to work hard to normalise the situation in the townships," he said.

Caution necessary

Creighton refuted claims there were bond boycotts in black townships, but admitted that the situation had deteriorated to a point where it was necessary to be cautious.

In general banks were granting few bonds to individuals in the townships.

Chief executive of Amalgamated Banks of South Africa Mr Archie Hurst said they would like to be of service to all people wanting to own homes, but there were serious problems which made granting loans difficult.

He cited the bond boycott suggested by certain civic organisations as an example and the threat of mass action.

"We are willing to do business with township dwellers but the problem is that the situation in these areas is far from normal." There were always risks when loans were made to people "but the risks in the townships are unacceptably high".

"We cannot follow legal provisions when genuine repossessions have to be made," he said.

Senior general manager of Saambou Mr Dawie Botha said his company did not consider skin colour when determining whether or not to grant a bond.

He said the criteria the company used was the market, credit worthiness and the location of the property bought.

"We have market segments to identify and this does not take into account colour or creed," said Botha.

He said black clientele accounted for 25 to 30 percent market share among blacks throughout the country.

As an illustration, Botha said of 69 properties sold in Soweto in August, 13 percent belonged to his company.

They were out to help but were selective and careful in granting loans.

The Urban Foundation's Rosie Gordon said the banking institutions were engaged in "a difficult lending market" which made it hard for the banks to access finance to people wishing to own homes.

She said this was in part due to the political instability in the country.

"What is necessary is for the institutions and civic bodies to work together and look at mechanisms that would address these problems," said Gordon.

She said it had become difficult to repossess and resell houses in certain black townships.

"Because of these reasons and the fact there is political instability in these areas, the financial institutions are reluctant to grant loans," she said.

A senior executive of a construction company who wanted to remain anonymous said most banks discriminated against blacks under the guise that townships were "no-go areas".

He said this attitude was not acceptable to his company and had actually contributed to the depressed state of the economy.

"When you stop building in the townships you are not only denying people the right to own their own homes. You are in fact contributing to the creation of a recessionary gap responsible for the massive unemployment the country is currently experiencing."

"This state of affairs is not acceptable and the Government and the Reserve Bank must take up issues with the banks to correct this trend," he said.

He said relevant civic bodies would certainly have a case against the banks in a court of law.

The president of the South African National Civic Organisation, Mr Moses Mayekiso, said the banks perceived the situation in black townships as being volatile. Unemployment and the recession were contributing to this perception.

However, Mayekiso said they had made it clear to the banks that their refusal to grant bonds to blacks was unacceptable.

Mayekiso said he was greatly encouraged by the co-operation his organisation had received from the Perm.

■ OWNING PROPERTY

Everything is being done to ensure that people will be able to buy their own homes:

"When you stop building in the townships you are not only denying people the right to own their own homes. You are in fact contributing to the creation of a recessionary gap responsible for the massive unemployment the country is currently experiencing"



Housing is becoming out of the reach of many people.

Bonds gone

Reason for refusing to grant bonds: collapse of local authority, endemic violence and political uncertainty.
Environment in black townships has deteriorated.
Perm praised for their enlightened policy.
Perm not aware of any bond boycott.
President of Sanco, Moses Mayekiso, encourages banks to grant bonds to blacks.
Mayekiso denies his organisation ever encouraged bond boycotts.



Govt invites opinion on urbanisation

THEO RAWANA

SOUTH Africans are being invited to participate in government's new urbanisation strategy and the search for a successful urbanisation process.

Regional and Land Affairs Department physical planning and urbanisation chief director Pieter Rossouw said yesterday practical suggestions were needed on the "implementation and management of a process of consultation" on urbanisation.

A new strategy could not be formulated unilaterally, he said.

Government was committed to negotiation and had accepted the proposal by the President's Council for consultation with all interested parties, Rossouw said.

He appealed to interested parties to provide him with their views before February 28.

"In the interests of successful urbanisation it is vital that regional and local authorities, the private sector, non-governmental organisations, interest groups and the public contribute, Rossouw said.

"In the process of rapid urbanisation it is the responsibility of government to accommodate the needs and aspirations of the people, while considering the rights of settled communities," he said.