URBAN AFRICANS – GENERAL

1993

'Blacks still battle to get bank loans'

339 KATHRYN STRACHAN

FINANCIAL institutions are still reluctant to give loans to black borrowers, and there is little hope of the gulf between banks and black investors being bridged in the near future, says National Stokvel Association of SA president Andrew Lukhele.

Lukhele, quoted in an article in the recently published Portfolio of Black Business 1993, said most financial institutions had often accepted black savings, but until recently had refused to give home or business loans to aspirant black borrowers.

Apart from being unjust, this had severely hampered the development of black business, he said. B/DAY 4/1/93.

Lukhele is leading a campaign to combine the cash clout of stokvels with the sophistication of the stock market to create a basis for improving the climate for home loans for blacks.

Lukhele's idea is for stokvels, which have a default rate of less than 1%, to invest in guaranteed unit trust schemes and for the savings to stand as collateral against loans for housing or business needs.

Lukhele's is not the first attempt to bring informal black savings into the fold of established banking.

After a 1984 survey, which showed that most black savings were being channeled into stokvels, the Perm introduced "club" accounts as a vehicle for stokvel money. After a slow start, the Perm last year registered 85 000 stokvel accounts.

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Loans B/DAY 4/1/93

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But the stokvels' essential problem remained unsolved. Their members still did not meet the Perm's criteria for borrowing, said Lukhele. "Our members have put money in the bank, but they are still not regarded as being creditworthy."

A recent Markinor survey found that stokvels collected about R84m in 1991, up from R52m in 1989. Membership was up from 680 000 to 1,3-million.

The question now was whether a move from savings accounts to unit trusts would resolve the problem. Lukhele said part of the problem lay with the first-world mindset that had difficulty dealing with something as amorphous as a stokvel where the only contract was a handshake.

In the same article, Syfrets unit trust marketing division manager Kevin Hinton illustrates the difficulty in relating this type of ethic to the stringencies of formal investing. "The problem is that come year-end many stokvels dissolve and the money is used. Nothing is left to invest in unit trusts or anything else. Apart from that, building up collateral is fine, but the man who needs a house needs it now, not in 10 years' time," he says.

New approach to townships

WILSON ZWANE

A MAJOR project to build high-density housing for blacks outside townships is to be undertaken this year by FHA Homes, a company which has been in the forefront of township development.

The reluctance of financial institutions to grant mortgage finance to residents of many townships had prompted the company to broaden its area of operation, FHA CEO John Weaver said at the weekend.

Continuing unrest and threats of bond boycotts by civic organisations have been cited as the main reasons for the banks' reluctance to lend to township residents.

Weaver said the current state of the housing market, as well as the concentration of FHA's efforts in townships, were threatening the company's viability.

FHA has been involved in township housing since it was established by the Urban Foundation in 1983.

Weaver said the new initiative would have a two-pronged approach:

- Developing high-density residential accommodation, such as apartment blocks, on land between townships and places of major job opportunities; and
- Converting under-utilised buildings in city centres, such as office blocks and hotels, into residential buildings.

Weaver said although properties became more expensive as one moved closer to towns, FHA would endeavour to develop units which would be priced below those in the cheapest white surburbs. This would attract people who wanted to leave the townships but could not afford properties in formerly white surburbs.

He said the new project would be pursued throughout the country, but no specific sites had yet been selected. It was too early to say how much money would be invested in the scheme.

He stressed that his company would still be building houses in the townships.

Banks are treading a fine red line

W/Mail 15/1 - 21/1/93

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By refusing mortgages in certain areas banks are missing the spirit of the new South Africa — and leaving themselves open to bond boycotts, argues South African National Civic Organisation president **MOSES MAYEKISO**

W/Mail 15/1 - 21/1/93

FOR white suburbanites and black township residents alike, the new year has brought bad tidings: last week's statement to *Business Day* by Council of South African Banks director general Tony Norton to the effect that banks "would be hesitant to give new loans for properties in Diepsloot in northern Johannesburg because of the uncertainty surrounding the controversial Zevenfontein squatters' relocation to the area".

Norton's confirmation of bank redlining signals that extensive discussions between the South African National Civic Organisation (Sanco) and the Association of Mortgage Lenders have failed to bring the bankers into the spirit of a non-racial South Africa.

The discussions began after our bond boycott call last July finally drew attention to township residents' complaints.

Now white homeowners victimised by the banks may better understand the sentiments in many disadvantaged communities, which began suffering banker withdrawal pains as early as three years ago.

The problem is not limited to Diepsloot, Bloubosrand (where the Zevenfontein community originally settled), or white areas surrounding Ivory Park in Midrand which banks still redline years after the township was established.

If something is not done, large parts of our metropolis will come under the banks' red pen as shack settlements are introduced by development agencies. Sanco's formal policy guidelines condemn the site-and-service shack schemes favoured by the Independent Development Trust, Urban Foundation, Transvaal Provincial Administration and other establishment agencies. Our position remains that decent housing is a human right.

After all, if northern suburbanites are upset when shacks pop up nearby, think how upsetting it is for seven million urban South Africans actually to live, and raise a family, in a shack.

The National Housing Forum must find ways to move beyond the current quagmire in which housing policy has been reduced to site, service and toilet policy.

A democratically determined housing policy is a necessary precondition to ending white homeowners's fears — but today, bankers should not wield power to cause an area's demise at their whim. Aside from their financial arbitrariness, there are crucial social considerations. Whether it is the northern suburbs, Hillbrow, or any black township, the effects of redlining are to fuel racist fears of integration and maintain divided cities.

Sanco believes that banks have for too long cemented apartheid geography with their lending policies, and it is now time for them to become part of the solution, rather than remain a large part of the problem. Our negotiations seek a common understanding of the banks' rights and responsibilities in home lending — and we reached such an understanding with the more enlightened officials of the Perm (no longer a potential mass action target).

But if Norton's position on Diepsloot is not re-evaluated, it may be necessary to toss out the carrot and begin to use a stick or two. Sanco legal advisers are currently drafting proposed legislation similar to the US Community Reinvestment Act which, once an interim government is in place, could compel banks to drop discriminatory policies.

The stakes are too high to let the redlining continue. Banks' policies today prevent people from selling homes in the same black areas where, in the late 1980s, they were enthusiastically granted loans. As a result there is no secondary sales market to speak of, and so banks are putting at risk the several billion rand they earlier sunk into townships. Moreover, now the future of an integrated residential property market for urban South Africa is also at risk.

Citizens across the political spectrum are getting fed up with the banks' record profits, which are derived from high transaction fees and low interest rates on our saving accounts, combined with high interest rates on several more billions of rands in loans to corrupt apartheid agencies and homelands.

And even Finance Minister Derek Keys and Reserve Bank Governor Chris Stals became fed up with the banks' capital flight, and had to call a halt to financing foreign expansion through the finrand. We hope other citizens' groups will join Sanco in developing a feasible and fair response to harmful banking practices such as redlining, so as to assure racial harmony and affordable housing for all.

Institutions 'hold back on loans'

Private sector housing plans 'bogged down'

B/DAY 15/11/93.

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GRETA STEYN

MAJOR private sector initiatives to tackle the housing crisis have failed to get off the ground, says a confidential discussion document prepared for the National Housing Forum.

The report, written by Mike Oelofse and Conrad van Gass of the Urban Foundation and Built Environment Support Group, was prepared for the forum's working group on finance and subsidies.

The forum declined to comment on the document, but a source said it would be used as a point of departure to set priorities. It emphasised that the private sector had a major role to play. While this role was not yet being fulfilled, the essential elements were in place to achieve this.

Quoting a banker, the report said only a very small portion had been committed of the R3,5bn pledged by financial institutions in 1989 for low-cost housing over a three-year period.

The report noted that for home loans below R43 000, the estimates of private sector involvement were "bleak" and indicated a "dearth of loan finance reaching low-income households". The Home Loan Guarantee Company (HLGC), set up more than two years ago to insure financial institutions against risk, had insured only 9 000 individual homes, with an estimated value of R300m.

"It is worth noting that the HLGC initiative was originally structured to facilitate the provision of R1bn in conventional mortgage finance from home loan institutions. This capacity should have ... been able to generate approximately 25 000 individual home loans," the report said.

Most major mortgage lenders had agreed in principle to participate in the loan guarantee initiative, but with the exception of the Perm, they were not contributing significantly to financing housing below R43 000.

The contractual savings industry had also displayed an insignificant level of involvement. The industry had explored innovative mechanisms to get involved in financing low-income housing such as the Group Credit Company, the Perm Salary-Linked Home Finance initiative, the Urban Foundation/Old Mutual initiative and the South National Superfund and Metal Industries Group Pension Fund. "These initiatives are not yet making a significant impact on the low-income housing market as a whole," the report said.

It was difficult to obtain figures for funds that pensions and life offices were channelling into socio-economic investment projects, specifically housing. However, anonymous industry estimates put the figure at about R2bn, or about 1% of total assets.

Private sector developers had also taken a "risk-averse" stance to IDT-subsidised homebuilding. Of all successful applications, only 9% had been from private sector developers.

The report noted that financial institutions saw the main factors constraining the supply of funds for low-income housing as a perceived or actual instability of the political environment and the general investment mood in the economy.

For banks, an added problem was the

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Housing

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administrative complexity of handling small loans (where the risks of default were also often perceived by lenders to be higher than for larger loans).

The report emphasises that the private sector could potentially play a major role in reducing the housing backlog, while state expenditure could be put to more productive use. "Arguments for increased public expenditure beg the question of how best to achieve this."

The research showed "beyond doubt" that a "vast" amount of funds could be mobilised by the non-government sector towards finance initiatives that would help the poor gain access to housing.

The report said the essential elements were in place, such as an in-principle willingness to invest funds, the instruments to raise finance and the institutions through which funds could be channelled to borrowers. New initiatives should be developed around these elements.

Vast sums to be spent on township homes

B/DAY 18/1/93.

STEPHEN COPLAN

HOME-owners in SA's black townships would spend an estimated R315m this year on improving their houses through upgrading and room additions, Lewellyn Lewis of the Building Research Strategy Consulting Unit said at the weekend.

The unit estimated this figure would quadruple in the next five years as the number of black home-owners increased, because upgrading went hand in hand with home-ownership, Lewis said.

The estimates were based on a telephonic survey conducted by the unit of 500 households with electricity, water and a range of electrical appliances.

Over the past seven years 400 000 new home-owners had been added to the township pool. The increase in homes stimulated a natural growth in improvements.

These took the form of bedroom, bathroom or garage additions and upgrading or beautification schemes such as replastering, painting inside and outside the home, and reroofing. Painting was the major activity, Lewis added.

(339)

The interiors of homes were improved through built-in kitchens and bathroom fixtures and baths.

Home-owners did 65% of these improvements themselves, employing casual labour. The remaining 35% was the work of small township contractors. Most of the material and interior improvement fittings were bought outside townships.

Lewis said the relatively cheap price of township homes justified the extra expenditure on upgrading.

BoE and Stokvels look at trust plan for home loans

STAR 21/1/93. (339)

By Tom Hood

CAPE TOWN — A deal to channel millions of rands into black housing is being negotiated by The Board of Executors and the National Stokvels Association.

The association collects about R80 million a month from members and the Board of Executors is trying to develop a special unit trust, which would tap this income to provide collateral for home loans.

Board of Executors managing director Bill McAdam has confirmed that negotiations are going on and says both parties have agreed not to make any further statements until a deal is clinched.

If the plan goes ahead, savings from township residents could be ploughed back into black housing by providing home loans.

Most banks and building societies pulled out of the black housing market after losing millions through unrest damage and loss of repayments.

Bank will help finance low-cost housing

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By Sven Lünsche

A new "community bank" to provide housing finance for the less priviliged communities has been set up with assistance from the Independent Development Trust (IDT). STAR 22/1/93

The Metropolitan Housing Finance Co-op (MetCo) was launched this week with initial support from a R25 million loan from the IDT's Finance Corporation.

MetCo director Ben Pieters, previously general manager of the retail lending arm of the SA Housing Trust, said the bank had been established under the provisions of the Co-operatives Act.

The IDT funds would be used to provide personal and housing loans — from as little as R250 repayable over six months to a maximum of R10 000 repayable over three years.

The initiative followed discussions between black leaders concerned at the slow pace of progress in the provision of affordable housing and various experts in the development and finance field.

At the launch of MetCo several community leaders signed the statute to establish the new bank.

MetCo also has the support of the Community Bank Project's Bob Tucker, former managing director of the SA Perm, whose initiative in the field of community banking is expected to result in more institutions such as Metco backed by the necessary legislation.

New bank to help underprivileged

PETER GALLI

THE IDT would help to start up a small bank, the Metropolitan Housing Finance Co-operative (MetCo), with a R25m loan, it was announced yesterday. (339)

MetCo would provide personal and housing loans to underprivileged communities.

MetCo director Ben Pieters said the bank had recently been endorsed by black community leaders and businessmen.

The name would be registered in terms of the Co-operatives Act within the next few weeks, he said. "A co-operative offers the most meaningful way of attaining the legal stature of a savings and loans institution outside the ambit of the Deposit-Taking Institutions Act."

MetCo would initially be supported by the IDT loan. The money would be used to provide personal and housing loans, ranging from R250 to R10 000. A capital equity structure would also be used whereby each MetCo member would buy shares — thus creating an additional source of capital.

By agreement with the Registrar of Deposit-Taking Institutions, MetCo initially would trade only as a retail lending co-operative, he said. B/Day 22/1/93

IDT special projects director Jannie Kitshoff said, depending on its success, MetCo could be developed into a full-scale community bank in the future.

SHARON WOOD reports Community Bank Project spokesman Bob Tucker supported the new venture, and said such projects were needed to improve access by the broader population to financial resources.

He said MetCo would be on a smaller scale than the planned Community Bank, which would be a national community bank. A feasibility study on the latter was being studied by the formal banks, who were expected to play a role in its creation.

LOW-COST HOUSING

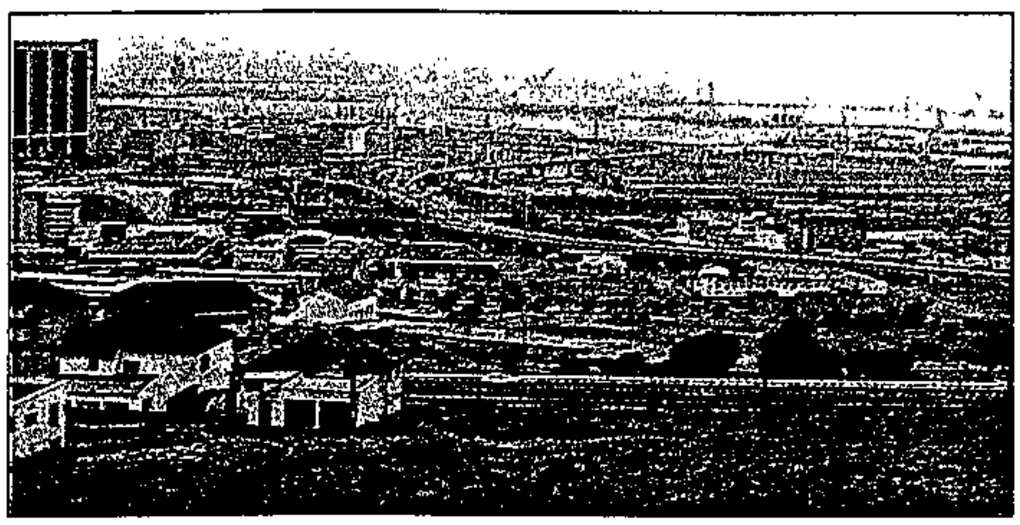
FM 4/6/93.

Can Cape Town meet the demand?

A lack of funds and co-ordination is still hampering efforts to end the western Cape's low-cost housing backlog. Cape Town City Council has 42 000 coloured families waiting for housing and is allocating to people who have been on the waiting list for 10 years or longer, says housing committee chairman Neil Ross. Other estimates put the shortage in metropolitan Cape Town at about 65 000.

The council has only enough funds to build 1 000 houses this year. Ross says it used to build 6 000 a year. It provides low-cost housing to people who earn up to R1 200/month.

A R500m initiative by the Cape provincial administration, civic organisations and local authorities was announced this year. The project involves setting aside 950 ha for 36 000 sites in Philippi and Delft south-east of the city. The aim is to house squatters, hostel residents and people now living in the back yards of Cape Flats townships.



District Six ... *housing plan progressing well*

But, apart from R93m allocated to the project this financial year, most of the money must still be found.

Executive committee member in charge of community services Dawie le Roux hopes for financing help from the Development Bank of Southern Africa, the Independent Development Trust, Western Cape Regional Services Council and the private sector.

Last week the House of Representatives allocated R105m for low-cost housing in the western Cape, Boland and the Cape west coast. Most of the money will go the city council and the regional services council.

But Ross says lack of co-ordination on housing is undermining efforts to resolve the problems.

He says the composition of the National Housing Forum is not conducive to a proper co-ordinated approach. It excludes local government representatives who can contribute their expertise in low-cost housing.

He believes a local forum to solve problems in the western Cape is the next logical step. However, such a body would serve little purpose without a single housing authority and a coherent State housing policy.

For example, says Ross, black people who arrive in Cape Town can get sites in Khayelitsha almost right away, whereas coloureds on the waiting list might have to wait 10 years.

The outlook for middle- and lower-middle income families in Cape Town has improved slightly after recent progress on three initiatives. They are:

- A preliminary report by council officials on the future of the Culemborg-Black River area (*Property* May 28). They identified it as an important magnet to draw lower-middle income residents back to the city;
- The prospect of a lower-middle income housing development getting under way in District Six by year-end (*Current Affairs* May 28); and
- Cape Town's bid for the 2004 Olympic Games which could spur the provision of 100 000 or more homes within 10 years.

The Culemborg-Black River initiative embraces 300 ha of under-used land near the city. Council planners say the area's future must be seen in the context of the need to provide affordable housing closer to jobs. They point out that the lowest cost for a conventional house, including services, in greater Cape Town is R47 000.

But the high cost of land in Culemborg-Black River discourages its use for housing. Based on 25% of disposable income going to housing, it is estimated that only about 9% of coloured and black families in Cape Town could afford unsubsidised conventional housing.

The redevelopment of District Six will be undertaken by a community land trust and a nonprofit company.

Though the aim will probably be to provide about 25 000 high-density, low-rise units for low-income families, the minimum cost of housing in the area is still likely to be R50 000-plus due partly to high land and service costs.

The Olympic Games plan is the most ambitious tackled by the city. If successful, the housing spin-off could be about 30 000 units from the Olympic village complex plus as many as 70 000 more in developments related to the Games.

Though the proposed site of the Olympic village has not been officially disclosed, local press reports have indicated that it will be near the old Wingfield military base just north of the city.

The 350 ha site is considered to be ideal for a big housing development. It offers good access to the city centre and industrial areas to the east and west. ■

LUXURY HOMES

FM 4/6/93.

Neither love nor money

The empty nest syndrome, coupled with a growing demand for the security and convenience townhouse living affords, could be turning large luxury homes on Durban's Berea into an anachronism.

There's no doubt that the ridge above Durban — including Glenwood, Berea, and Morningside — with its panoramic views of the harbour and the Indian Ocean, is one of the city's premier residential locations. However, there are signs that, following the national trend, large properties in this area at the top end of the price range are not in as much demand as they used to be.

Berea has become a buyer's market. There are seldom more than four or five R1m-plus homes sold on the ridge each year but one estate agent estimates that there could be as many as 24 properties in this price range now up for sale. He believes some of the slack could be taken up by foreign buyers.

Marc Lurie, who has just bought the Pam Golding Berea franchise, says that despite suggestions of a slump in residential sales because of politics, his organisation had a bumper month in April and was expecting May to be even better. Nevertheless, he concedes: "It's still a buyer's market with a preponderance of sellers. Sellers often have to accept substantially less than they're asking if they want to close a deal. We're seeing anything up to a 30% difference between list and selling prices."

Lurie notes there's also an emerging trend of owners of large properties buying down. "People are selling R1m-plus homes to move into more secure flats and townhouses. Though this may be healthy for the townhouse market, it is creating a bit of a vacuum at the top end of the property market. There is a need to stimulate interest in the higher-priced, larger properties," he says.

He estimates there are about 25 properties each worth more than R1m for sale on the Berea — a large number for a small area. "The trouble is that buyers in that price range are few and far between," he says.

JHI residential director and Berea manager Peter Lowe agrees, adding that a number of expensive properties have come on to the market recently. "I don't know whether

Police seek to excavate site of alleged mass grave for detainees

Star 26/11/93

A FORMER municipal policeman yesterday confessed to the murder and torture of several politicised detainees in police custody, and identified the site of a mass grave near Rustenburg.

Police raids last night in Bophuthatswana, but late last night permission to excavate was still negotiated by authorities from the Bophuthatswana authorities, part of a trust area inside Bophuthatswana.

Police spokesman Col Johan Mostert said if the allegations were true, the site, on a farm between Rustenburg and Swartruggens, could contain 20 bodies.

The SAP yesterday appointed two generals — Piet du Toit and "Krappies" Engelbrecht — to investigate the allegations made by Johnny Mokaleng and published in the Sowetan. Mokaleng, a detainee who went missing in 1988, was buried on the farm where several detainees were assaulted and tortured in the same year.

Bopape was declared dead in 1988 and police said the escaped from custody while in handcuffs and leg chains, on the night of June 11. There has, however, been widespread speculation that he was killed.

Mokaleng confessed to a magistrate in Rustenburg yesterday, implicating several other policemen who had served at Welverdient.

Mostert said he had been escorted to the farm by Mokaleng and two other policemen who had served at Swartruggens, who had been involved in the murders. By late yesterday Mokaleng had not been charged with any crime.

LOYD COUTTS

From the police last year for being a bad debtor. He is bringing an action against the police for his dismissal.

The ANC called yesterday for the immediate establishment of an independent commission to probe the former police-man indicated the former policeman said details provided by the said a systematic policy of torture, eliminated graves and mass burials in unmarked graves.

"This injurious chapter in the history of repression must be thoroughly exposed, and all missing activists accounted for."

● Comment: Page 6

LOYD COUTTS

Police launched a massive exercise — including the use of President F W de Klerk's helicopter — to exhume any bodies from the site. Overhead lights and earth-moving equipment were moved to the scene. "We will not stop to rest until this investigation is complete," Mostert said.

He said the police believed and buried by policemen were part of a propaganda on-slaught. "But ... it could be true — and we could be sitting on something too terrible to contemplate."

Mokaleng was reportedly discharged

19 000 loans total R30m

PETER GALLI

THE Get Ahead Foundation will allocate about 19 000 loans with a value of R30m in the 1992/93 financial year, says chairman Don MacRobert.

"This will hopefully help create between 15 000 and 20 000 much-needed jobs at this level," he said yesterday.

The business development organisation is funded by 14 foreign governments, a host of multinational corporations, foreign foundations and an ever-growing number of local businesses like JCI, Gencor, Anglo American, Sanlam and Iscor.

The money is channelled into three divisions: the microenterprise or stokvel loan division that assists in establishing small businesses; the capacity building division that assists new developing communities to help themselves, and the home loans division.

"We operate in 22 areas, and in five of these we have had a recovery rate of 100% since inception. Our general recovery rate exceeds 90% ..," he said.

1 000 000 homes deposit free!

Cpress 31/1/93 (339)

By DESMOND BLOW

The government has officially approved an Old Mutual/Urban Foundation housing scheme that will enable more than a million families to build homes costing up to R45 000 without paying any deposit.

The initiative was formulated by the Old Mutual/Urban Foundation more than two years ago, but although approved by the government it was only gazetted around last Christmas and will be effective from this month.

It is expected that more than R4-billion – about five percent of all savings in pension and provident funds – will be available to fund the deposits for low-cost housing.

Home-owners will also be able to obtain the government subsidy for first-time home-owners for the first seven years of the bond.

The subsidy pays one-third of the interest on the first five years of the bond.

However, township developers will have to find means to build decent homes for a maximum of R45 000.

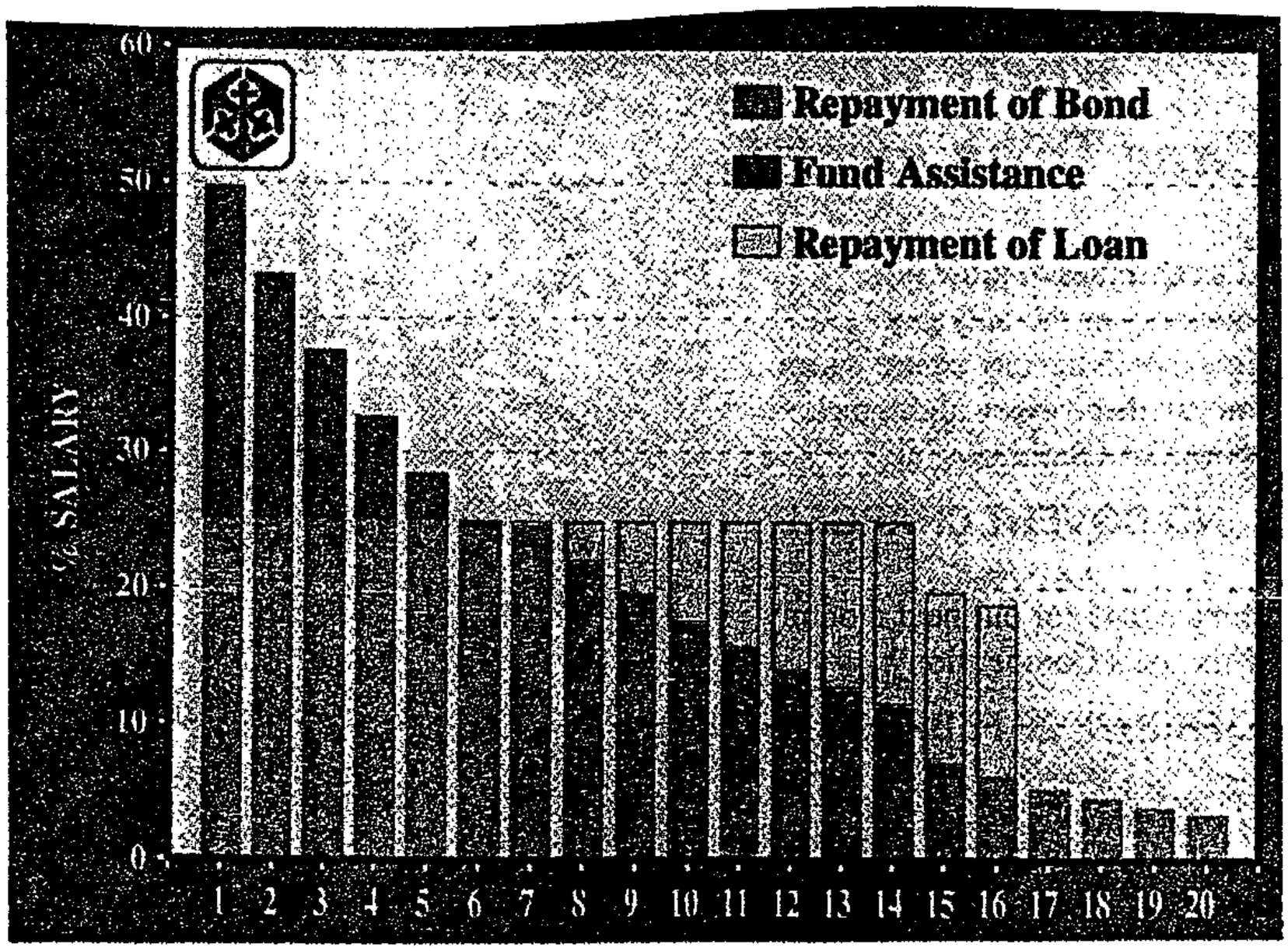
Old Mutual say they alone have 400 000 "underprivileged" contributors to pension and provident funds and that the four big insurance companies together have more than one million contributors who will be eligible for the scheme immediately.

These are people who are fully employed and have contributed to a fund for at least three years.

A spokesman said: "They are in effect borrowing back their own money. Financial institutions are loath to lend money to people who cannot put down 20 percent deposit and whose repayments are more than 25 percent of their salaries, and many people find it impossible to save up the 20 percent deposit.

"This scheme protects everyone and the financial institutions will have no excuse for red-lining any properties.

The owner can transfer the scheme to a new pension fund should he change jobs, and should he default and the house is sold he will be entitled to any profit.



This graph illustrates how borrowing from pension fund capital eases the burden of repaying a home loan.

New way to finance a house

SOWETO 6/2 - 10/2/93. (339)

AN INGENIOUS scheme which uses pension fund capital to finance housing was announced by Old Mutual last week.

The scheme is intended to reduce the present housing backlog by making it easier for wage earners to become homeowners.

Buyers participating in the scheme are able to borrow pension fund money to subsidise their bond repayments for the first five years of home ownership. This will keep their monthly repayment down to 25 percent of their salary.

Thereafter, the bond repayments fall below 25 percent of the buyer's salary. However, the buyer will continue to spend the same amount each month. The money which is not owed in bond repayments will be used to repay the pension fund.

Old Mutual assistant general manager Mr Henk Beets said by keeping monthly payments down to 25 percent of the buyer's salary, the scheme would make home ownership more affordable than before.

The scheme spreads the burden of repayment over a longer period than normal, and levels the high cost of the first few years of bond repayments.

The repayments will be structured in such a way that they will have been paid in full by the time the homeowner retires. With the retirement fund restored to its original level, the homeowner will not lose out on any pension benefits.

The scheme is in line with the Mouton Commission's recommendation that a single vehicle be used for provident funds and the provision of housing, Beets said.

The scheme was intended to offset the acute housing crisis.

Beets said the larger South African cities are typical of the "exploding cities" of the Third World. To house even half of the people who are presently homeless by the year 2 000 would involve building nearly 200 000 housing units a year.

The cost would be R43 billion for housing, which excludes the cost of roads, water supply, electricity network and other services.

One way of helping to meet these costs is to make it easier for people to buy their own homes.

DEPOSIT FREE HOMES!

Suppl to C/Press 7/2/93 (339)

— More than R4-billion available

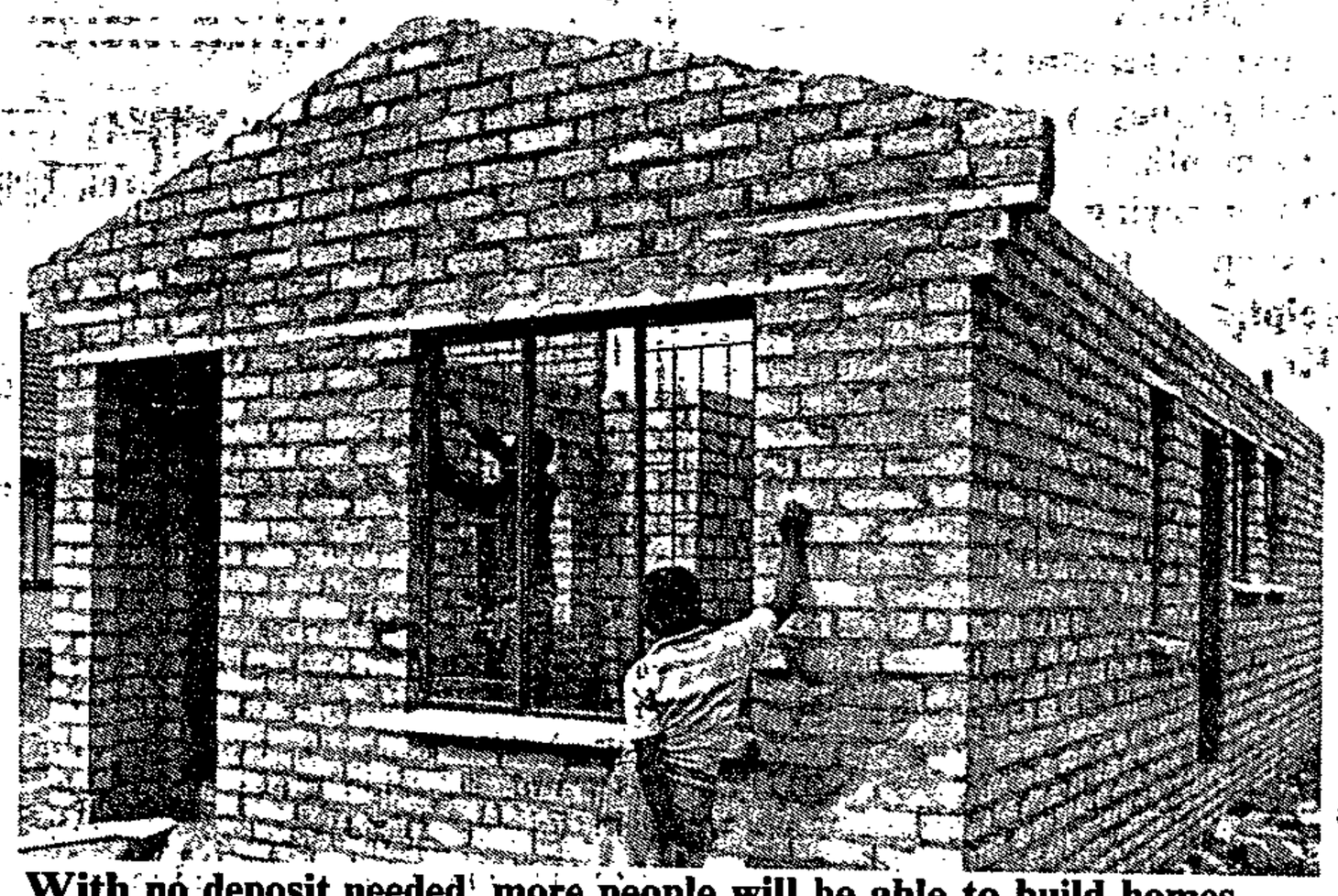
More than a million families will be able to build homes without paying a deposit. The government has approved an Old Mutual/Urban Foundation housing scheme.

The idea was put forward by the foundation more than two years ago. Although approved by the Government at the time, it will only become effective from this month.

It is expected that more than R4-billion will be available to fund the deposits for low-cost housing. This amounts to about five percent of all savings in pension and provident funds.

First time home-owners will be able to get a government subsidy. The subsidy pays one third of the interest on the first five years of the bond.

Township developers will have to find a way of building decent homes for a maximum of R45 000.



With no deposit needed, more people will be able to build homes.

Old Mutual say that the four big insurance companies together have more than one million contributors who will qualify for the scheme immediately. These are people who are fully employed and have contributed to a pension or provident fund for at least three years.

A spokesman said: "They are borrowing back their own money."

Financial institutions are unwilling to lend money to people for the following reasons: Many people cannot afford a 20 percent deposit. Their repayments would be more than 25 percent of their salary. It is difficult to save up enough money for a 20 percent deposit. The spokesman said: "This scheme protects everyone. The financial institutions will have no excuse for **red-lining** any properties."

The owner will also be able to transfer the scheme to a new pension fund if he changes jobs. If he cannot make his payments and the house is sold, he will be entitled to any profit.

DICTIONARY

Financial institutions: banks or companies who deal with money.

Red-lining: no loans are granted for housing in certain areas.

The black housing crisis has reached endemnic proportions in South Africa.

Crisis in black housing

Sowetan 8/2/93 339

By Joshua Raboroko

APARTHEID ERA At least 200 000 units needed a year to overcome shortage by 2010:

THE BLACK HOUSING CRISIS IN SOUTH Africa has reached endemic proportions.

According to a newsletter produced by the National Housing Forum, at least 200 000 units must be provided each year if we are to overcome the shortage by 2010.

On the Witwatersrand alone tens of thousands of black people still live in single sex hostels for up to 11 months a year, "a relic of the apartheid era which now exacts a deadly cost".

Millions of ordinary South Africans live in so-called informal settlements, usually without basic services.

For many blacks the option is to ask for loans from financial institutions. But a heavy hammer has fallen on prospective home buyers.

Major banks and building societies are reluctant to enter the black township property market as a result of bond boycotts, the risk factor, unrest, violence and unemployment.

Some of the players involved in black housing are Amalgamated Banks of South Africa, Standard Bank, Nedcor's Perm, First National Bank, the Urban Foundation-managed Loan Guarantee Initiative and the Independent Development Trust.

These institutions maintain that they cannot grant any loans in black areas until their policies have changed. They argue that while the present political and economic climate in various parts of the country has made mortgage lending difficult and in some cases impossible, they are monitoring developments closely.

Absa's United Bank executive Mr Mike de Blanche said: "As a point of departure, we believe that the provision of adequate, affordable housing is of paramount importance to the future welfare and stability of our nation.

Affordable housing

"All the players with an interest in black housing need to focus on ways and means of putting people into the types of shelter or housing they can afford.

"We have to find a way to unbundle and depoliticise the relevant issues to avoid playing political football with the interest of those we are supposed to be helping.

"United Bank is eager to resume normal lending and, like other financial institutions, has vested interest in the normalisation of mortgage lending in the township market and developing black areas."

He said the bank was keen to provide mortgage finance to all sectors of the community, provided the property over which the bond was granted offered adequate security and the borrower had the ability to repay the monthly instalments on the bond.

No home finance

The evidence points to a marked lack of home finance for black townships. Absa is not the only financial institution reluctant to lend.

Standard Bank divisional home loans general manager Mr Duncan Reekie said their general approach to the granting of any home loan was that the customer should have a clear credit record and the required income to repay the loan requested.

So-called "red lining" occurred where properties in certain areas were found by banks not to offer security and sufficient value. Changes in the condition, nature and structure of the building, amenities, services and development plans created uncertainty as evinced by the decline in the market value of the properties, with the potential for further such declines.

The director general of the newly created Council of South African Banks, Mr Tony Norton, said most banks could not continue to lend money in areas where there was "a high risk factor".

Prefab housing gains status as an affordable alternative

B/Day 10/2/93 (339)

ANDREW KRUMM

THE stigma attached to prefabricated housing in SA is disappearing as the range of quality products on the market increases and affordability becomes paramount, says CA Brand Housing CE Alan Young.

Launching a model prefabricated home — selling for R39 000 — in Bryanston, Young said perceptions were changing as the aesthetic differences between prefabricated buildings and brick and mortar were eliminated.

"As brick and mortar houses cost up to 30% more than a prefab house of similar size, lower levels of discretionary income make prefabricated housing an affordable alternative."

About 95% of CA Brand Housing's target market, consisting of young lower- to middle-income families, liked the product and the savings it would generate. However, those of 45 years and older "cannot believe that people pay for a house like this".

The 42m² two-bedroomed showhouse, built in seven days, had the outward appearance of face brick. Its walls were made of polymer concrete, with a life expectancy 40 years beyond that of face brick.

"With this system we can build anything from a R26 000 basic house — in which a number of companies and trade unions have shown interest — to a double-storey 400m² home."

Young said low-cost prefabricated housing was here to stay. It was cheaper and had virtually no maintenance costs.

"We are the only country in the world who believe that mass housing can be supplied with brick and mortar. The rest of the world discovered 20 years ago that this is not possible."

HOUSING COMPLETIONS
JANUARY TO MAY 1992
HOUSES

	No.	R/m²	Avg m²	Avg cost*
Whites	6 240	R762	182	R138 613
Coloureds	1 958	R518	65	R 33 661
Indians	685	R617	136	R 83 882
Blacks	2 617	R621	58	R 36 290
Total	11 500	R718	131	R 94 198
< 81 m²	3 485	R587	56	R 33 011

*Building only
Source: CSS
Calculations by Real Estate Surveys

The latest Rode Report echoed this view, stating that SA was not addressing its housing need where it mattered most.

"Of the 11 500 houses built from January to May 1992 only 2 617 or 23% were for blacks, 1 958 for coloureds and 685 for Indians, while only 30% of the houses were smaller than 81m²," it said.

The average cost of homes, excluding land, was R138 613 for whites, R83 882 for Indians, R33 661 for coloureds and R36 290 for blacks.

Official statistics confirmed that the promising growth last year in single residential house starts had been aborted. "We are now back to the low reached at the end of 1990 and the main reason for this is the non-performance of the sector that delivers low-cost houses for blacks," editor Erwin Rode said.

Grassroots input is crucial to good city management

B/Day 10/2/93. (339)

There are many lessons in urban management we can learn from the rest of the world, says the Urban Foundation.

LARGE and growing cities have clearly been a prominent feature of countries in the developing world in the past, and will undoubtedly become an even more important factor in the future.

Initially, many countries, when faced by expanding cities, attempted to halt their growth using spatial control strategies. These policies proved largely unsuccessful, and have mostly been replaced as countries realised the importance of managing expanding cities.

Traditionally, urban planning in most developing countries mainly involved "master planning" which, in essence, entailed producing a plan of how a city might look at some point (normally 20 years) in the future.

But often the plan's main objective was to limit urban growth. And because most developing world cities have only a small pool of planning skills, preparing master plans was often the responsibility of a central government ministry. Producing a plan usually took several years, and the authorities then often took even longer deciding whether it should be approved, revised or rejected.

Almost inevitably, by the time a master plan was approved, the size and layout of the city had already changed considerably. And the city authorities which had called for the plan were frequently no longer in power by the time it was completed, and it was left to a new city government to implement.

There is growing concern internationally that urban planners and managers should transcend the outmoded practices of master planning. Urban planning should move away from the traditional role of prevention and control and instead promote and guide urban economic development; and beyond the outmoded role of master planning are several new roles for planners and city managers, at the base of which is the need to adapt to specific local conditions.

The institutions through which cities in the developing world are planned and managed are also being transformed. In the past a typical response was to create a separate city authority or agency to focus on each urban problem area, such as services, water provision, refuse removal, or housing and shelter. But as the problems of co-ordinating the activities of such a wide range of agencies grew, the need for a new approach emerged.

The new "multisectoral" approach to city management involved establishing development authorities or special metropolitan governments to address all major problems across a city. In the '60s, such development authorities were created in Calcutta, Manila, Karachi and Colombo, and metropolitan governments in Jakarta and Bangkok.

Over time, however, these authorities experienced difficulties in tackling the full range of urban problems adequately in all parts of the metropolis. Moreover, because they were very centralised and often undermined local governments, they reduced the access that people had to citywide decision-making.

In the '90s there are three broad positions about what kinds of institutions and processes can best manage a city:

- Citywide administrative systems, including city councils, parastatals, and urban development corporations — similar to the multisectoral metropolitan authorities — are the most appropriate institutions for urban management. While they have generally performed poorly, it is argued they would perform better if they were adequately strengthened;
- Many city administrations and development authorities are often unresponsive to the needs of city dwellers, especially the poor. Promoting the organisation of neighbourhoods, and self-help activities among their residents, is seen as a way for people to be involved in decision-making and improving their environment. However, it is important that community organisations are not simply co-opted by the city government — as occurred in Mexico City; and

Assessing how and how much the private sector should be involved in urban management essentially involves balancing efficiency and equity. Cases such as water supply in Ivory Coast cities and waste removal in Nigerian cities show that, while private service provision can be very efficient, when economic conditions worsen it is mainly the poorer urban dwellers who suffer from inadequate and unaffordable services. Some form of government intervention (direct or indirect) is usually needed to make sure the needs of the poorest people are met.

There is no magic formula for the best institutions to manage a city. But a mixture of these institutions seems most appropriate, with recognition of the weaknesses and strengths of each.

The most important starting point for managing cities successfully is for national decision-makers to get a sound policy framework in place. That policy should be sensitive to the effect of two different categories of politics — explicit spatial policies, such as those aimed at boosting the growth of specific cities; and implicit spatial policies, such as trade policies, which have a strong indirect effect on where economic activity is located in a country and on how cities grow.

It has proved very important to make sure that these two sets of policies do not contradict each other. Almost all national policies will have some effect on where and how urban development occurs but most important are trade and industrial incentive policies; a bias in sectoral priorities against rural areas; the impact of state regulations; and concentration of decision-making authorities in major urban centres.

In many developing countries, the indirect spatial effect of implicit policies are far stronger than what can be achieved through explicit policies, such as those which try to control migration or city growth.

A crucial component of a national urban policy is an appropriate strategy for managing the largest cities in a country. What emerges strikingly from the experiences of developing countries is the close link between the overall condition of a country's economy and its ability to deal successfully with the growth of particularly its largest cities.

Developing countries which have shown the best performance in managing urban growth — Hong Kong, Singapore, South Korea and Colombia (in the '70s and early '80s) — all experienced healthy economic growth rates. This suggests that the single best policy solution to assist in managing cities is to encourage high rates of national economic growth.

But, as Lagos shows, economic growth does not guarantee good urban management. Despite Nigeria's sudden injection of oil wealth in the '70s, the opportunity to improve its cities was squandered and Lagos remained a prime example of "urbanisation without development".

Ironically, while problems in cities are more difficult to handle when a country is experiencing an economic recession, this situation may provide a stimulus to create better programmes for urban management. When world copper prices collapsed in the '70s and Zambia faced considerable economic decline, policymakers in Lusaka were pressed to abandon the last remnants of colonial policies based on unrealistically high urban standards. Instead, they developed a far more pragmatic and ultimately effective policy based on more appropriate standards for housing and urban infrastructure.

The overall experience of developing countries suggests that effectively managing cities requires strategies at both the city levels and at the national level. The new roles and institutions for city managers should be part of a balanced set of national urban policies and a national vision for the cities.

This is an edited extract from Managing Urban Growth: The International Experience, published today by the Urban Foundation.

Star 10/2/93 (339)

Steer, don't fear, a megacity

The population explosion in Johannesburg and other South African cities and larger towns has until now been viewed as a headache. But studies by the Urban Foundation find better management could turn threatening chaos into the key to a faster economic tempo, reports MICHAEL CHESTER.

Megacity in the making . . . by definition, a megacity has a 4 million population, and Johannesburg is well on its way. Will it be orderly and prosperous, or creaking and chaotic?

DARK predictions until now have viewed the dramatic population explosion in our cities — Johannesburg in particular — as the fuse to a socio-economic time-bomb.

A relentless migration from rural areas has added to the nightmares of those forecasting nothing but mayhem.

All doom and gloom?

Not so, according to new studies by the Development Strategy and Policy Unit of the Urban Foundation.

Researchers from the unit have emerged from an exhaustive global review with the conclusion that the threat of chaos can be turned into the chance to start a chain reaction of economic miracles.

The worst error, they argue, as found out the hard way elsewhere around the world, was attempts to curb urban growth and halt rural-urban migration.

The vital key was an overall national policy that allowed and encouraged the new metropolitan giants to unleash their full potential as economic powerhouses — with key roles for not only city managers but also private institutions and communities themselves.

The first move should be to examine United Nations studies that show world-wide trends of rural populations being overshadowed by growing urban populations. Closer analysis shows significant variations in the pattern.

In countries listed as "developed" — leading industrial nations as found in West Europe, North America and Japan — the number of cities with populations of a million stood at 103 in 1980 and looks set to grow to 153 by the year 2025. The total of "megacities" with populations above four million would grow from 13 to 21.

Urbanisation was running far faster in countries listed as "developing" — in Africa, Asia and Latin America.

Projections showed cities with one-million populations were likely to mushroom from 119 in 1980 to as many as 486. And their megacities were on course to multiply from 22 to 114.

But was "expanding urbanisation" automatically such a dreadful problem — in South Africa and elsewhere?

On the contrary, argues the Urban Foundation. In fact, the trend towards larger and still growing cities should be made a national priority in harnessing the pace of economic growth.

The World Bank had estimated that growing cities would account for no less than 80 percent of the national economies of developing countries in the future.

"The performance of a city is now seen to be linked less to how fast it grows than to how effectively it is managed," say the researchers.

Investigations undertaken by the Urban Foundation and the Private Sector Council on Urbanisation had put under the microscope the case studies of how scores of countries and cities around the world have worked out specific policy themes — under both capitalist and socialist strategies.

They advise local decision-makers to consider the "best" and "worst" practices that have been followed elsewhere to find the ideal mixture.

It was crucial, though, to recognise the vital role that bigger and bigger cities could — with the correct management formula — become the major engines for national economic growth by serving as the key hubs of development.

The main targets should be improving the productivity of cities — and the alleviation of urban poverty.

"It involves important new roles for city managers and institutions and a new way of thinking about the city," says the research report.

"The key to managing urban growth successfully is to have a sound policy framework in place.

"This must include a coherent body of national urban policies consistent with policies for the country as a whole — and tied to the overall vision and goals of that society."

Once an overall national approach had been agreed, there were crucial roles to be played not only by city governments but also the private sector and communities themselves.

The report adds: "There is a common myth in some policy circles that large and growing cities are inevitably chaotic and disordered.

"But there is clear evidence from a number of international experiences that large cities can perform well.

"The economic future of a developing country lies in the productivity of its cities. This growing international consensus indicates that making cities more productive has become a necessity for developing countries in the 1990s."

But the researchers have brickbats as well as bouquets. "There are many international examples of cities where neglect, mismanagement and corruption have had disastrous consequences," they write.

A whole range of cities would be in close competition for the title of "the world's worst managed city" — among them Calcutta, Lagos, Teheran, Kinshasa and Rangoon.

In contrast, the research globe-trotters have found an extraordinary mix of strategies that have been used to crack problems of urban poverty. Among the successes:

Mauritius, which used to depend almost entirely on sugar crops and tourism to support a fragile economy, is now a major exporter of industrial products.

The key was the launch of special Export Processing Zones on the island — areas reserved for new business ventures that concentrated on overseas trade. Foreign investors had snatched at the incentives that were dangled. The number of export companies in operation had soared from nine to 570, boosting the number of jobs they offered from under 650 to 90 000 or more.

Hong Kong has based its vibrant economy on networks of small-scale firms and mini businesses to prove the potential clout of the informal sector in urban economic growth.

"Importantly," note the researchers, "the State did not simply tolerate the informal economy as a way for people to survive. Instead, it actively supported and promoted entrepreneurial ventures as a way of expanding the overall economy."

Colombia, in South America, turned urbanisation from a problem into an economic dynamo by using its construction sector to give a whole new kick-start to the economy when it launched into a massive housing programme. Almost a million jobs were created in four years.

"Colombia's capital city Bogota achieved spectacular improvements in living conditions," say the researchers. "Bogota has shown that a rapidly growing city can be effectively managed without collapsing into crisis and chaos.

"In Bogota, providing services and infrastructure was considered not only a social need but a basic requirement for economic growth and general stability."

East Asia has encouraged cities themselves to provide the food demands of growing urban populations.

In Manila, in the Philippines, home gardens have been cultivated everywhere. Balconies and rooftops have been turned into kitchen gardens and crops are growing everywhere — even on patches at roadsides.

Shanghai is among a number of cities on mainland China that now supplies all the vegetables needed — and a good share of grain and meat requirements.

South Korea has triggered numerous initiatives to help provide essential services to the poorest sections of urban populations. The Saemaul Umdong movement, first set in motion to encourage self-reliance in improving living conditions on farms, has now turned to the cities.

Bangkok has won world acclaim for a Magic Eyes campaign, which uses TV broadcasts to beam out cartoons and posters and jingles to teach children about litter problems and persuade them to take better care of their local environments. Litter has been reduced by a stunning 80 percent.

And Jamaica has spotted the key role of women in licking urbanisation problems.

The capital city, Kingston, started a Women's Construction Collective — and their first target was invasion of the male-dominated building industry. Basic training courses were devised in jobs such as masonry and carpentry.

More and more women are now being employed by contractors, who report that women workers have not only reduced violence among construction crews but also brought big increases in productivity. □

LOA plan could pump millions into low cost housing

(339)

STAR 17/2/93

Property Staff

Millions of rands could be made available for housing and other social needs through the initiative recently announced by the Life Offices Association.

The plan, to be managed by the Investment Development Trust of the LOA, is to tap funds held by the large insurance groups for ongoing investment in housing, health, education and infrastructure development.

Barry Adams, chairman of the trust, told delegates to a National Association of Home Builders (NAHB) meeting yesterday: "Reserves of insurance companies have traditionally been invested in commercial and industrial projects to ensure high returns for policy holders.

"A new strategy to invest in residential projects as well has now been introduced and millions could be made available for housing and other social needs".

Catalyst

The trust is to act as the catalyst for developers and entrepeneurs who will submit plans for proposed projects, filtering these to members of the LOA for investment action.

Adams emphasised that the approval criteria for developments would be security, labour intensivity and reasonable return for the LOA membership.

Meanwhile, there are high expectations within the home building community that millions more will earmarked for housing in the March budget.

The existing allocation is R3,6 billion and there is a strong possiblity that this could rise to about R5 billion, following representations to government by the Building Industries Federation (Bifsa) and its associates in the construction industry.

State funding

The Institute of Building (SAIB), whose 1200 members represent management in the industry, has now also associatied itself with the moves to have more State funding released for housing.

Johan Viljoen, a past president of the SAIB, says that until about nine months ago, it was assumed that the Independent Development Trust would channel state housing funds to where they were most needed.

However, he says, its efforts have been hampered by the political situation, violence and the difficulty of finding representatives to deal with in each area.

It has also had problems "selling" the idea of projects near existing housing estates, because the residents of these areas regard site and service schemes nearby as a danger to their investments.

Bifsa, the SAIB and the NAHB have now accepted that housing cannot always be a government responsibility but, says Viljoen, they believe it is the responsibility of the government to come up with ways to give private institutions — such as the members of the LOA — the confidence to invest in housing.

Houses built

An indication of the urgency of the situtation can be found in the fact that, while the National Housing Forum estimates that 200 000 houses a year are needed, only 25 500 were built in the first 11 months of last year.

According to the Central Statistical Service, this was 15 percent down on the corresponding period of 1991 and, of those houses built, only 40 percent were less than 81 sqm in size.

Boland Bank, in its latest economic review, points out that the real value of residential buildings completed during this period also fell, and that the average level of activity in the sector is now 10 percent lower than in three years ago.

What's more, non-residential building now accounts for approximately 42 percent of building activity, as opposed to an average of 33 percent in the years 1983 to 1990.

This, says the bank, is "directly contrary to the fact that the need in South Africa is for the construction of residential buildings".

Final stretch for De Loor housing report

B/DAY 24/2/93 (339)

ADRIAN HADLAND

PRETORIA — More than 3 500 political and development field leaders had now been consulted on the proposals of the De Loor report on housing policy in SA, a National Housing Department spokesman said yesterday.

The last of 44 information sessions since the report was presented to the SA Housing Trust in July last year would be held at the Free State Municipal Association next week, he said.

Among those consulted on the De Loor report were political parties, financial institutions, governmental and regional organisations, municipalities, the TBVC states and a number of housing and private sector organisations.

In his 400-page report completed in May last year, commission chairman Joop de Loor made recommendations concerning a future national housing policy and strategy for SA.

These included the creation of a new housing department, an investigation into over-protection and import tariffs in the building material supply market and the establishment of a national housing finance corporation.

New categories of people eligible for housing assistance were also mooted.

A further recommendation in the report was that wide consultations be carried out before any new policy was accepted or implemented.

This had formed the basis for inviting a wide spectrum of interested parties to comment on the report over the last seven months.

The spokesman said the comments made during the 44 information sessions had been passed on for consideration to the National Housing Forum as well as to the department.

If an amended version of the De Loor report was accepted as the basis for a new national housing policy in SA, several Acts of Parliament would have to be altered, he said.

'Dithering' leaders slated

PROPERTY Seller can achieve quicker sale

Making life easy for home buyers

Sowetan 26/2/93. (339)

DIFFICULT TIMES Innovative method delays transfer of property:

By Joe Mdhlela

THE increased difficulties which prospective home buyers are faced with in getting finance have made innovative sales packages necessary, Camdon group managing director Mr Scott McRae said this week.

Among these was the contract of sale.This method of sale delays the transfer of a property until the buyer can afford a full deposit.

McRae said this method should be considered in the present market.Both the buyer and seller would benefit from the contract of sale."The seller should achieve a higher price and a quicker sale than normal at a time of high interest rates, the terms of the sale making it easier for the buyer to finance the purchase.The buyer does not have to pay the full deposit. The difference is deferred," he said.

McRae said under this law the seller was protected."He may repossess by default and retain any monies paid."

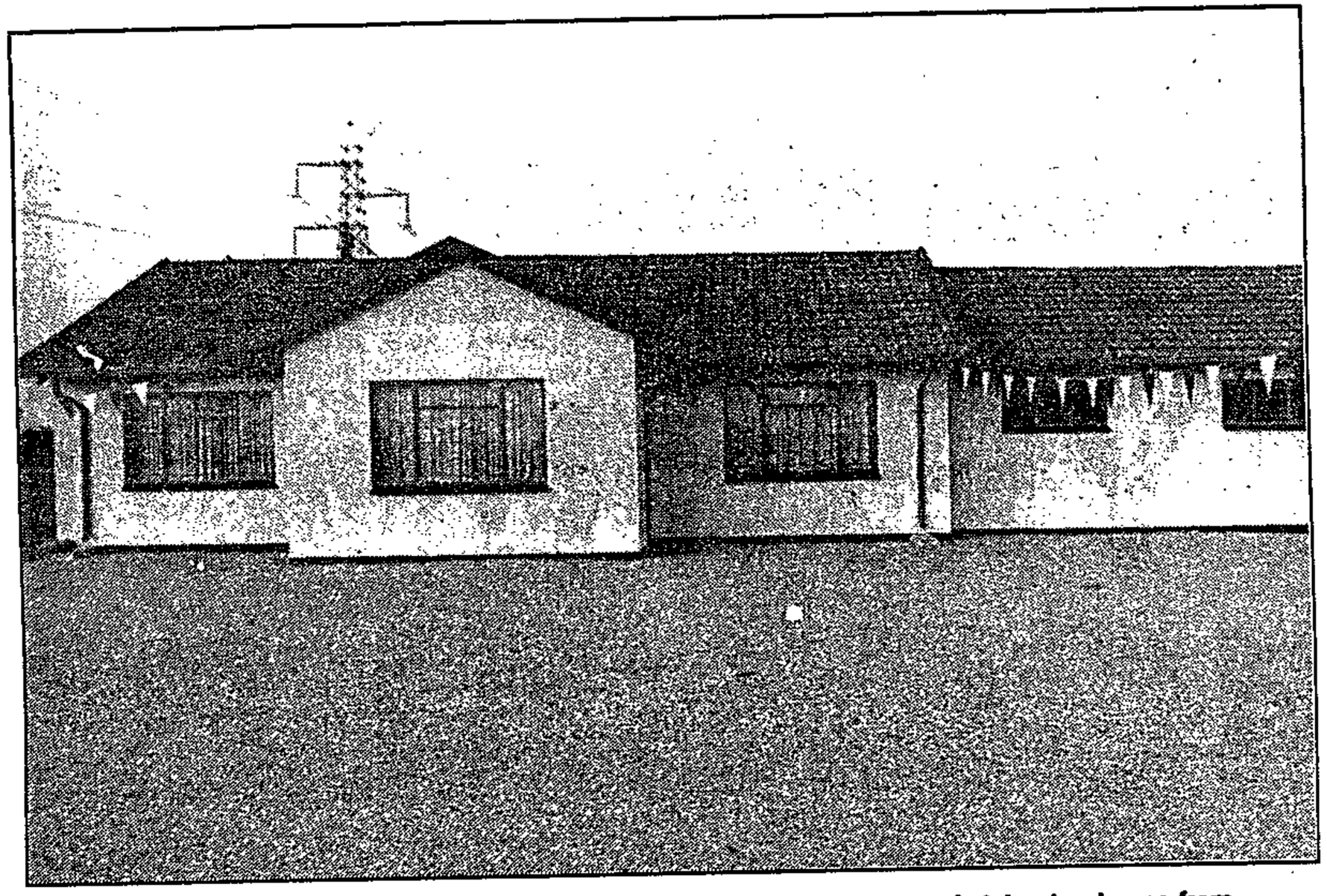
Added to that the seller had access to the deposit after a sale had been recorded.This normally takes four weeks, he said. And there was a distinct advantage for the buyer.

"He may find the deposit is negotiable and may be far less than is normally required."

The interest and monthly payments are also negotiable with the interest below the current building society rates.

"There is no need to qualify for a bond, no immediate bond registration costs and no immediate transfer costs," he said.

PROPERTY *Housing one of the keys to stabilising the deteriorating situation in crumbling country*



FHA Homes, one of South Africa's leading developers, have a wide range of styles to choose from.

Positive way to defuse housing crisis in SA

339

Sowetan 26/2/93

■ **Housing company is giving the homeless its best shot:**

By Joe Mdhlela

SOUTH Africa is short of 1,3 million homes - 90 percent needed by black families.

The shortage was growing at a rate of 200 000 a year, while the current building rate stood at 30 000, spokesman for Murray and Roberts Housing Company, Mr Ian Bernhardt said.

The violence in most black townships made matters worse by lowering the level of productivity. Acute transport problems also exaggerated the problems encountered.

"It is a known fact that if productivity does not improve, the country is heading for economic and social disaster," he said.

Bernhardt said all of this was relative to the need to improve security and stability in housing workers.

This, he said, would improve the quality of life, and ultimately productivity.

Increasingly developers and builders had withdrawn from building sites because of harassment and violence, he said.

"Cases of builders being robbed of their vehicles and building material at gunpoint, and in some instances resulting in many fatalities, are common," he said.

Murray and Roberts Housing Company was trying to ease this potential crisis he said. The approach involved the participation of unions, shop floor and communications and education workshops on housing and development issues.

"We believe that every individual has a right to a good night's sleep and a good day's work. However it is essential for employers to understand and relate to the problems which workers experience in the townships," he said.

The current series of seminars will enable employers to solve the following:

- Understanding the hostel dweller;
- Company assistance for rural homes;
- Squatter settlement upgrading;
- The housing crisis and the key players;
- Effective company housing policies;
- What constitutes an investment in low income housing;
- Affordability and finance;
- Company housing projects close to the workplace; and
- Involvement of employees in housing programmes.

Quality home for R39 000

(339)

By Joe Mdhlela

Sowetan 26/2/93

■ New technique puts homes in reach of many families:

A MAJOR construction company has unveiled plans to build a quality home for a mere R39 000.

Chief executive of CA Brand Housing Mr Alan Young said the idea to build the affordable homes was conceived after extensive domestic and international research.

Said Young: "The rationale behind the development and ongoing application of this modern technology is based on the premise that the true test in differentiating between a home and a shelter is the asset value of each after 10 years."

He said they could build an 84 square metre home of three bedrooms, two bathrooms, lounge, dining room and kitchen, for only R69 000.

"A similar home of two bedrooms with high-quality finishes costs only R39 000," Young said.

What contributed to the affordability of the homes was the reduced labour costs and modern technological methods used.

Millions lost as shoddy building work flourishes

B/DAY 3/3/93 (339)

ANDREW KRUMM

THE banking industry's failure to protect unsophisticated home buyers against shoddy workmanship at the bottom end of the formal housing market has cost the economy hundreds of millions of rand, say sources involved in the provision of low-cost housing.

These costs, which may run into billions if damage to informal housing is included, are largely borne by the homeowners themselves, and probably contribute to the prevalence of bond boycotts.

Banks and building societies are not the only parties to the problem, the sources add. It is the profusion of "bakkie builders" and the relative ease with which they get accreditation from institutions which compounds the situation.

HouseSure CE Peter Veal says the advent of what could be called built-in damage to lower income housing is significant, though not "wholesale".

HouseSure underwrites SA Housing Trust (SAHT) bond finance subsidiary Khayalethu Home Loans.

Veal says the root of the problem lies with institutions which leave the unsuspecting black client unaware of his rights and on his own in a sophisticated environment.

This, coupled with the lack of a workable quality assurance programme to eradicate poor workmanship, makes it all the easier for "cowboy operators" at the bottom of the formal market, says Khayalethu quality assurance manager Martin van Vuuren.

Where institutions fail to perform quality control inspections they tacitly sanction shoddy workmanship, and fail to recognise the need to prosecute the errant builder.

Van Vuuren adds, however, that the problem is broader and includes other drawbacks such as the employment of poorly qualified local labour, often demanded by the community itself.

"There is also the delay between the time a new homeowner notices a problem and when he reports it. Often it is then too late to prosecute the builder."

Veal says current discussions between the banking community and groups like the SA National Civic Organisation could result in an undertaking by banks to protect their lower income customers.

Measures could include a quality assurance programme and improved methods to check on builder's skills — both of which Khayalethu quickly learnt to implement.

Veal adds that although this type of arrangement might solve most of the problem, one snag remained: how to get institutions to lend into the high-risk, low-return end of the housing market. This is where insurance came in, as insurers "are accustomed to dealing with risks".

However, insurance industry commentators say they are loathe to get into the lower income housing market because of the large volumes, with attendant high administration costs, and low margins on offer. Insurance products giving both builder and homeowner protection are available, but they are expensive.

A building industry source says: "We are trying to bring down the cost of low income housing in SA, and insurance might make housing in this sector unaffordable."

But Veal denies this, saying the answer is to spread insurance cover over the very large volumes in this sector.

"In Khayalethu's experience insurance costs add between 5% and 10% to the monthly mortgage repayments." The homeowner gets a comprehensive policy covering all risks, with the exception of political risks.

Veal says it is necessary — and profitable — to offer comprehensive insurance to the new homeowner, covering not only structural defects and breakages but contingencies such as unemployment.

This approach reassures banks that they will get their money if the homeowner is retrenched, while the client knows he has someone to back his bond repayments, or to pursue the matter of shoddy workmanship in the courts.

"One cannot approach the lower income market from a Western perspective as the cost of insurance becomes too high for the policyholder. If insurers are to get into this market in a meaningful way, they will have to change their outlook," Veal says.

Reserve Bank 'no' to special housing drive

PETER GALLI

THE Reserve Bank has ruled out the possibility of giving special attention to the housing sector, Reserve Bank Deputy Governor Jaap Meijer said last week.

He said while the Bank placed much value in a well-housed nation, it had ruled out the possibility of a housing drive as a way of lifting the economy from its present cyclical downturn.

Meijer, who was speaking at the official opening of the Silver Lakes Country Club Estate in Pretoria, said that although he was bullish about 1993, he believed the housing market would get off the ground only next year.

"Personally, I believe that future mushrooming demand will boost residential prices considerably.

"People trying to read the future of the residential property market should take note of what happened with property prices in Harare and Windhoek after the political changes that took place in Zimbabwe and Namibia," Meijer said.

Anglo American Property Services (Ampros) is the developer of the Silver Lakes estate, and chairman Gerald Leissner said R19,8m worth of residential land sales were concluded in its first year.

"This constitutes a 60% market share of residential land sales in the area with a price tag of R80 000 or more, or 40% of all residential land sales in Pretoria," he said.

The 1 400 stands on offer at the R200m, 256ha estate range in price from R83 500 to R160 000 and have an average size of about 1 000m².

The development is hosting a Classic Homes Show, in which eight homes worth R4,5m are on display — from March 5-7 and March 12-14. In addition, a number of home improvement products, furnishings and other related products will be on show.

'Growing shortage' of low-cost housing

B/DAY 8/3/93. (339)

GAVIN DU VENAGE

LESS than a third of the formal housing built during 1991 sold for less than R65 000 a unit, according to figures quoted in 1992/93 SA Institute of Race Relations' Survey released today.

The housing backlog for blacks outside the homelands was 1,8-million units, and R11m a day would have to be invested until 2020 to eradicate this backlog, the publication said.

Government figures showed that almost 3,6-million people lived in informal housing, but other statistics mentioned in the survey put the number of squatters between 7-million and 10-million people.

A survey of 101 formal building companies found that of 10 000 houses constructed during the year, 27% cost less than R65 000 to build.

Only 3% went for under R12 000, and 7% for under R35 000. However, a third of the remaining total cost more than R175 000, with the balance selling for between R65 000 and R175 000.

The withdrawal of builders from the lower end of the market in the eastern and western Cape was particularly noticeable.

Builders said the main reasons for this tendency were interest rates, political uncertainty and unrest, bond boycotts and the limited availability of home loans.

Racial inequality in house building grew as the number of homes being built for whites increased and those for other population groups fell, the survey found.

In rural areas, only 33% of people had adequate housing, while the rest lived in unhygenic, structurally unsound dwellings.

The influx of people into urban areas from the homelands had not been as heavy as anticipated, but large-scale intra-urban movement had accounted for increasing numbers of squatters.

The survey noted that more than 65% of SA's population was already urbanised and this would increase to 75% by 2000. More than 22-million people, including those in the 10 homelands, lived in towns and cities. Only 16-million lived in rural areas.

☐ The institute's survey also found that small black businesses faced both official and other constraints during the past year.

While the Business Act of 1991 provided for black local authorites to grant licenses to backyard traders, the same powers had not been extended to coloured, Indian and white local authorities.

Informal traders operating outside the ambit of black local authorities were sometimes fined for an activity that was perfectly legal a few kilometres away.

In addition to this, another 30 statutes existed that made it difficult for informal entrepreneurs to emerge and expand.

However, informal obstacles continued to be the major hurdle. One problem, said the survey, was the unwillingness of financial institutions to provide start-up finance because of violence-related risk.

Big business was less reluctant to lend to group projects, which it saw as a safer bet.

Black traders also had to deal with the deepening recession, violence and intimidation, and a lack of skills. Competition from white-owned shopping centres near townships and poor marketing further contributed to their difficulties.

The introduction of VAT had dealt small businesses and retailers an additional blow, as the tax strained cashflow and reduced their capacity for holding stock.

Not being able to register for VAT made supplies more expensive.

However, being allowed to register for VAT would not solve the problem, as it would lead to additional administration expenses, according to the survey.

Star 8/3/93

Blockbuster building scheme to kick-start economy

(339)

Both the housing shortage and unemployment threaten to worsen rather than recede, but the Building Industries Federation believes it has found a fresh route towards solutions. MICHAEL CHESTER reports.

THE crisis levels of black homelessness and unemployment will come under renewed scrutiny tomorrow when the Building Industries Federation of South Africa (Bifsa) hands the Government a blockbuster package of proposals.

Bifsa claims the viability of the package has been tested in broad outline in preliminary talks with Finance Minister Derek Keys. Now the blueprint will be unfolded at a special meeting with National Housing Minister Sam de Beer in Cape Town tomorrow.

Cynics may have reservations over yet another formula, thinking back on dozens of so-called masterplans that were acclaimed with fanfares in recent years — but failed at the first hurdle and now languish under layers of dust in filing cabinets.

They are unlikely to dampen the enthusiasm of Bifsa executive director Ian Robinson when he lists the objectives he is convinced are within reach:

- New low-cost houses coming on to the market at a rate of 300 000 units a year until the shortage, estimated at 1,4 million homes, has been wiped out.
- The creation of more than 800 000 new jobs as builders reverse the wave of retrenchments and expand the size of their labour forces — along with the start of scores of new small businesses as budding black entrepreneurs have the opportunity to share in order-books.
- Major spin-offs for the industrial sector as demand climbs for supplies of items ranging from bricks and cement blocks to window frames and roofing materials.

"It could mean a brand new kick-start for the entire economy," says Robinson.

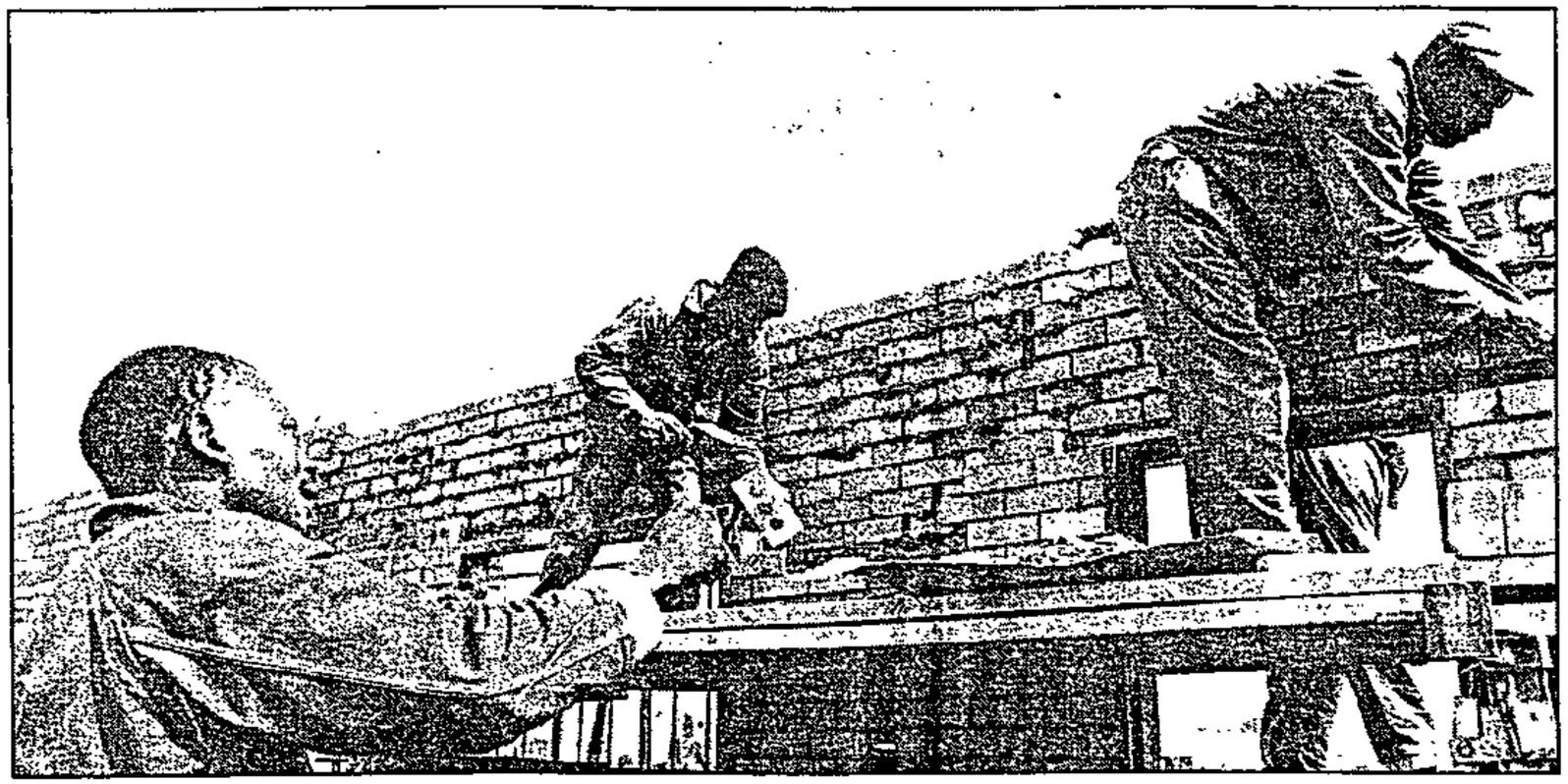
"The action would not be confined to the building industry. More houses will obviously mean more demand for products ranging from bedroom and lounge furniture to electric appliances and pots and pans.

"We're totally confident of the backing of both the National Housing Forum and the National Economic Forum as they test the logic of the initiative."

The first question likely to be raised is how the programme would be financed — especially when estimated costs run into billions of rands and when the State treasure chest has been stripped almost bare by debt and decades of Government mismanagement.

That, says Robinson, is the conundrum Bifsa believes can now be cracked by a radical new approach.

In short, the State should not even attempt to try the impossible task of shouldering the entire cost, but instead earmark a relatively modest slice of its socio-economic budget to introduce a system of Government guarantees on new investments by the private sector — banks, building societies, insurance companies and pension funds.



Homes for South Africa . . . proposals aimed at boosting the building industry go before the Government tomorrow.

Bifsa calculates that every R1 million pledged by Government guarantees would generate as much as R15 million from financial institutions because of the multiplier chain reaction once investments are protected from high risk — the problem compounded by violence and threats of bond boycotts that at the moment have brought house-building to a virtual standstill.

Bifsa further estimates that every R1 million ploughed into housing schemes can create not only 80 new jobs for construction workers, but also 120 new jobs in outside companies — suppliers, manufacturers, transport operators and so on.

All in all, an annual building rate of 300 000 low-cost homes would generate no fewer than 800 000 jobs over the next three to five years.

Bifsa predicts at least 800 new small companies could be launched to share orders for the avalanche of materials that would be required:

- 1 325 million sacks of cement.
- 286 million concrete blocks.
- One million doors.
- 600 tons of nails.
- 1,4 million square metres of glass.
- 17,9 million litres of paint.
- 20 million metres of cable.

The Bifsa researchers have also finely tuned the pace of building work — the total construction of each two-bedroom house in the R10 000/R15 000 price range is set for inside 18 days.

"There'll be unlimited scope for the setting up of small contractor firms that can handle neighbourhood schemes involving around 20 to 30 houses," says Robinson.

"And that means a lot more elbow-room for the informal sector too."

Bifsa finds it ludicrous that at a moment of such pressing demand, Government spending on construction work, as a percentage of gross national product, last year sank to its lowest ebb since World War 2. The total number of new low-cost houses dropped to as low as 30 000 — no more than a minor dent in overall demand.

No one will follow the outcome of tomorrow's session with the National Housing Minister more closely than the shrinking current labour force of building workers.

With tens of thousands of jobs already axed by the recession, Bifsa estimates that as many as 600 building firms may join the casualty list of liquidations inside the next 12 months, unless the green light flashes on a full-scale housing programme.

"There is cause for a flicker of optimism," says Robinson. "Until now, most initiatives have sunk in an entanglement of bureaucracy because no fewer than 14 separate Government departments have insisted on a voice in housing affairs.

"If a new democratic system puts an end to the mess and brings housing matters under one roof at a single State department, at least there will be a chance to co-ordinate the planning of a viable programme.

"There are also signals that private sector institutions are beginning to look more willing to start the vital flow of funds, once their investments find some form of reasonable protection," says Robinson.

"That brings to the crunch the issue of Government guarantees.

"If that can be resolved, we can at last expect to see real action." □

Things look up for black homeowners

Sowetan 10/3/93. (339)

LOOKING GOOD Hard talking and bargaining seem to have finally paid off:

THE NEGOTIATIONS OF THE PAST eight months between the South African National Civic Organisation and the Association of Mortgage Lenders (AML) is beginning to pay off, according to Sanco president Moses Mayekiso.

Negotiations were initiated following Sanco's threat of a national bond repayment boycott in the wake of last year's Boipatong massacre.

A Sanco consultative conference of its 14 regions at the weekend ratified a three-part accord reached in talks between representatives of the civics organisation and AML.

The agreement has still to be formally ratified by the "bosses" of the AML representatives who sat on the sub-committee, Mayekiso told a Press conference in Johannesburg.

He said the tentative agreement dealt with an unemployment bond insurance proposal; a borrower education programme; and, new procedures for handling arrears.

Mayekiso declined to reveal details of the tentative agreement because the AML had not yet formally given it the go-ahead.

It is understood however it will involve a request for the Government to subsidise substantially a still-to-be developed bond insurance product. Banks, in turn, will resort to community structures in certain cases concerning bad debts by homeowners.

The Sanco-AML sub-committee will meet again next Tuesday when it will tackle some of the other outstanding issues between them, including the controversial "redlining" of certain inner city suburbs in Johannesburg, by which lending institutions stopped giving loans to potential home buyers, mostly black people.

"The banks must from now on show much greater sensitivity to misfortunes of borrowers from disadvantaged communities. — *Sapa*

The CHAIRMAN OF THE HOUSE: Order!

The DEPUTY MINISTER: However, I want to agree with the hon member that it is taking far too long.

Mr P NAIDOO: Mr Chairman, further arising out of the hon the Deputy Minister's reply, will he concede that the NP's attitude to the recognition of Islamic and Hindu religious marriages is in conflict with the charter of fundamental human rights recently released by the NP?

The DEPUTY MINISTER: Most certainly not, Mr Chairman. I invite the hon member, if he has any suggestions as far as these proposals are concerned, to make such suggestions.

Mr A RAJBANSI: Mr Chairman, further arising out of the hon the Deputy Minister's reply, is he aware of the fact that the hon member for Springfield and this House have raised this matter previously? The NP, however, is only interested in Indian votes. They are not worried about our culture or religion.

The DEPUTY MINISTER: Mr Chairman, the fact is that this matter is in the hands of the SA Law Commission, which operates independently. Consequently the Government cannot be accused in this regard. I concede, however, that this matter should receive more prompt attention.

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Provision of low-cost housing

1. Mr A RAJBANSI asked the Minister of Local Government, Housing and Agriculture:

(1) Whether, with reference to certain remarks made by him on 17 February 1992 in respect of the provision of low-cost housing, he intends giving priority to the provision of such housing in cases where there is an urgent need for it; if not, why not; if so, what procedure will be followed in this regard;

(2) whether he will make a statement on the matter? D81E.INT

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

Mr Chairman, the answer to the first question is yes. In answering the rest of that question, my answer will overlap with the second question.

I fully share the concern of the hon members of this House regarding housing for the homeless in the poorer sector of our community, and am totally committed to doing everything in my power to speed up our low-cost housing delivery programme with a view to providing as many housing units as possible within the parameters of financial and time constraints.

I will deal more comprehensively with our achievements in the current financial year and our plans for the ensuing years during the discussion of my Budget Vote later this session. However, I wish to give some indication of the steps I have taken thus far to accelerate the delivery of housing by virtue of certain circumstances.

Unfortunately local authorities have taken up allocated funds relatively slowly during this financial year. This had the disappointing effect of delaying the commencement of projects. In an effort to minimise the negative effects of this phenomenon I have had very positive discussions with *inter alia* the Development and Services Board, which previously had a rather negative attitude in this regard. I mention the Development and Services Board, because in actual fact their activities overlap with ours in many of the areas in which the poorer section of our community resides.

Furthermore I have had weekly meetings with the management of the department with a view to accelerating the commencement of approved projects which have, for various reasons, been delayed. I have also approved certain recommendations relating to staff appointments and the staff establishment structures of components of head offices and regional offices with a view to remotivating the department's staff towards increased productivity and efficiency.

Since assuming responsibility for the housing portfolio, I have had discussions with some hon members of this House regarding *inter alia* the housing needs in their constituencies and I intend to proceed with this individualised approach of canvassing the subject with the remaining hon members as soon as possible

after which I shall call a joint meeting. [Time expired.]

Mr A RAJBANSI: Mr Chairman, during the debate on the Additional Appropriation the hon the Minister and the hon the Chairman of the Ministers' Council made it very clear that the provision of low-cost housing in this country would be afforded priority.

Statistics have shown, especially in our Indian community, that 80 % of those on the waiting list belong to the low-income group. Of course, with the repeal of the Group Areas Act and other legislation that controlled and inhibited our progress with regard to housing, those who belong to the self-help group will now be able to cater for themselves.

What we need today is an announcement that certain projects will commence, because last year the hon the Minister of Finance announced the allocation of a special sum of approximately R35 million to the House of Delegates especially for housing for people in the low-income group. Unfortunately the Ministers' Council could not show a single record of any worthwhile project for the low-cost income group in this country. What we need today is an announcement that we can produce 5 000 units to the west of Chatsworth and 10 000 units in the Phoenix-Verulam belt. What we are doing, however, is having too many soliloquies when what we need is action.

What we expected today was a programme of action. I appreciate the fact that the hon the Minister is a very hard-working person. He has been very busy ever since he was appointed Minister of Housing earlier this year. Nevertheless, we are going to point out to him certain shortcomings in our constituencies and I express the wish that every hon member of this House will suggest where certain projects can be undertaken in our respective constituencies.

Wherever land is available, if it is intended for high-cost housing, I want to suggest to the hon the Minister that this be changed so that it can be used to provide homes for the people in the low-income group and also for those who qualify for self-help projects. Vacant sites must be serviced and allocated to people so that they can build their own homes. [Time expired.]

Mr K CHETTY: Mr Chairman, I fully endorse the sentiments expressed by the hon member for Arena Park. He comes from the same area as I do.

I also have a great deal of respect for the hon the Minister of Local Government, Housing and Agriculture, whom I know to be a very hard-working Minister. When it comes to the poorer section of the community in particular, he is always willing to go out of his way to assist them. In this regard I must say a big thank you to him. Whenever we go to him, he is willing to listen to us. He is always at the service of the poor man.

Mr M MOHANLALL: [Inaudible.]

Mr K CHETTY: What I cannot understand, however, is that the officials in his department, and I know . . .

Mr M MOHANLALL: [Inaudible.]

Mr K CHETTY: Why don't you give your mouth a rest, man!

The CHAIRMAN OF THE HOUSE: Order! The hon member for Chatsworth Central is on his feet. I do not want any cross-border discussions or violations. The hon member may proceed.

Mr K CHETTY: Thank you, Mr Chairman. As I have just pointed out, the officials in the Department of Housing suddenly put the project at Croftdene—the hon the Minister and the previous Ministers' Council are aware of this—on ice. I do not know why this happened. We have people living in overcrowded conditions. I invited the previous Minister of Housing, but he also failed to . . . [Time expired.]

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, I want to commend the hon member for Arena Park, because he placed two very important motions on the Order Paper of this Parliament during this session, both relating to issues that cannot possibly be more important than that of housing. This interpellation too is widening our horizon, and perhaps giving us in-depth knowledge of the problems all of us have.

As far as Phoenix, Chatsworth, the periphery of Durban, the Pinetown area and the Dassenhoek area are concerned, I am fully aware that projects have to be initiated. Such projects are being considered at the moment and every available piece of land must be utilised specifically for the needy of our community as soon as possible.

I appreciate the sentiments of the hon member for Chatsworth Central. The hon the Leader of the Official Opposition, who is sitting here, did a tremendous amount of work in connection with the development at Croftdene. I want to assure the hon member that Croftdene is high on the list of priorities at the moment, and that project merely has to get off the ground. [Time expired.]

Mr M RAJAB: Mr Chairman, quite naturally I welcome the statement made by the hon the Minister and, also quite naturally, he has our full support in his endeavours. I must caution him, however. He must be realistic.

I want to tell him that he is being far too optimistic on two counts. Firstly, time has run out, not only for him, but also for this House. By the time that hon Minister can get his act together, this House will no longer be in existence. We have been sitting in this House and talking about things such as low-cost housing for several years now.

When the hon the Leader of the Official Opposition was the Minister of Housing in this House, he raised this. What has happened, however? I am told that the officials took over and did absolutely nothing. I am also told that nothing has changed, and nothing will change unless . . . [Time expired.]

Mr A RAJBANSI: Mr Chairman, the records indicate that the House of Delegates has approximately 25 000 unserviced and serviced sites. [Interjections.] There are 16 000 serviced sites. I want to suggest to the hon the Minister that if he were to use those sites, firstly, for the provision of low-cost housing and, secondly, for those who belong to the self-help group, he would be doing our community a great service.

I do not believe that housing will be taken out of the schedule of own affairs before the tricameral Parliament is dissolved and the constituent assembly takes its place. The hon the Minister therefore has one year. Once he sets the machinery in motion, successive governments and administrations will not only have a moral, but also a legal obligation to abide by the decisions the hon the Minister has taken. [Time expired.]

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE: Mr Chairman, I respect the views of the hon member for Springfield and I do not blame him for expressing the need to be cautious. He also said we needed to be realistic.

I agree that there have been utterances in this House. We have made our problems abundantly clear. However, at the same time, as an individual I have not come here simply for the sake of being here. Under the circumstances we must do our utmost, even if we have only one hour left, because if we do not we will be doing our community a grave injustice.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, may I ask the hon the Minister a question?

The CHAIRMAN OF THE HOUSE: Order! Is the hon the Minister prepared to answer a question?

The MINISTER: Yes, Mr Chairman.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I want to ask the hon the Minister whether his officials have accepted the recommendation made by the former Ministers' Council to reduce the cost of a plot in Croftdene to under R10 000? That is the factor that is delaying the commencement of that scheme. I want an answer to that question.

The MINISTER: Mr Chairman, a meeting is scheduled for Friday in Durban.

Mr A RAJBANSI: Don't have meetings. You have the power to decide!

The MINISTER: Meetings have to be held in order to take a decision.

I appreciate the sentiments of the hon member for Springfield, but I now wish to turn to the hon member for Arena Park. We do have serviced sites, but those sites cost us money. Those sites represent money that is buried in the ground at the moment. Unfortunately I cannot give hon members the details, because we do not have the time. However, I wish to say that in the past three weeks we have burned the midnight oil and considered projects. We have signed contracts to the value of R125 million as far as housing is concerned. I want to assure every hon member here . . .

The CHAIRMAN OF THE HOUSE: Order! Is the hon the Minister prepared to answer another question?

The MINISTER: Yes, Mr Chairman.

Mr D SAKALINGUM: Mr Chairman, we are

only hearing about sites in Durban. I want to know about the other places. We also need low-cost housing in the Cape and the Transvaal.

The CHAIRMAN OF THE HOUSE: Order! The hon member must look at the interpellation that is being discussed. The hon the Minister may proceed.

The MINISTER: Mr Chairman, the hon member is a member of the committee for the Transvaal and he is aware that we have just approved 300 houses in Extension 13. If I were to divulge the figures for the Transvaal there would be a war between the Transvaal and Natal. [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Cleaning staff at schools: problems

*1. Mr A RAJBANSI asked the Minister of Education and Culture:

Whether any problems are being experienced in respect of cleaning staff at schools under the control of her Department; if so, (a) what problems and (b) what steps does she intend taking to resolve them? D55E

The MINISTER OF EDUCATION AND CULTURE:

(a) The cleaners are presently providing an effective service at schools. However, the Transport and General Workers' Union (TGWU) are not happy with the continued privatisation of the service and are threatening protest actions against privatisation. This matter was canvassed with the relevant State departments and it is Government's view that privatisation should be maintained. The problem is, therefore, a conflict between TGWU and Government policy. As a result of this conflict in policy a protest march had been planned by TGWU for 5 March 1993 but it did not take place.

(b) Meetings have been held with the Transport and General Workers' Union (TGWU), South African Democratic Teachers' Union (SADTU) and the Education Crisis Committee (EEC). Further meetings with these organisations are being planned in an effort to resolve this issue.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is she prepared to make a choice between what the trade union regards as the welfare of the cleaners on the one hand and upholding NP policy on the other?

The MINISTER: Mr Chairman, I am not here to answer a question on NP policy. I was asked a question and I have answered it.

Mr P NAIDOO: Mr Chairman, further arising out of the hon the Minister's reply, does she intend going abroad as her predecessor did to study the intricacies and complexities of classroom cleaning?

The CHAIRMAN OF THE HOUSE: Order! Is the hon the Minister prepared to respond?

The MINISTER: No, Mr Chairman.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising out of the hon the Minister's reply, may I ask her whether she is aware of the fact that in the administrations of the House of Representatives and the House of Assembly, caretakers and cleaners employed by the respective education departments are permanent, full-time employees. They have the benefit of pension schemes, they belong to medical aid schemes and are paid wages in keeping with civilised norms. This is what these workers are asking for. Is it not fair that they be given sympathetic consideration? Furthermore, why is there an exception with regard to the House of Delegates?

The MINISTER: Mr Chairman, attempts were made by the Department to deprivatise cleaning services in terms of an undertaking by the former Minister, Mr Yunus Moolla, but the departments concerned were not prepared to cooperate. However, now there is an industrial council for workers and therefore the matter is now between the industrial council and the organisations concerned.

Mr N SINGH: Mr Chairman, further arising out of the hon the Minister's reply, could she tell us whether the present contract with the people who are providing the cleaning services

PTO

Star 11/3/93

Power and the people

(339)

The Urban Foundation says "strong" local government, like most things in politics, is the art of the possible. JO-ANNE COLLINGE reports.

AROUND the world "strong" local government has found favour, but it rests heavily on conditions and resources that are in short supply in South Africa, the Urban Foundation warns in a new report by its Development and Policy Unit.

"The apartheid legacy has left huge backlogs, insufficient capacity to address these and political conditions that are not conducive to resolving such challenges," the report concludes.

It notes at the outset that major political players have different notions of what "strong" local government means (see story alongside) — and ventures the view all "are unattainable in their pure form".

The Urban Foundation makes the following points about the foundations of "strong" local government:

- That the willingness of the central government to allow local autonomy is critical, irrespective of whether the constitution provides for a federal or unitary state.
- That effective, strong local government depends on financial and administrative capacity at that level and "the degree to which a local authority exercises control over its own revenues".

Local authorities are typically financed by grants from central government and by property rates. The Urban Foundation observes that, internationally, central government grants often come with strings attached, while rates require fair administrative capacity in order to assess changing property values.

"Such capacity is a scarce resource at local government level in all countries, even the most developed ... local authorities therefore often lack the capacity to exercise the autonomy which strong local government requires."

The Urban Foundation adds that the common wisdom that local government is most democratic because it is "closest to the people" is an oversimplification.

In practice, "the highly acclaimed *responsiveness* of local government generally means responsiveness to the demands of local elites, not to the *voice of the people*".

On the strength of financing and capacity, it is plain that the townships cannot be viewed as candidates for autonomous "strong" local government. "The shortcomings (in townships) are so large that they will not be rectified by simply transferring revenues from white local authority areas," the report observes.

It adds that, in any event, many of the smaller white municipalities are lacking in critical engineering and finance skills.

"This raises doubts about the financial capacities of all but the largest white local authorities to actually utilise, and thus maintain, extensive autonomy."

Furthermore, it is imperative, says the Urban Foundation, that new forms of local government break cleanly with the racial past.

Looking back at the disastrous attempts to make impoverished townships self-financing, the report warns: "If the policy of self-sufficiency for low-income areas is used again it will undoubtedly be as much a cause of instability as it was in the past."

The potential for introducing "strong" local government is further sapped by the fact that centralisation has long been entrenched in the political culture of South Africa and new traditions take time to evolve; and that, in the black community, local government has been seen as illegitimate and local development issues as "somebody else's problem".

The Urban Foundation warns against parties getting so caught up in the adversarial dynamic of negotiation that they press their ideal views of local government oblivious of the costs. The most appropriate "strength" for local government is likely to be found in a trade-off, the report implies.

"Devolution is in step with international trends and might, to an extent, be achievable provided it does not entrench the inequalities of the past," it condludes.

"Although a degree of protection for entrenched interests is needed if the future system is to be financially viable, this cannot be achieved by entrenching any sort of racial discrimination." □

How the parties see the issue

THESE are the contending versions of "strong" local government that the Urban Foundation (UF) says are favoured by different parties:

- **From the Government:** Small local authorities — down to neighbourhood level — with extensive decision-making and taxing powers, intended to "place limits on the ability of central government to intervene locally (and to) ensure white, or at least middle-class, majorities in some local areas".
- **From extra-parliamentary groups:** Local authorities responsive to civic association demands, spreading the benefits of local property taxes to residents of all races and "empowering" township residents by offering them a role in development and government.
- **From the free marketeers (including Inkatha):** Local authorities functioning with high visibility (and therefore with high efficiency), vying with each other for investment and therefore compelled to offer competitive services and infrastructure.

The UF also defines a "**minority" non-parliamentary position** that sees strong local government as undesireable because it weakens the centre's capacity to redistribute political and economic power.

Retail development revival for black areas

B/DAY 11/3/93

THE development of retail centres in black areas should start moving again this year, says RMS Syfrets MD Pat Flannagan.

Legal and some political constraints to development in these areas have been removed and will result in numerous opportunities for black people, he says.

The move will see both good and bad developers and developments and investors will have to exercise caution, he says.

"The amount of capital required to develop such a centre is quite substantial and the investment requirements of the major institutions could serve as a deterent to less sound schemes or fly-by-night developers," he says.

Generally, SA is overshopped if the aggregate of all leasable space is taken and all available trading densities divided into this. But continuing urbanisation will see more development to meet growing consumer and retail demand.

Major retailers say they are confident they are not overexposing themselves by continuing to invest in shopping centres, particularly in the north of Johannesburg.

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They say market research shows there is still a demand for such facilities. Edgars group property development manager Mike Lewin says any decision is based on whether the business generated by the new store is sufficient to justify its establishment.

OK Bazaars MD Mervyn Serebro says much market research is completed before a decision is made.

Flannagan says the protracted recession is affecting all sectors, while the concommitant drop in consumer spending is affecting turnover levels, particularly for smaller retailers.

"The recession has resulted in increased difficulties in collecting rentals, and vacancies are at their highest level in 10 years. In spite of this, the retail sector has still outperformed the commercial and industrial markets," he says.

While rentals are largely location specific, there could be rental growth if the economic and political situation improves.

Urban Foundation warning on report

BDAY 16/3/93. (339)

LLOYD COUTTS

THE Urban Foundation has warned that the implementation of the De Loor proposals on a national housing strategy would undermine progress in resolving SA's housing crisis.

A recently published study of the proposals by the foundation's urban policy unit recommended caution in viewing the proposals as "at least some beacon of hope for getting the housing show on the road".

The foundation found the De Loor report's approach to poor communities paternalistic, and said it failed to stimulate upward socioeconomic mobility and protect the interests of poor communities.

The provision of sites without title in category one of the report's proposed subsidy policy would only prolong dependency relations between government and citizens.

"Our argument is not that ownership is essential but that dependency relations, which are a critical constraint on the development of human potential and communities, should not be sustained."

The De Loor proposals undermined the potential for consolidation of new communities, and it was unlikely credit would be attracted to settlements where the great majority of residents were tenants.

The study found that the proposals would allow public authorities to become the dominant player in the provision of housing, rather than solely the regulator and leader in housing development.

"The proposed development of settlements where ownership generally is retained by a public authority, and where households remain tenants, cannot in any way be interpreted as a market approach."

There was also cause for concern about the proposed housing finance corporation, which concentrated direct and indirect risk on the state and the state corporate sector. "This is highly undesirable, as was illustrated in the savings and loan industry in the US where the federal government had to spend billions of dollars to rectify a situation which arose from poor risk management within these institutions."

Home improvement sector booming to tune of R3-bn

Star 16/8/93

(339)

By Meg Wilson
Property Editor

South Africans are expected to spend at least R3 billion on improving their homes this year — and provide almost 300 000 jobs in the building industry.

And, a new survey shows the amount could easily grow to almost 15 times the sum now being spent on affordable housing — if political circumstances improve and if black home ownership continues to grow.

The investigation into the potential of the segment was conducted by building industry research organisation BMI—BRSCU, which also found that 60 percent of work done in the additions and alterations market was contracted out — to "an army of small builders and subcontractors".

In fact, evidence is that 65 jobs are created for every R1 million spent in this market.

Dr Llewellyn Lewis, head of the research team, says it is estimated that white homeowners will spend R2,8 million on improvements this year.

Although this is significantly lower than the R4,3 million reported value of work completed last year, he says the discrepancy is mostly in extensions and alterations (as opposed to repairs and maintenance or alterations and improvements).

These obviously require a commitment, on the part of homeowners, to major expenditure, "which is difficult to predict, especially in the prevailing uncertain political circumstances".

The estimate of black expenditure in 1993 is based on records of improvements, additions and alternations made in the past five years, which translate into R250 to R350 million a year.

However, Dr Lewis says, this can be expected to grow exponentially — "possibly quadrupling in the next four to five years" — as the ownership of black housing stock doubles from its present 35-40 percent and other new owners are added.

The survey found that maintenance and repairs to white-owned homes already accounted for R800 million a year — most of it spent on repainting.

Decorative alterations and improvements represented a market worth more than R1,5 billion a year, while additions and alternations were worth R1,8 billion last year.

Types of materials mostly purchased in the past year were paint, electrical fittings, plumbing fittings and pipes.

Paint was also the material most purchased in the black sector, but here windows, doors, flooring, ceilings and roofing were bought in large amounts, as well as baths, toilets and taps.

Dr Lewis says the improvements market has been underestimated as a source of work for those in the building industry, where there are now about four people informally or self-employed for every one formally employed.

The segment, he says, represents an even more attractive opportunity for those in the industry if they remember that most expenditure on improvements is made after a decision at the grassroots level of the individual homeowner, and out of existing household budgets, so is not dependent on the availability of bond or other loan finance.

And, even in cases where finance does have to be obtained, the customer is most likely to have an existing bond and a track record of payment.

R1,2bn set aside for homes

B/DAY 18/3/93. (339)

Political Staff

CAPE TOWN — Finance Minister Derek Keys has allocated R1,259bn for the provision of housing in the 1993-4 budget.

More will be made available while government has promised the National Housing Forum it will have full participation in determining the next year's needs.

In addition Cabinet is prepared to make another R200m in bridging finance available.

In all, a total of R1,659bn has been made available.

Keys said R800m would also be spent on housing by the Development Bank, South African Housing Trust and Independent Development Trust.

Keys yesterday expressed hope that the present rate of "housing delivery" could be "accelerated considerably" if the co-operation between government and the National Housing Forum "bears fruit".

PETER GALLI and ANDY DUFFY report that Keys also announced that the exemption threshold for transfer duty had been increased to R60 000 from R50 000 for the acquisition of residential houses and flats and to R24 000 (R20 000) for undeveloped land.

Transfer duty of 1% would apply for the first R60 000, increasing to 5% between R60 000 and R250 000 and to 8% for all amounts over R250 000. Previously 1% was payable on the first R50 000 and 5% above this.

Transfer duty for companies was also increased to 10% from 7% and all would be effective from April 7.

Pam Golding properties deputy Cape regional director Andrew Smith said yesterday this would have the greatest impact on homes in the middle price range as they would be hit by the additional 3%.

"This will probably be reflected in lower final prices received for many propertries in the mid to upper price ranges," he said.

Camdon's National Franchise chairman Scott McRae said first time homeowners would find property ownership less affordable in the medium term and a "beat VAT" rush could be expected before April 7.

JH Isaacs chairman Les Weil said yesterday consumers and homebuyers would have less cash resources due to the increased VAT rate, petrol price and other margins, while developers' margins would also be reduced through price reductions to maintain unit sales and market share.

Sources in the beleaguered building industry said yesterday the budget offered pain today but the chance of pleasure tomorrow.

Cities' have vital role in creating urban growth

Sowetan 18/3/93

New management role the key:

By Mzimkulu Malunga

GROWING cities could play a vital role as engines for development in developing countries.

Coherent national urban policies, consistent with the macro-economic planning of the country as a whole, accompanied by the overall vision and goals of the society, can transform urban growth into a catalyst for development.

These are the discoveries of a recently published report on urban growth, following seven years of international research conducted jointly by the Urban Foundation and Private Sector Council on Urbanisation

"The performance of a city is now seen to be linked less to how fast it grows than how effectively it is managed," says the report.

The investigation centred on about 50 African, Asian and Latin-American countries.

Housing move welcomed

PETER DELMAR

FINANCE Minister Derek Keys's offer to give the National Housing Initiative R200m in supplementary finance if it made sufficient progress was a creative challenge to government and the private sector.

Urban Foundation CE Sam van Coller said Keys was taking an important step towards addressing concern about the fragmentation and lack of strategy regarding use of scarce resources to address socio economic backlogs.

Keys on Wednesday announced a R200m allocation to the National Housing Forum (NHF) and said a further R200m in bridging finance could be made available.

Van Coller said the promised funds might not prove to be "sufficient carrot to bring about the co-operation needed".

Questions to be answered included what form co-operation would take and how roles would be defined.

He said there was concern in the private sector about the need for level playing fields between public and private sectors.

"This can only be achieved if there is transparency of accounting, if state delivery takes place in discreet entities and if there is a common approach to subsidies."

Van Coller said Keys's undertaking to involve the NHF in compilation of the next housing budget was of fundamental importance.

"This offer, together with the co-operative approach intended in the current Budget year, hopefully signals a start to turning the country's housing crisis around."

NEWS IN BRIEF

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Homes probe launched

PRESIDENT F W de Klerk yesterday named the panel "to investigate the provision of housing to political office bearers" after a massive public outcry about Cabinet members being paid thousands of rands every month to live in their own homes.

The panel, expected to report within a month, is Murray & Roberts executive chairman Eric Field; Sapoa executive director Brian Kirschman; Ernst & Young consultancy national director Julian Nagy and Urban Property Consultants, Urban Residences and Urban Townhouse Management MD J G M van Straaten.

B/Day 19/3/93

Star 19/8/93

Housing 'millions' need to be released

By Frank Jeans

The building contruction industry has welcomed the additional housing allocation given in the Budget which pushes the figure to R2,5 billion.

There is consensus, however, that this money must be seen to be used productively — now.

Emphasing this point at a post-Budget meeting organised by the National Association of Home Builders yesterday, Matthew Nell, chairman of the co-ordinating committee of the National Housing Forum, said: "I personally welcome the additional millions, but people are still playing games with the numbers.

"What hasn't changed is the intricate spaghetti-like system which the millions go through."

The "housing sponge" absorbed the funds but "we now need somebody to squeeze it and get the money into the ground."

Calling for the implementation of a national housing strategy, Nell said the forum worked closely with the government and together they had one year to get a properly directed housing strategy in place and in time for the 1994 Budget.

"I have to emphasise that the National Housing Forum must be seen as a negotiator and not another executive agency.

"The forum needs participation for it does not have a life of its own. Through restructuring we can move towards an agreed housing strategy."

Building industry needs 'low cost kickstart'

RENEWED activity in the affordable sector of the housing market was essential to kickstart the building industry, BMI-Building Research Strategy MD Llewellyn Lewis said.

He told the SA Housing Trust yesterday the industry was likely to start improving in the third quarter of this year.

While the outlook was more positive, building more affordable homes would have a spinoff effect on the economy and would go a long way to help create employment, peace, stability and wealth, he said.

"Black consumers will play an increasingly important role in the housing market," he said.

Last year homes for blacks accounted for 43% of the market. This was expected to rise to 56% by 2000. About 352 luxury homes were built for black buyers last year compared with 3 000 for whites.

"The impact of the increasing affluence of the black consumer is contributing to the liberation of the housing market and has a tremendous impact on the industry and its future strategy," he said.

The industry needed to employ another 500 000 people over the next seven years, while 100 000 affordable homes needed to be built annually and 200 000 serviced stands provided.

This contrasted with the total of 74 000 homes built last year, including just 18 000 starter homes at the bottom of the housing scale.

Investment in housing also needed to rise to 5% of GDP from its present level of 2,5%, he said.

Trust for low-income housing consumers

B/DAY 25/3/93. (339)

PETER GALLI

GOVERNMENT, civics and the private sector have joined forces to establish the Housing Consumer Protection Trust to prevent exploitation and corruption in the low-income housing market.

"Low-income families are being exploited by a range of unscrupulous developers, contractors, landlords, land speculators, government officials, estate agents and financial brokers," Trust chairman Humphrey Xhosa said at the launch yesterday.

Exploitation included prejudicial building contracts, theft of deposits, sub-standard building construction, sale of land not owned and coercing people into financial arrangements they could not afford.

Geoff Budlender of the Legal Resources Centre said it had been found that 90% of home buyers in this market were subject to some form of eploitation.

"This is because the huge housing backlog and shortage of serviced land effectively means consumers have to take what they can get. They also do not have adequate access to existing legal structures."

National Housing Forum co-ordinating committee chairman Matthew Nell said consumer exploitation had to be high on the agenda of negotiating a housing plan.

The trust would be governed by 33 trustees from the business sector and community-based organisations, including the SA National Civics' Organisation, the Legal Resources Centre, Lawyers for Human Rights and The Urban Foundation.

To date R1m had been raised from the Estate Agents' Board for a public education and awareness campaign, and R50 000 from the Kagiso Trust to investigate the establishment of advice centres countrywide. The IDT was funding all the administrative costs for the first year.

Homebuyers find a friend

Star 25/3/93

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Thousands of low-income black families have fallen victim to swindlers when trying to buy homes. They are now being promised a fair deal and protection from exploitation, reports MICHAEL CHESTER.

ATTORNEY Brian Leveson adds new names every week to the blacklist he keeps within quick reach at the offices of Lawyers for Human Rights (LHR) in Johannesburg.

The dossier is a rogues gallery of scores of pin-striped conmen and fly-by-night builders who have been tracked down as culprits behind scams that have swindled millions of rands out of low-income black homebuyers.

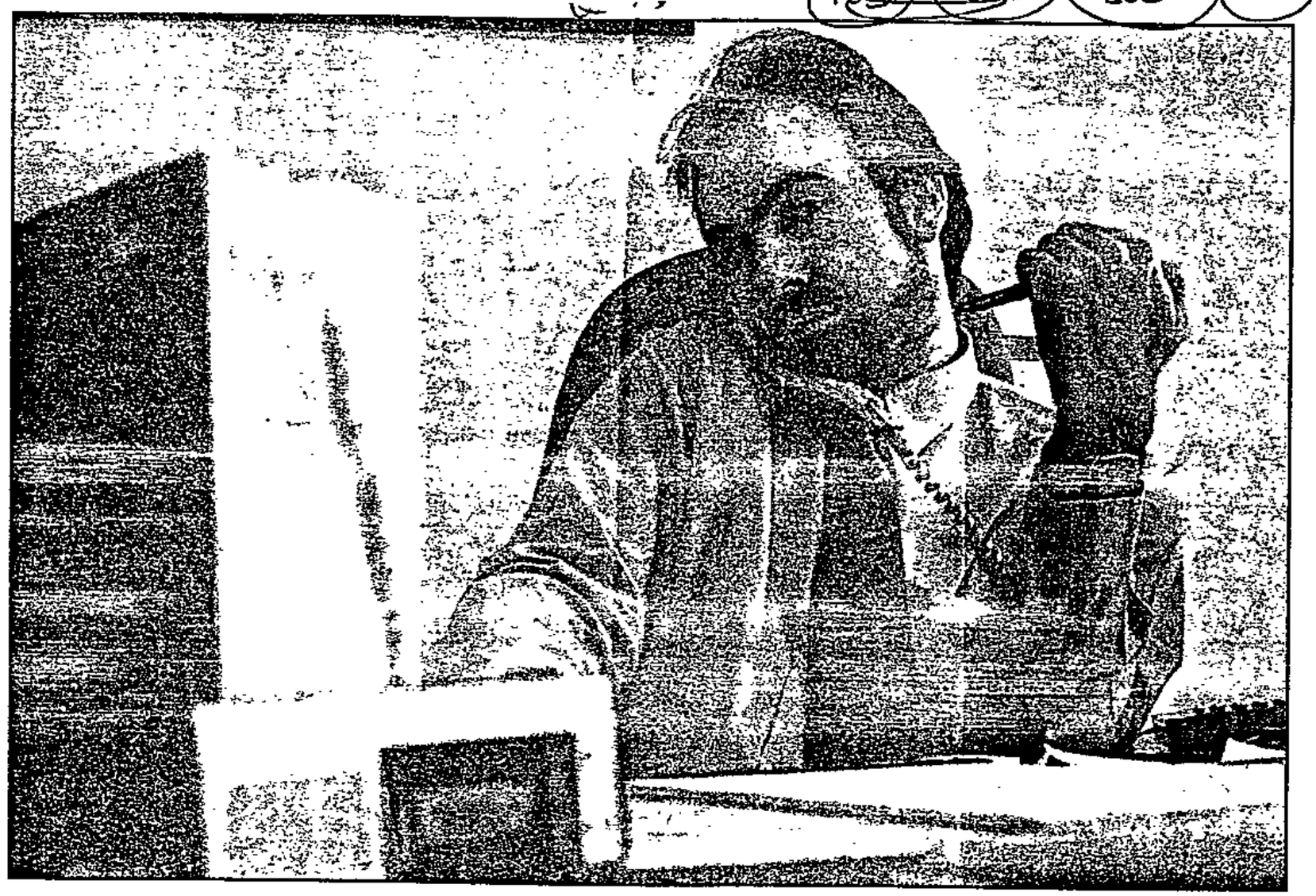
The blacklist is the first reference to be checked by Leveson, director of the LHR housing rights unit, when he picks up the legal cudgels on behalf of disillusioned families who arrive in an almost daily stream to seek help when their dreams of a new home have turned into financial nightmares.

Leveson has lost count of the number of legal battles he has fought in the courts or taken to the Harmful Business Practices Committee. However, a recent rough calculation put the number of homebuyers who had been ripped off in a web of exploitation and corruption at more than 5 000 — with losses running at more than R10 million, and still climbing.

No fewer than 3 500 bulging files spell out the details of thousands of couples whose life savings have been lost by financial trickery — or contractors who saddled homebuyers with houses on the point of collapse under sagging roofs and cracked walls from shoddy workmanship.

"What adds to the tragedy," said Leveson, "is the look of utter despair on the faces of couples who have tried to buy a first real home for their families — and have fallen into traps laid by operators who have spotted their desperation and exploited it to the limit."

By now, he has been able to draw the typical profile of the average victim: a low-income wage-earner struggling to keep a whole family going on about R950 a month, anxious to offer a wife and three dependants (children and/or relatives) a better future than a squatter camp or backyard shack, but handicapped by no more than a Std 4 education when it comes to putting a signature on complex paperwork.



Fight against exploitation . . . Brian Leveson, of Lawyers for Human Rights, answers an appeal for help from yet another victim of scams in the low-income housing market. About 5 000 homebuyers have been ripped off. Picture: Joao Silva

LHR have by no means been alone in the battle against skulduggery. Alarm over the growing number of scams operated by ruthless builders and landlords has also been voiced on several occasions by the Urban Foundation, which warned in its latest annual review:

"The exploitation of low-income families desperate to resolve their own housing needs is seriously undermining civil society. It is imperative that a new culture is created in South Africa — a culture which upholds the right to a fair deal in the purchasing and rental of housing."

The Legal Resources Centre was in the vanguard of volunteers to join forces when the foundation announced a special project to search for new answers. In turn, support was rallied from across the entire socio-political spectrum.

The outcome has been the launch of a brand-new combined initiative by legal, business and social experts determined to thwart unscrupulous operators.

The promise of a square deal for future homebuyers came nearer with the creation in Sandton yesterday of the Housing Consumer Protection Trust, with backing from a formidable list of key players in political and community affairs whose tempers have been frayed by the scale of fraud in the low-income housing market.

"As matters stand," said the trust in a first salvo, "there are endless instances of hard-earned savings being stolen, and dreams shattered by unscrupulous operators. We mean to call a halt to the exploitation."

The warning, it stressed, was intended to be heard by all the main players in the housing business — developers, contractors, landlords, land speculators, Government officials, estate agents and financial brokers.

New alerts were sent out to homebuyers about such risks as suspicious building contracts, sub-standard construction work, buying land from anyone without proof of legal ownership — and coercion into signing financial deals that pushed household budgets into danger zones.

The focus of the Trust, explained Alistair Rendall of the Development Action Group, will be on a four-point action plan:

- Introducing legal mechanisms to ensure that low-income families have adequate and reasonable protection against undesirable practices, backed by amendments to current legislation.
- Appointing a new ombudsman and a special arbitration panel to settle disputes over housing deals.
- Intervening in the market process to encourage higher standards of behaviour within the low-income housing market — monitored by teams of independent, licensed building inspectors.
- Extending legal services and consumer education to help low-income families become more discriminating customers who can enforce their housing rights and ultimately prevent their own exploitation. That goes hand-in-hand with the setting up of homeowner advice offices and access to legal services.

The SA National Civic Organisation, among the front-running supporters, said the Trust intended to not only address but also resolve what had become a grave problem.

"It will do much to empower low-income families to demand a fair deal," said a spokesman.

Matthew Nell, chairman of the Co-ordinating Committee of the National Housing Forum, added:

Exploitation

"Consumer exploitation must be very high on the agenda throughout the process of negotiating a new housing plan for the country. It is receiving the forum's highest priority and many parties welcome the new initiative."

The Trust summed up: "In today's gross overcrowding of existing houses, and with the growth of spontaneous settlements in all major urban areas and a proliferation of backyard shacks, the quality of life of communities is being seriously undermined.

"Against this background many low-income families will explore whatever means possible to secure access to shelter.

"As desperate consumers, often with inadequate education and inadequately informed about the workings of the housing market, they are vulnerable to exploitation.

"The Trust intends to introduce homebuyers to a whole package of protection measures. Racketeers — beware." □

Avenue to survival, says Bifsa director

B/DAY 26/3/93

BIFSA has paid particular attention to the Budget's proposals for low-cost housing because in the present economic climate it is only through this avenue that the industry will find the income it needs to survive, says executive director Ian Robinson.

"Quite apart from Bifsa's needs, a major housing programme is essential for political stability and for combating unemployment.

"As we have pointed out many times, each R1m spent on housing creates 180 jobs on and off site."

He says the housing allocation for about R2,5bn at 0,25% of GDP is totally inadequate in the face of the enormous backlog.

But he is encouraged that the National Housing Forum has been promised a basic R200m and a further R200m in bridging finance for projects during 1993/94.

Added to this will be the unexpended R800m of the National Housing Fund, which will be available to the IDT, the SA Housing Trust and the Development Bank, for low-cost housing.

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"This may be sufficient capital to kickstart the housing programme, provided the money is wisely spent.

Encourage

"We would like, as members of the NHF, to participate in a project whereby the fairly limited funds available are used to encourage private enterprise investment in the housing field. We believe the creation of an insurance or guarantee pool to reduce the risks of all involved in low cost housing — financiers, developers and contractors — should now be set up," says Robinson.

Past policies hamper ability to find solutions

B/DAY 26/3/93 (339)

THE capacity of the economy to provide end-user finance and subsidies in support of lower income households has been severely hampered by past policies.

There remain over-riding deficiencies in state and private schemes, particularly regarding their appropriateness in targeting this market.

Recent innovations, however, in both formal and informal financial systems hold considerable promise.

The demand for funding is not restricted to long-term loans for buying land, but also includes short-term finance for building or upgrading properties. And it is the demand more than the need for funding which needs to be addressed.

The main problem lies in building the mechanisms to get funds into the market — and back to the institutions. It is clear that no amount of "fine tuning" of the existing structures and mechanisms will bring solutions.

"The solution lies in developing the capacity to provide loans at the bottom of the market and installing a bridging mechanism between formal finance and informal needs," says the Urban Foundation's Mike Oelofse.

The inadequacies of existing state mechanisms are obvious and fundamental. The fragmented approach to housing — through the 15 departments and countless mechanisms — leads to abuse, obscurity and market distortion. The racially-based policies and tricameral anomalies further obstruct and distort the market.

FHA CEO John Weaver says private developers have problems marketing serviced sites at R7 000 when across the road a House of Delegates sponsored initiative would be making stands available at R350.

The First Time Homebuyer (FTB) subsidy is not only fiscally unsustainable and unpredictable, it also misses the market which needs it most.

Quick analysis of government's budgeted contributions for 1992/3 shows that the average household subsidy was expected to amount to R20 400. The area of greatest need lies in capital subsidies of about R7 500 per household.

The De Loor report recommendations go far in addressing these inadequacies.

National Housing Minister Sam De Beer says that, since the enabling legislation was passed in October 1992, "the Commission for Administration has been looking into the rationalisation of the various different housing functions within the government machinery into a single department under a single minister".

Significant here is government's resolve not to act unilaterally but through the broadest consultation.

The Independent Development Trust (IDT) emerged in mid-1991 as a supplier of finance. Its experience with the capital subsidy scheme holds many lessons for the future.

IDT regional co-ordinator for social consultants Mike Morkel says the primary issue is to make housing finance available to the poorest people within an easily understandable policy framework.

The mechanics of the scheme involve providing a serviced site. The original allocation of 100 000 sites was 650% over-subscribed.

Formal financial institutions are absent from this market. Having applied formal lending criteria to an informal market, past experience has been costly and misguided, and they are reluctant to expose themselves to what they perceive to be a risky and unreliable market.

Whereas the banks' position in avoiding "unprofitable" markets is defensible, their inability to come up with products to meet informal needs is not.

JOHN WEAVER

Foundation tests find backlog of 1,5-million units

B/DAY 26/3/93

A SERIES of tests using the Urban Foundation's Housing Affordability Model (HAM) indicates a housing backlog of about 1,45-million units, of which 84% represent blacks.

HAM is described as an equilibrium model which allocates to all families some form of accommodation based on their ability to afford it.

National Housing Forum co-ordinating chairman Matthew Nell says the question of affordability is "not confined to the individual and needs to be seen in the context of five contributory components".

The first is fiscal affordability — the state's ability to fund housing on a consistent and meaningful basis.

The second component is product affordability, which relates to the site, structure and location.

An absurd example is the settlement at Botchebelo, over 70km from Bloemfontein, which incurs enormous costs for commuters in terms of transport and time.

Expensive

The administrative mechanism and stop-start nature of housing initiatives are additional factors making local housing incredibly expensive by international standards.

Individual affordability, the third component, is largely a function of income and, again, location.

It is fair to say that 50% of households earn less than R600 a month and this is substantial in affordability terms.

This again relates back to product, where at these levels the only product that is possible is one gained incrementally.

The fourth component, accessibility, relates to the lack of end-user finance to the lower end of the market. This is a function of institutional capacity and willingness to enter this market.

The final component, sustainability, picks up on the affordability of both individual and state, but concentrates on the higher vulnerability to economic adversity of the lower-income market.

It is important to respond to this situation to achieve sustainability over the life of the loan, Nell says.

NHF on course in drawing up all-inclusive strategy

THE National Housing Forum (NHF) — one of the most widely representative groupings outside the formal negotiating arena — is in its second phase: planning for the development of proposals.

Co-ordinating committee chairman Matthew Nell is optimistic about the progress made.

Initiated in August 1991 to address the hostels issue, the NHF soon concluded that hostels could not be seen in isolation from the broader housing requirements.

The NHF is structured around the following areas: institutional structures — roles and fund mobilisation; delivery systems and housing types; land and services; restructuring developed environments; end-user finance and subsidies; and hostels.

The process is split into three phases: the overall review period for the assimilation of all necessary research; the detailed planning phase for the development of proposals for action in the various areas; and the final approval phase for the preparation of the final plans and recommendations.

The forum has recently moved into the second phase. Nell says the forum is a proactive body and aims at being inclusive of all relevant issues and parties.

"The NHF will need to be able to respond to key events and policy issues in respect of housing and to formulate effective linkages between housing, development and economic growth policies," he says.

Of particular relevance is the NHF's negotiation with the National Housing Department and the formation of the Joint Housing Initiative.

The initiative will apply state housing support to better facilitate the delivery process while mobilising significant private sector investment.

This is the first step in a programme aimed at restructuring the housing sector and securing agreement on overall approaches to housing policies.

New trust rises in city

Sowetan 26/3/93

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Scheme to help low income groups:

By Joshua Raboroko

A NEW trust aimed at preventing exploitation in the low-income housing market was launched in Johannesburg this week.

The Housing Consumer Protection Trust intends to safeguard low-income families against being exploited as a result of desperation.

The director of the Human Rights Housing Rights Unit, Mr Brian Leveson, said the types of exploitation included unscrupulous building contractors and the theft of deposits paid.

The aims of the trust were to educate and inform low-income consumers of their housing rights. Organisations involved in the formation of the trust are the Legal Resource Centre, Lawyers for Human Rights; Housing Rights Unit, Planact, South African National Civic Association, the Urban Foundation, the Built Environment Support Group and the Development Action Group.

UF executive director Ms Jill Strelitz said the trust was importantbecause it attempted to reduce the hardship and heartbreak experienced by families affected.

Sanco's Dan Sandi said the trust brought together a wide range of diverse organisations that were working to solve the housing problems.

He said the trust would do much to empower the disadvantaged families to demand a fair deal when acquiring housing.

Chairman of the Co-ordinating Committee of the National Housing Forum Mr Matthew Nell said exploitation must be very high on the agenda throughout the process of negotiating a new housing plan for the country.

"It is receiving the forum's highest attention and many parties welcome an initiative like the trust."

The Project Co-ordinator of the Development Action Group, Mr Allistair Randall, said the trust would focus on:

- Introducing legal means to ensure that low-income families have adequate protection against undesirable practices;
- Intervening in the market process to encourage standards of behaviour within the low-income housing industry; and
- Extending legal services and consumer education to help destitute families.

The trust will be governed by 32 trustees from various bodies.

BUSINESS

New protection for the homebuyer

W/Mail 26/3-1/4/93. 339

By BARBARA LUDMAN

A RANGE of trade unions, civics, industry groups and service organisations launched a trust this week intended to fight exploitation and corruption in the low-income housing market.

The Housing Consumer Protection Trust alleges exploitation by "unscrupulous operators, including developers, contractors, landlords, land speculators, government officials, estate agents and financial brokers".

Its function will be the education of consumers and the creation of mechanisms to fight such abuses as prejudicial building contracts, the theft of deposits, sub-standard construction, the coercion of buyers into financial arrangements they cannot afford, "misrepresentative marketing practices" and the sale of land which is not owned by the seller.

The trust grew out of the Consumer Protection Initiative formed in November 1990 and was devised by a committee including the Urban Foundation, Legal Resources Centre, Housing Advice Centre, Development Action Group (DAG), Planact and the South African National Civic Organisation. Among organisations participating in the trust are Lawyers for Human Rights, Built Environment Support Group and the South African Housing Trust, plus trade union federations the Congress of South African Trade Unions and the National Council of Trade Unions.

The trust, says the DAG's Alistair Rendall, will:

- Propose amendments to existing legislation to ensure protection for low-income families and explore the possibility of an industry ombudsman and an arbitrating body to settle disputes.
- Intervene in the market process to encourage acceptable standards of behaviour. That could include the establishment of a housing watchdog, voluntary builders' associations and the use of independent licensed inspectorates.
- Extend legal services and educate consumers so that they can enforce their housing rights. Advice offices are also planned.

The trust is funded by the Estate Agents Board, Independent Development Trust and Kagiso Trust.

City Press

PROPERTY

CIPress

BONDS: The pros and cons

28/3/93 (339).

By NOMVULA KHALO

RENOVATING, extending or just improving your house? To get a bond or not is the question.

City Press spoke to two enthusiastic homeowners about the pros and cons of raising a loan to improve the property.

A resident of Pimville Zone 5 in Soweto, Dora Makoti does not have a bond. She said: "I have never believed in a loan, I always told myself that doing it from the pocket is better. I have never come across a person who has finished paying their bond. Everybody seems to owe until they die."

Makoti said before moving to Pimville she stayed at Naledi Extention and thought of moving to a quieter place.

Privacy

Her husband bought a site in Pimville and they started building their own home.

They then sold the house – at a profit – and moved to the new one which was more spacious.

Makoti said: "I believe in bigger rooms instead of small and overdecorated rooms. Another thing that made us move is that we have three children, and they too need their privacy. I could not see myself sharing a bathroom with them."

Makoti's house is furnished expensively and is beautifully decorated.

"The recipe for a beautiful home is patience," said Makoti.

Makoti's home is easy to maintain. The bedroom walls are covered with wall paper and she never needs to paint.

The dining-room walls are face brick, while the kitchen and two bathrooms are tiled from top to bottom.

Makoti's advice to people who would like to build houses or buy them is not to apply for a loan.

"Save your money until such time that you have enough money to buy it," she said.

Nontando Simelani has been staying in a four-roomed house in Meadowlands since 1956.

"I had only one problem – no money to extend it," she said.

Simelane has three grown-up boys who could no longer sleep in the diningroom. That is why she opted for a loan and had the house built within six months by a contractor.

She said paying a bond has its own advantages.

Making the house a 'home' can be easy

"It is a matter of sacrifice, and juggling some bills around. I do not feel it much, because my loan paid my contractor who did everything in the house – including carpeting and tiling.

"The only thing that makes me angry about paying a bond is that when you have skipped a month your arrears become impossibly high," she said.

A mortgage bond, she said, is a lifetime commitment. Some weeks you have to live on cabbage to meet payments.

She has been paying her bond for three years and has got used to it.

"I enjoy entertaining friends so I made sure that space was left for a garden," she said.

Penny McAlpine of Buildex Home Improvement said: "Improving your home increases the value of your property and it makes you proud of it."

McAlpine's advice to people who would like to improve their homes is that they should visit home improvement offices where they can gather lots of ideas and choose from the wide range of building materials.

PAYING OUT ... Nontando Simelane took out a loan.

Home is where the heart is

C/Press

28/3/93

(339)

OWNING your own home is probably the most important decision you will ever make.

Home ownership ensures you have an asset which increases each year in value and makes it possible to borrow money against the security of your house to finance, perhaps, an additional room or even education for your children.

It also means you have peace of mind in that as you are not paying rent, and the landlord cannot increase the rental on your house each year.

However, many homeowners ask how they can pay off their home loan sooner than the 20-year period, which is the normal repayment term offered by financial institutions financing home loans.

Homeowners are horrified that over a 20 year period, having paid correct monthly instalments each month, they have paid approximately three times the original home loan amount!

Paying a little bit extra each month over and above your home loan instalment, will result in you not only paying your home loan off a lot sooner than the 20-year period, but will also save you a large amount of money.

Assume a home owner has a home loan for R24 000, with the interest rate at 14 percent resulting in a monthly instalment of R300 a month. By regularly paying correct monthly instalments of R300 a month, the home loan will be repaid in approximataely 20 years and the total amount paid for the R24 000 home loan will be approximately R72 000! As one can see, the interest portion over the 20-year period is to R48 000.

Holiday

If this same homeowner had paid R330 instead of R300, he would have paid his home loan in only 13 years instead of the full 20-year period, resulting in a saving of approximately R20 520.

It is possible to pay your home loan off very quickly and save a large amount of money.

Irrespective of whether you pay R30 or R300 extra on your home loan each month, the financial benefits to the homeowner are considerable. Also, by being in advance on your home loan repayments gives you peace of mind if unexpected expenses suddenly occur.

Another way to reduce monthly bond interest payments is an Accessbond. Standard Bank was the first financial institution to introduce Accessbond. It is a special facility which enables clients to invest surplus money into their home loan account. By using this facility, you save on monthly interest and pay off your bond faster. Should you need money urgently you may draw from your Accessbond at R1 000 a time. Accessbond can be used for home improvements or even for a holiday.

A house is not only an asset, it also represents security, warmth, comfort and acceptance into the community where you live. It is the dream of all of us to own our own house, but most of all, to have it fully paid up. Why not start now and commit yourself to paying that extra amount each month on your home loan?

Beware homes market pitfalls

Sowetan 29/3/93.

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■ Homeseekers must tread carefully to avoid exploitation:

By Joshua Raboroko

NEW home-buyers must be educated about their housing rights in order to stop exploitation and corruption in the property market, a seminar was told at the weekend.

Addressing a seminar on housing in Johannesburg on Saturday, African Bank regional manager Mr M Baloyi said many new home-buyers were ripped off to the tune of thousands of rands by unscrupulous property developers because they lacked knowledge on housing matters.

He told the seminar, which was organised by the Black Lawyers Association, that the African Bank was prepared to help disadvantaged communities to acquire homes.

The bank aimed at safeguarding low-income families who were being exploited as a result of their desperate need for houses in a market characterised by a shortage of about 1,5 million houses.

Delegates were also advised on how to apply for a home loan, choose a developer, obtain finance, budget for a house and obtain subsidy from the Government.

Mr Ben Peters, of Metropolitan Housing Finance Co-operative Ltd, said his company had R25 million which it planned to use to help low-income consumers obtain homes.

The company's objective was to educate low-income communities in an attempt to prevent problems they experienced in obtaining homes.

Loans ranging from R2 000 to R10 000 could be obtained from the company, he said, adding that so far hundreds had benefited from the scheme.

"We are negotiating with black builders to obtain loans from our coffers in order to help the disadvantaged communities," Peters said.

Apartheid land laws listed for scrapheap

B/DAY 1/4/93

CAPE TOWN — A list of 86 laws that must be scrapped or amended to remove all vestiges of apartheid in legislation on land rights has been drawn up by the advisory committee on nonracial area measures.

The committee, which was established to advise the President on making land rights accessible to everyone, will channel the relevant legislation, accompanied by a recommendation, to him.

The committee said in its first annual report, tabled in Parliament yesterday, that the information document was a provisional list of primary and secondary legislation that might have to be repealed, amended or adjusted.

"The list identifies 86 laws, which are administered by 21 state departments, for further investigation."

The committee, which had its first meeting in March last year, was set up under the 1991 Abolition of Racially Based Land Measures Act to advise the President on how to exercise the power the same Act gave him to readjust matters in a nonracial manner.

As part of the initiative, the land reform cornerstone was laid in the Abolition of Racially Based Land Measures Act of 1991, which envisages that the whole of the statute book be purged of racist provisions governing the acquisition or exercise of rights to land.

In terms of the Act, President F W de Klerk was vested with the rights to readjust certain matters and the committee established to advise him.

The laws identified by the committee affect 21 state departments and also involve ordinary laws which may have to be adjusted to comply with prescribed requirements. Most laws relate to urban areas and deal with, among others, township establishment, town planning and land registration.

The report also contains details of legislation already reviewed and deals with the repeal of the remaining provisions of the Development Trust and Land Act, and the accompanying abolition of the SA Development Trust from today.

The deadline for the completion of the advisory commission's task is December 31 next year.

Copies of the report are available at the Justice Department's head office in Pretoria. — Sapa.

Maj-Gen Bantu Holomisa, right, and Z Titus of the Transkei delegation at the multiparty talks in Kempton Park yesterday.

Picture: ROBERT BOTHA

PAC gives Owen '14 days to explain'

UMTATA — The PAC in Transkei has suspended its call for a boycott of the Sunday Times newspaper.

PAC spokesman Zingisa Mkabile said yesterday that Sunday Times editor Ken Owen had 14 days to explain the editorial comments published on March 21 describing the PAC's leadership as "thugs and murderers". B/DAY 2/4/93

The PAC called for the boycott earlier this week and accused the newspaper of conducting a campaign of "villifying and denigrating our leadership".

Mkabile said if no explanation was forthcoming in 14 days, the PAC would relaunch the boycott campaign.

Sunday Times deputy editor Brian Pottinger said a meeting between Owen and Mkabile was being arranged.

Transkei leader Maj-Gen Bantu Holomisa said on Monday the PAC should campaign at the newspaper's source, in SA.

Holomisa promised the newspaper police protection for distribution purposes in the homeland. — Sapa.

Backing for urgent probe into new role of regions

(339)

LINDA ENSOR

CAPE TOWN — The Urban Foundation supported the idea of urgently setting up commissions of inquiry to investigate the role of regions and cities in a new constitution, the foundation's Ann Bernstein said yesterday at a Cape Town Chamber of Commerce conference on local government.

Bernstein said the commissions could gather evidence from around the country and make proposals to the constituent assembly.

She questioned the assumption in the regional government debate that development between regions had to be balanced. While all should have equal opportunities, there should not be social engineering to prevent migration of people and capital. Such flows were vital for development.

Bernstein said she was committed to the concept of regions promoting their own comparative advantage and competing for investment and people. Economic policy should be decentralised to allow for diversity and not be subjected to a central government dictatorship.

She expressed concern over the "deafening silence" of the role of cities in the national constitutional debate and warned that in negotiating parties' scramble to arrive at a deal the rights and welfare of individuals under a new constitution would be ignored.

This was apparent in the fact that in proposals proportional representation was not linked with constituency representation, eliminating the accountability and responsibility of those elected.

Frederick van Zyl Slabbert of Idasa emphasised the need for the creation of a strong community ethic if the delivery of services was to take place. Without community involvement the transition would be painful, whatever the constitutional arrangements agreed upon.

"We do not have a South African way of life that can sustain us through to the 'new SA'. We are going to have to fashion it out of our own transition," he said.

ANC local government spokesman Thozamile Botha said interim constitutional arrangements at local and regional level would be necessary in the transitional period. There was a need for a fairly representative interim executive council to deal with the metropolitan budget and rationalisation of personnel rather than this being left to the provincial councils and white local authorities.

The ANC proposed the dissolution of existing local government structures during the transitional phase and the appointment of interim local councils and interim metropolitan councils. They should be appointed on the basis of lists submitted by local and metropolitan negotiation forums.

ENVIRONMENT *For ten years an aware group has called for people to care for their environment*

Let's do things ourselves

Musa Zondi's ROOTS

IN OUR continuing, debate on the cleanliness — or lack of it — in black areas, Carlos Mokgojoa of Neighbourhoods Environment Awareness in Kagiso blames black communities for the lack of action. He says black people should have pride in themselves and stop hoping that other people will do things for them.

'Every time there is a clean-up campaign, only a few people turn up and the rest pass by'

Sowetan 2/4/93

THE Neighbourhoods Environment Awareness Taskforce, whose motto is Let's Keep Our Neighbourhoods Neat, criticises the black community for its comfortably inept ideas (armchair criticism and passing the buck to some white council officials.)

During the ten years Neat has been in existence, we have concluded that the black community hates itself and is lazy too.

Every time there is a clean-up campaign, only a few people turn up and the rest pass by with remarks like: 'That's maspala job'. When asked to donate for volunteer refreshments, they say the council must pay up.

When we ask people to plant grass to avoid soil erosion and the dust that dirties their own houses and cars, they refuse. Are we going to blame the Government for our dumping acts in front of other people's houses, churches, schools and shopping centres? Where is our self-respect?

Neat started the campaign by sweeping the streets of broken bottles, nails, stones, litter and soil as an exercise to educate our people that we can do some of these things ourselves.

We need by-laws that deal with proper pet control. Dead dogs and cats can be found everywhere and the stench is unbearable.

There is still a problem of people not understanding the importance of trees. Trees properly planted improve the value of houses and, however minimal, this is also a tiny part of black empowerment. At Neat we hope black communities will start annual garden contests and also celebrate the annual environment highlights. This is our dream.

Homing in on housing crisis

Star 13/4/93

President de Klerk has again turned to the higher echelons of big business to find a volunteer to try to crack a giant-size problem. Now, writes MICHAEL CHESTER, Louis Shill takes a seat in the Cabinet to tackle the housing crisis.

THE APPOINTMENT of Sage chairman Louis Shill as Minister of National Housing and Public Works marks yet another foray by President de Klerk into the boardrooms of big business to find a volunteer to fill a Cabinet hot seat.

The merits of searching beyond the limits of the political arena to bring in business skills to tackle obstinate problems and set new courses into the future have been proved by Finance Minister Derek Keys.

Keys, imported into the Cabinet from the Gencor industrial conglomerate, has impressed even National Party foes in extra-parliamentary camps with fresh approaches to economic policies.

Shill is clearly also being relied on to win popular support by using tried and tested business practices — rather than political rhetoric — to confront the problems.

He may be better equipped to tackle housing issues than first suspected in a chairman and chief executive of a financial empire that controls and manages assets worth more than R5 billion — expected to be more familiar with battles in corporate boardrooms than with battles for survival in shack towns and squatter camps.

However, he is able to chip in a reminder that property and house-building and land development have formed a substantial slice of his business interests — along with insurance and financial services — ever since he founded the Sage group in 1969.

Shill has already put under the microscope the vital link between the actual building of houses and cash resources needed to start operations in the first place.

He is fully aware that this is the link that has often been missing when housing initiatives have been held at a standstill or at best a crawl until now.

Time and again the absence of the link has been behind the frustration of low-income black families that have somehow scratched together the savings to cover a down-payment to start laying the bricks and mortar — only to be thwarted by no access to mortgage funds.

It is well known, whatever the denials, that the banks and building societies do not like bending traditional rules to package a mortgage deal on houses on the lower rungs of the price ladder.

Shill is convinced it is a nut that can be cracked. Moreover, he believes it is imperative to crack it if a real start is going to be made in removing the logjam of housing shortages.

He has already caused a flicker of optimism by using his high status in the insurance sector to persuade the Life Offices' Association (LOA) to launch a special investment development unit.

The unit's objective: to facilitate investment by the wealthy insurance companies "in projects which provide socio-economically desirable development". The accent will be on low-cost houses.

Shill has already outlined the proposals inside the Government's Standing Advisory Committee on the Long Term Insurance Industry.

Since he represents the LOA on the National Economic Forum as well as on various committees of the National Housing Forum, the proposals have reached a still wider audience.

But no one need remind Shill that the housing crisis will not disappear if he depended solely on solutions to the problems of homeless black families fortunate enough to have steady incomes and at least a modest nest-egg.

New blood . . . Louis Shill believes he can turn the housing situation around. Picture: George Mashinini

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He has in mind strategies to accelerate housing programmes that aim at four specific levels:

- Families that have the resources to afford to buy a home — but await signs of renewed action by construction companies.
- Families that cannot find access to mortgage finance.
- Families hit by temporary unemployment or at the bottom of the income ladder but with longer term prospects of being able to afford a reasonable mortgage package.
- Families in absolute destitution and in despair about ever having their own home.

"Every country in the world has pressing housing needs," says Shill. "But in South Africa the dilemma of an actual backlog of as many as 1,3 million homes — even without a full count of the homeless — falls into the category of a crisis.

"Of course we need new strategies to start a dynamic immediate housing programme. Equally important, though, we need new longer term strategies that stand the test of viability and which give hope to families that feel dismay about a housing queue that looks endless."

The first priority, he says, must be far better co-ordination between various housing initiatives and a full examination of the precise function of all the players in both the public and private sector.

"Ideally, the national housing department and the public works department, in tandem rather than separate entities with fixed boundaries, will provide general direction towards new objectives.

"In particular, we need to encourage the release of more investment funds into housing, meaning new financial mechanisms to provide some sort of safety net or security for finance — and so make finance more accessible to potential home-buyers and developers and builders.

Also on the Shill agenda will be a thorough new look at all of the land and property under the public works department.

"We need to be certain that all of the assets are being put to best use," he says. "We don't need to increase the size and number of public works assets. But we may need to start using words like commercialisation or even privatisation.

"There is a mountain of problems. Perhaps solutions will be found quicker if they are tackled in a down-to-earth business manner." □

MADAM & EVE By S Francis, H Dugmore & Rico

Curbing corruption in the councils

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Review/Law suppl to W/Mail 23/4 - 29/4/93.

A court decision ensures that councils can no longer merely evict tenants — many of whom regard the building as the family home — and allocate the house to another person. By GEOFF BUDLENDER

MANY thousands of tenants of council houses in townships country-wide have been given new security of tenure, following a test case in the Rand Supreme Court.

The judgment specifies the circumstances under which the lease of a council house can be cancelled, and will help curb the power of corrupt officials.

The case involved Enoch Toho, who was allocated a house in Diepmeadow, Soweto, during 1978. In April 1989, the Diepmeadow Council cancelled his lease without warning. It allocated the house to his ex-wife who had left the family home some years earlier, and then sold it to her. Suddenly, after living in the same house for 11 years, Toho and his family were without a home.

Enoch Toho's situation was far from unique. About half of the houses in Soweto — more than 60 000 — are owned by the local city council. Nationally, the figure is more than 300 000. In many cases, the people concerned have lived in the house for decades and regard the house as the family home.

The regulations governing the townships were designed to give effect to apartheid policies. However, they had an important benefit for residents because they gave some security of tenure to tenants of council houses.

In 1989 the regulations were repealed by a reform measure, the Conversation of Certain Rights to Leasehold Act. Many councils saw this as giving them the right to cancel tenancies, and allocate the houses to other people. They started doing just that, and soon allegations of corruption were widespread.

The case of Toho was the first in which the supreme court has ruled on whether the councils are entitled to cancel these tenancies.

Judge Michael Stegmann ruled that the only grounds on which the council could cancel the tenancy is the tenant's failure to pay the rent. As the council had relied on other grounds in cancelling Toho's tenancy, the court ruled the council's actions were invalid.

The consequences of the case are important to the Toho family and many others whose leases are cancelled by a council. But the cases has another even more important long-term result.

In response to the widspread demand of civic associations for the transfer of rented houses to the tenants, the government has announced a "sales discount" scheme. In effect, the scheme will allow most tenants to obtain ownership of their homes for free.

The result is the motive for corruption has grown. The allocation of a tenancy by the council amounts in practice to the transfer of a valuable asset, because in time the tenancy will be transformed into ownership of the house. If councils are able to cancel tenancies at will, one can expect this to take place on a large scale.

The judgment in the Toho case makes it clear that councils cannot act in this way. In limiting the grounds on which leases can be cancelled, the judgment will mean security of tenure to the vast number of tenants of black councils.

At the same time, work is proceeding on the "transfer of houses". This has been a central demand of the Soweto Civic Association. A sub-committee of the Central Witwatersrand Metropolitan Chamber has worked out proposals dealing with fair legal mechanisms for transfer of ownership of council houses.

The Toho judgment will help ensure that when township houses are transferred to the tenants, it is to the people entitled to them, rather than to those who are in favour with the councils.

Attorney Raymond Tucker and Legal Resources Centre staff appeared for Toho.

●Geoff Budlender is the national deputy director of the LRC

A woman's place is in the home

Review/Law suppl to W/Mail

THE case of Enoch Toho has had an unexpected but important side-effect that will bring great benefits for women.

Under the old township regulations it was almost impossible for women to have a house allocated to them. Virtually all township houses were allocated to men. Their wives were recorded on the housing permits as their dependents.

The result was that women had no control at all over the family home. In the Toho case, Judge Michael Stegmann ruled that the tenancy of a council house is an asset in the joint estate of a couple married in community of property. This means that on divorce, the wife is entitled to a share of this asset. The husband cannot simply dispose of the house.

As most black marriages have been in community of property, the judgment will affect most rented township housing. Similar regulations apply to housing in the rural townships, and also to the allocation of land in rural areas. The Toho judgment seems to apply to these situations as well.

The Toho case is therefore an unexpected but important victory for women's rights to housing.

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NEWS IN BRIEF

Three in court

THREE men appeared briefly in the Vereeniging Magistrate's Court yesterday in connection with the murder of SABC-TV reporter Calvin Thusago. James Thlobane, Ezekiel Tyobeka and Lawrence Hlatshwayo pleaded not guilty to a charge of murder. The case was postponed to May 3.

The Media Workers' Association of SA said it would organise a march in Sharpeville today to "protest against mindless thuggery directed at journalists".

Nominations flood in

LAST-minute nominations for the 21 seats on the new SABC board flooded into the board secretariate offices yesterday to beat the April 26 deadline.

Spokesman Rene Alberti said some were incomplete, and did not contain written acceptances from nominees.

Tolls lose millions

THREE Natal toll road plazas lost R18,2m in the past financial year, said Transport Minister Piet Welgemoed in reply to a question by DP MP for Pinetown Roger Burrows. They were the Oribi plaza, Mtunzini and the Tugela plaza.

The Mooi River plaza, however, showed a R12,2m profit

Desecration denied

AN AWB officialcalling himself "General Terre'Blanche" yesterday denied AWB members had desecrated Sharpeville graves, and said the AWB's fight was against living communists.

It has been alleged the action was in retaliation for Germiston grave desecrations during SACP chief Chris Hani's funeral.

Concern over payment

CONFEDERATION of Zimbabwe Industries marketing development officer Richard Mubayiwa urged local exporters to demand payment guarantees from US exporters after some complained about non-payment to Zimbabwe's Washington embassy.

But Brian Hillen-Moore, executive director of Zimbabwe's Credit Insurance Corporation which covers local exporters, said he had not yet received any claims.

REPORTS: Business Day Reporters, Sapa-Reuter.

Subsidy for home owners extended

B/DAY 27/4/93. (339)

TIM COHEN

CAPE TOWN — National Housing Minister Sam de Beer announced yesterday that the interest subsidy for black first-time home buyers would be extended to existing houses.

The department expected the extension — which would come into effect from May 1 — to almost double in one year the total number of black participants in the scheme.

The scheme offers a 33,3% subsidy on the interest on a bond. It will continue to be limited to home buyers earning less than R3 500 a month buying houses for less than R65 000 with bonds of less than R40 000.

The subsidy was introduced for white first-time home buyers in 1983, extended to blacks in 1985 and further extended to white buyers of existing houses about three years ago.

De Beer said it was hoped that the extension would have a positive effect on the second-hand house market and would achieve parity between racial groups.

Blacks were excluded from the extension of the scheme in order to encourage the building of new houses. The department continued to hope that the scheme would promote this goal by creating more mobility in black home ownership.

De Beer said the amount of R99,3m would be available for the 1993/'94 financial year and that an estimated 24 000 additional home buyers could be subsidised from this amount.

R30m of this total was rolled over from last year.

So far there were 29 000 blacks taking part in the scheme, and 49 000 whites, coloureds and Asians.

Dealing with the national housing forum, De Beer said during his department's budget vote in Parliament that he was optimistic that international support for SA's housing backlog could be forthcoming.

This, however, was dependent on agreement on a new constitutional dispensation and consensus at the forum.

Sapa reports that he said all political parties, including the DP and CP, ought to take part in the forum.

The forum had a great degree of legitimacy, and its negotiated policy was expected to have broad community support. The most important aspects of this policy were expected to be in place before the end of the next financial year.

It would meet on May 4 to formulate specific structures and set a target date for their implementation.

Replying to debate on the housing vote, he said red-lining — financial institutions' practice of defining areas perceived to represent undue risk, and within which bonds would not be granted — was an undesirable practice.

He believed the extension of the subsidy scheme would help alleviate the problem.

Township development is held up

GAVIN DU VENAGE

THE proposed Liefde en Vrede township development south of Johannesburg may be put on hold for three months, after the Hong Kong developers failed to come up with bank guarantees within the stipulated period.

Johannesburg Commerce and Industry director Colin Wright said yesterday he would recommend to the council that it put the project on hold for three months, when it would be reassessed.

The consortium of Chinese businessmen were planning to bring in R500m into the development, but political uncertainty in this country had sunk attempts to raise loans overseas.

It was a suspensive condition of the deed of sale that the purchaser obtain financial approval within 45 days of the council giving its go-ahead.

Wright said that although this was a setback to the city's economy, which was expecting to benefit from rates, as well as business opportunities created by Chinese immigrants, it was not a major loss.

He said the township infrastructure had been developed prior to the agreement, and would not be a financial burden to the city.

Housing delayed

NATIONAL Housing Minister Sam de Beer identified the need to build 330 000 affordable homes a year but failed to say that less than 10% of this number was delivered in the past financial year, the ANC said yesterday.

It said government had nevertheless managed in the same year to underspend on the housing budget by almost R1bn.

BUSDAY 28/4/93

Home aid extended

Sowetan 28/4/93. (339)

By Ismail Lagardien
Political Correspondent

URBAN DECAY Scheme should help 24 000 a year - if finance houses play the game:

THE GOVERNMENT HAS extended the 33,3 percent interest subsidy to first-time black home-owners to existing - second-hand - homes.

The new scheme should benefit at least 24 000 new black home-owners every year and the Government has set aside R99,3 million for this service, the interim Minister of National Housing, Mr Sam de Beer, said in Cape Town on Monday.

The scheme comes into effect on May 1 and is available to families earning under R3 500 a home. The maximum price of the total property should not exceed R45 000.

The scheme, De Beer said, would encourage the revitalisation of decaying urban areas such as Hillbrow, where the majority of residents are black.

The scheme would, however, not mean anything while banks and financial institutions refused to give home loans to black people in urban areas, the member of Parliament for Hillbrow, Mr Lester Fuchs, said yesterday.

Fuchs pointed out that these institutions were "red-lining" certain residential areas within the greater metropolitan area - especially in areas such as Hillbrow, Berea and Yeoville.

By refusing to give bonds, these institutions prevented black people from owning homes in such areas; and this was distinctly racist, Fuchs said. "People of colour who would normally meet the financial criteria laid down by the institutions are deprived of owning their homes."

Electrification forum launch

PETER DELMAR

THE National Electrification Forum, made up of representatives of all major political parties, civic associations, Eskom and government, would be launched next month, the Development Bank of Southern Africa said yesterday.

The forum is expected to make concrete proposals on a multibillion-rand electrification drive and rationalising the power supply industry within a year.

Development Bank spokesman Johan Kruger said a conference on May 14 would formally launch the forum, after eight months of negotiations.

The forum would be instrumental in accelerating affordable and sustainable electrification, Kruger said. "This must be done in conjunction with national and regional economic developmental policies and programmes. The electrification will be a stimulus for development, economic reconstruction and job creation."

Kruger said the work leading up to next month's launch had been done by a multiparty interim management committee. The committee, which Kruger chaired, had representatives of the ANC, the Mineral and Energy Affairs Department, Eskom, the NUM, Numsa, the SA National Civic Organisation, the United Municipal Executive and the Association of Municipal Electrical Undertakings. Political organisations not represented on the committee would be invited to attend the launch.

Kruger said it was significant that government was a fully fledged participant. A Mineral and Energy Affairs spokesman said it was envisaged that within a year of becoming operational, the forum would be in a position to make recommendations to the government of the day on electrification strategies.

Numsa spokesman Bernie Fanaroff said there was a general feeling that proposals from the forum should be legislated.

Eskom planners have estimated that up to 4-million households could be electrified within five years at a cost of about R10bn. Spokesmen for the management committee confirmed there were indications of potential financial support from foreign development agencies.

● Picture: Page 3

New housing strategy urged

Let poor live in city centres

Sowetan 30/4/93 339

■ Race Relations Institute report backs viewpoint of civics:

By Joshua Raboroko

SOUTH Africa's cities should be restructured to enable poor people to live close to their centres, the Institute of Race Relations says.

In its 1992-93 survey on housing and urbanisation, the institute points out that civic associations are also urging that land for the poor be found close to city centres.

The survey reports on a number of innovative initiatives which concentrate on existing housing stock in the inner city areas of Johannesburg, Cape Town and Durban.

Turning to housing delivery, the survey emphasises the need for a clearly articulated housing policy, a single housing department, community participation, access to credit and building advice, and investment in public infrastructure.

According to one estimate recorded in the survey, 550 houses at an average price of R20 000 for a house and stand need to be built every day to eradicate the 1,8 million backlog by the year 2020. This would involve an investment of R11 million in low-cost housing each day.

Against this, the survey reports that the Government has provided only about 3 000 houses in the last two years, while a sample 101 builders surveyed in 1991 built fewer than 25 houses in that year. Some 75 percent of the builders surveyed had built fewer than 100 houses.

Builders interviewed believe that the factors inhibiting the provision of low-cost housing were current interest rates, political uncertainty, political unrest, bond boycotts, and the limited availability of mortgage bonds.

The survey records a certain amount of progress during 1991-92 in the provision of formal and informal housing by non-profit utility companies, for example:

- The Independent Development Trust financed more than 100 site-and-service schemes, providing serviced sites for some 700 000 people countrywide;
- The South African Housing Trust provided finance for more than 100 housing projects, including the provision of some 10 000 formal houses and as many serviced sites; and
- The New Housing Group — initiated by the Urban Foundation — provided more than 200 residential stands, 3 000 serviced sites and 5 000 starter homes.

According to official estimates, some 3,6 million people are living in informal settlements countrywide, but the

PROPERTY Bosses can now help workers get housir

Mining giant launches big housing scheme for workers

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■ Employees will live within walking distance of home by turn of century:

Sowetan 30/4/93.

By Joshua Raboroko

MINING giant Genmin has announced a R30 million housing scheme which could have far-reaching implications for black housing in South Africa.

In terms of the scheme the emphasis is placed on land and not home ownership.

The scheme will provide access to finance for employees who wish to become homeowners but have been unable to obtain finance for a site and service option.

The new scheme implemented by Genmin is being done in conjunction with three financial institutions, Absa, FNB and the SA Perm and IDT Finance Corporation Limited, a subsidiary of the Independent Development Trust.

Genmin's chief executive, management resources, Mr At du Plessis, said the breakthrough came when the emphasis was shifted from home ownership to landownership. It would not only help alleviate the housing problem but would also assist in eradicating the illegal squatter problem.

The company's goal was to facilitate a process which would enable 80 percent of its employees to live within walking distance of their workplace.

A large portion of employees who would like to become homeowners could not afford a bond between of R20 000 and R30 000 for a small housing unit.

Du Plessis said it was impossible for lower paid employees to obtain a bond from a financial institution for less than R20 000. Research within the group had shown that a large percentage of the company's 115 000 workers were interested in participating in an affordable site and service scheme.

In terms of the scheme, employees with at least two years service, earning less than R2 000 a month, could now obtain loans of between R1 000 and R10 000, redeemable over a period of between 12 and 120 months.

The money could be used to buy a piece of land and to build an affordable dwelling on it. The idea was that they started off with a temporary structure but that they should eventually erect a permanent house when they could afford it.

NEWS Home loans were initially approved then cancelled

Chaotic housing situation

Sowetan 30/4/93

■ Blacks hard hit by banks' refusal to grant bonds:

By Joshua Raboroko

MORE than 600 black home buyers have been refused bonds by financial institutions in the PWV-area even though South Africa is faced with a large-scale housing shortage.

Research by leading estate agents and home developers shows that hundreds of bond applications in the PWV areas have been turned down by leading banks in the past four months.

According to agents some of the buyers, whose bonds were initially approved and are occupying the new homes, subsequently received letters informing them that their applications had been unsuccessful.

A leading estate agent says banks have to change their attitudes towards financing bonds for black home buyers who, he believes, are unfairly prejudiced on grounds that are more emotive than realistic.

"The fact is that the black market is where the real growth of the property market lies, yet it is being stunted by lack of access to finance by black buyers," says managing director of Remax Homenet Mr Basil Renecle.

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"Obviously any bank must be prudent with its lending policies but the qualifying criteria applied should be based on business principles only and not on unfounded opinion that black buyers are not good credit risks."

One of the institutions that has fallen into this trap is the prominently Afrikaner orientated bank Saambou which has turned down scores of bond applications after it found that they failed to comply with certain requirements, including security and credit worthiness.

Several clients claimed they had already paid transfer fees — on average R4 900 — and were waiting for their homes when they received letters from Saambou informing them that bonds had been refused.

Saambou's senior general manager, Mr Dawie Botha, said after an internal audit and administration it was found that most of the requirements were not met. Primary requirements, he said, were credit worthiness and the security each applicant provided to the bank. After the audit the bank decided to "put some of the applications on ice" pending investigation.

"We have advised estate agents and clients of our position and will continue to discuss the matter with them," Botha said.

Regarding those already occupying new homes, he said: "We will investigate their bonds because it will be illegal to put them on ice."

An estate agent James Gomes said it was unfair to withdraw bonds of blacks who held saving accounts with the bank worth thousands of rands. Most of their clients were professional people, who received State subsidy.

Mr Llewellyn Ford of Wizards Estate said buyers and sellers of properties had a chaotic situation on their hands. About 400 families were sold, bonds granted and given official unconditional bond letters. The financial institution had withdrawn their bonds, even though some only had one week to go for registration of transfer.

Affordable housing to be showcased

■ There is a solution to crisis:

By Joshua Raboroko

AN international exhibition to showcase solutions to the South African national housing crisis will be held at Nasrec, Johannesburg, from July 30 to August 3. Sowetan 30/4/93

Afribuild '93 is expected to attract many players in the marketplace so that it can show financial institutions, the construction industry, civic associations and the man in the street how affordable housing can be.

Writing in a newsletter produced by the National Housing Forum, McNaughton Victor, managing director Ms Bette McNaughton, one of the most reputable exhibition organisers, says: "We are hoping that Afribuild '93 does not become a political pawn in the greater scheme of things. "It will be seen as an honest attempt to alleviate some of the conditions many people have to live in.

"We have had a moderate interest from sub Sahara with stronger interest from countries like the United Kingdom, many of the European countries and the United States."

According to a newsletter by the National Housing Forum "... the present housing shortage is enormous and even conservative estimates indicate the need for 200 000 units each year if we are to overcome the shortage by the year 2010."

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On the Witwatersrand alone, tens of thousands of people still live in single sex hostels for up to 11 months a year a relic of the apartheid era. Millions of ordinary South Africans live in so called "informal settlements" usually without basic services like running water or water borne sewerage.

Homefunder can help

■ New way to finance low-cost housing brings hope to workers:

By Joshua Raboroko

MAJOR insurance companies have taken new steps to tap pension and provident fund money for housing, especially in the low-cost housing field.

Old Mutual and Sanlam have decided to use the money as loans by the fund to members or as collateral to make it easier to obtain financing.

Old Mutual and the Urban Foundation have launched an initiative known as "Old Mutual Homefunder" for this purpose, according to sources.

It is aimed at members of retirement funds earning between R800 and R1 500 a month.

An executive director of the Urban Foundation, Ms Jill Strelitz, said the initiative targeted workers who could not afford repayments on mortgage bonds.

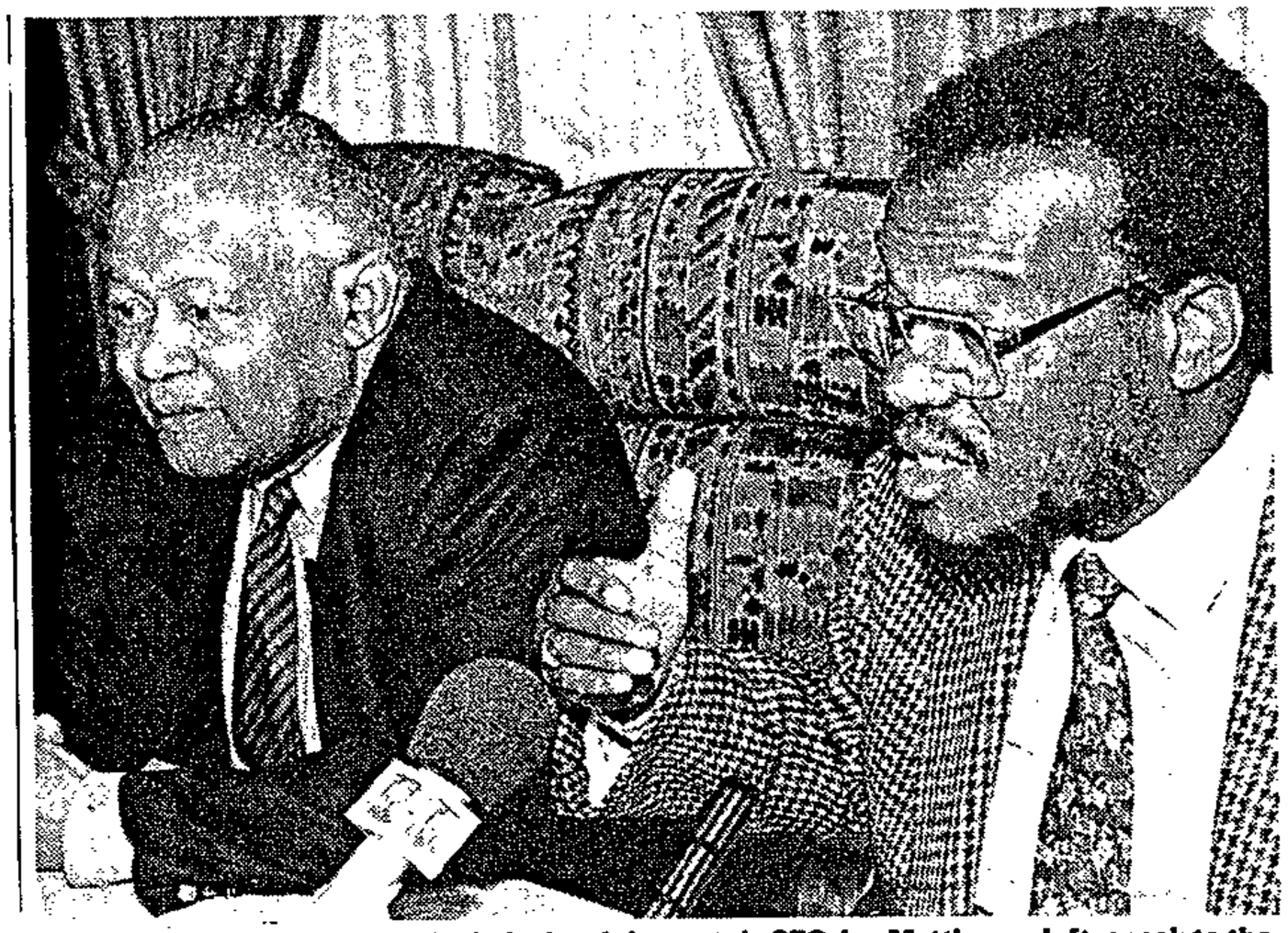
Old Mutual employee benefits general manager Mr Henk Beets said: "This initiative allows retirement fund members immediate access to the money they have accumulated in the fund rather than forcing them to wait until retirement."

In its newsletter, *Insight*, Sanlam says: "Housing, especially low-cost housing, is one of the gravest problems with which South Africa has to contend today."

A fund member may use his or her accumulated withdrawal benefit as a deposit for a mortgage bond, and-or to top up the monthly mortgage bond repayments.

While these new steps have tremendous potential for increasing access to home ownership, it does rely on the participation of the mortgage lenders for its success.

Strelitz said: "We hope that it will encourage financial institutions to take up the challenge of entering the lower income housing market."



Inkatha leader Mangosuthu Buthelezi and the party's CEO Joe Matthews, left, speak to the Press at Jan Smuts Airport yesterday. Buthelezi met Italy's Foreign Affairs Minister Emilio Colombo and UK Prime Minister John Major during a trip abroad. Picture: ROBERT BOTHA

Housing boom 'looks likely'

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GAVIN DU VENAGE

SA IS on the threshold of a low-cost housing boom which will rescue the building industry, says Afribuild 93 exhibition organiser Bette McNaughton.

McNaughton said yesterday that pressure was mounting on government, political organisations and even business to find a solution to SA's housing crisis.

Some estimates put the backlog at around 2-million units. To eliminate this backlog would cost around R11m a day for the next three decades.

She said that while there had been no massive housing drive as yet, despite the shortage — primarily because of "government dithering" — pressure to deliver affordable accommodation was growing.

Government could no longer ignore the situation, and would have to act or face increasing criticism from abroad and locally. B/DAY 4/5/93.

But the allocation of R2,5bn to housing in the latest Budget, and the appointment of Louis Shill as Housing Minister, were hopeful signs, she said.

SA was already a world leader in low-cost housing technology, and had the financial services to slot in when the political commitment was there, she said.

The biggest obstacle was not finance, said McNaughton, but land availability. Once sites had been identified for housing, prospective owners would be able to secure loans.

McNaughton said that countries as far away as Kenya and the UK had shown interest in the exhibition.

"Affordable housing is not only a problem in SA," she said.

"It is an African problem. And wealthier countries also have their poor areas, but have done very little by way of developing cheap alternatives."

Because of the intense overseas interest in the exhibition, SA could benefit also from exporting its technology, she added.

The exhibition begins at the end of July, and will feature houses made from products such as wood, brick and paper.

The average price will be from R30 000 to R100 000.

NEWS Mugabe may be offered SA 1

Sowetan 6/5/93

Homeowners' reprieve

■ Move towards trying to improve buyers' lot:

THE Association of Mortgage Lenders and the South African National Civic Organisation have reached an agreement on resolving the rent boycott and education crisis.

The parties reached an agreement on a number of principles to be followed in the handling of arrears bond payments, default payments and repossessed properties.

The historic agreement will afford optimism for borrowers having difficulty repaying their home loans.

At a Press conference in Johannesburg, Sanco president Mr Moses Mayekiso said the agreement acknowledged the existence of severe distortions in the property market, especially within disadvantaged communities.

He said: "This agreement is aimed at economically active, existing and potential homeowners who can afford to own their homes."

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The second agreement, which outlined an extensive programme of information and education within disadvantaged communities, was signed by the parties, he said. The agreement would include an undertaking by AML to pursue the creation of unemployment insurance benefit for homeowners.

Fm 7/5/93 (339)

QUARTERLY HOUSE PRICES

Fm 7/5/93,

Remaining buoyant

(339)

According to the latest Absa quarterly housing review, the increase in the price of the average medium sized house (roughly 176 m²) in SA is continuing its upward trend, after a five year low of 5,6% in the third quarter of 1992. This is by far the largest segment of the market, suggesting prices are firming.

Compared with the same quarter a year ago, the average price of a medium-sized house (110 m²) was 9,6% up in the first quarter of this year, and that of smaller houses 9,2% higher.

As can be expected, prices of large homes (roughly 265m²) have suffered the most, showing an actual decline of 1,1% in the first quarter of 1993. For 1992 as a whole, the average price of large houses was 3,5% higher than in 1991.

Confirms Absa economist Christo Luus: "The basic difference is that the luxury end of the market has been more adversely affected than the lower end because people are scaling down, or because this market has been more affected by emigration.

"This is to be expected. In an upturn, prices of large houses generally increase faster and in recession, decrease faster. For example, in 1988, before the start of the recession, large house prices increased twice as much — by 15% — than prices for small homes (8%), while prices of medium-sized houses were 13% up.

"The basic message therefore is that the lower end of market has performed better than the luxury end, though some regions have been more adversely affected than others."

The latest quarterly review shows that in virtually all parts of the country, prices of medium-sized houses increased from the fourth quarter 1992 to the first quarter 1993, except for the East Rand where they declined by 2,4%.

Average quarterly increases were 6% in the Johannesburg region; 7,4% on the West Rand; 6,2% in Pretoria; 6,29% in the Vaal Triangle; 4,3% in the rest of the Transvaal; 4,7% in Durban-Pinetown; 6,1% in the rest of Natal; 4,3% in the OFS and northern Cape; 4,4% in the eastern Cape; and 3,9% in the western Cape.

On an annualised basis, the quarterly changes are 16,1% for medium-sized houses, 10% for smaller houses, and 3,2% for large houses.

The increases can be attributed to the continuing rising affordability of housing because of declining mortgage rates. The monthly repayment on an 80% bond on a medium-sized house over 20 years has fallen from R1 758 a year ago to R1 655.

"While the recent increases in Vat and the fuel price are likely to increase inflation by about two percentage points, interest rates are unlikely to move upwards before the first half of 1994 owing to the generally poor economic conditions in the country," according to the review.

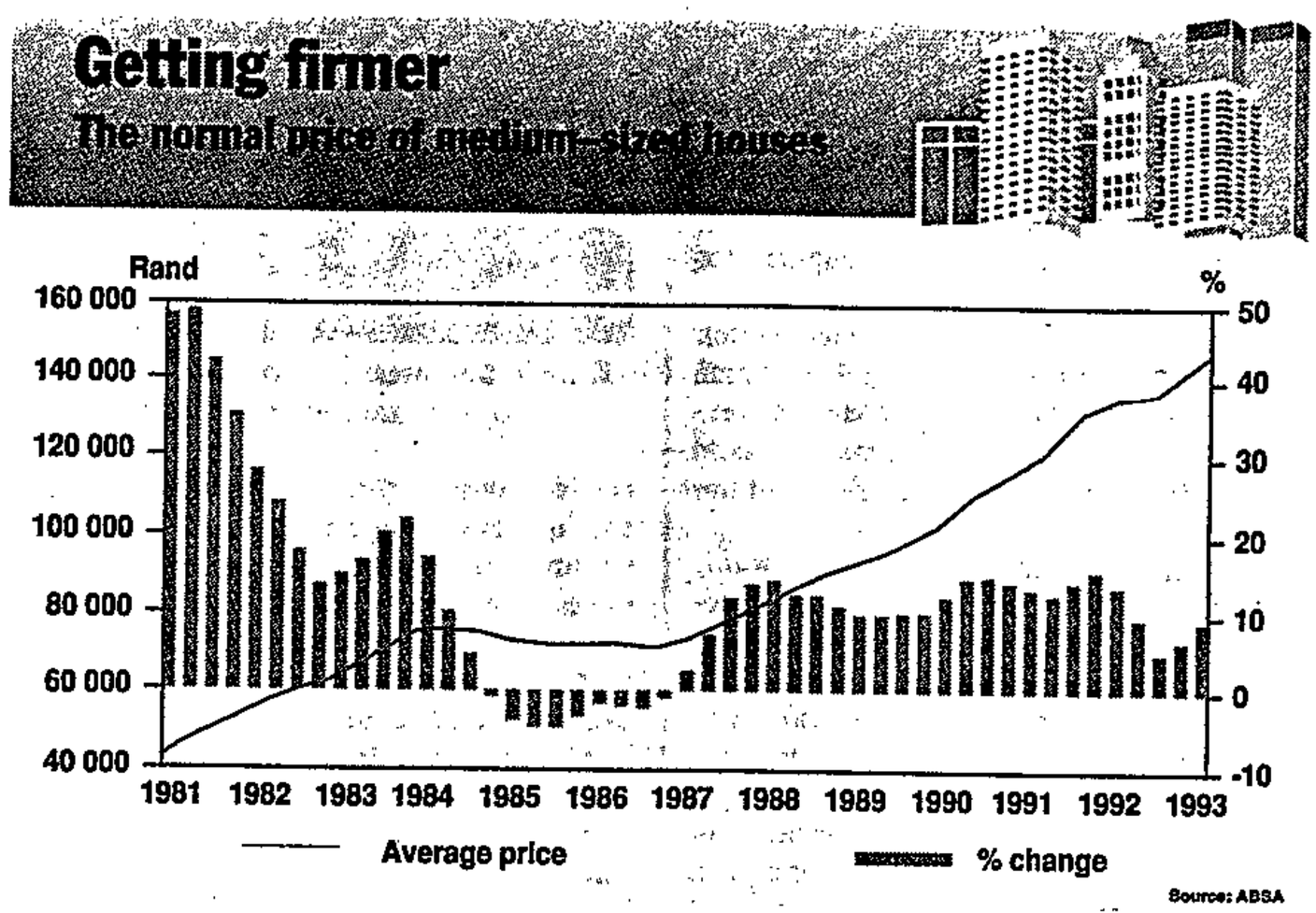
It warns, however, that "a sustained deterioration in the country's balance of payments position could lead to an earlier than expected rise in interest rates."

Luus expects a 1% to 2% increase in real house prices in the year ahead, encouraged by lower mortgage rates and an average increase in building costs of around 12% to 15%.

This expectation of rising building costs is based on a number of factors. "In the first quarter of this year we have already had an increase of roughly 14% year-on-year for residential building costs. We will also see a further increase because of the Vat hike, which is part of the reason why material costs will rise. Added to this is the fact that there is still an overall shortage of housing in the country".

Although he concedes that deteriorating political circumstances at the beginning of the second quarter could have a negative impact on prices, he is nonetheless optimistic about the general trend. The general underlying factors that affect the housing market — such as the shortage of housing and the relatively greater affordability of houses — are positive for the residential property market, he believes.

According to property economist Neville Berkowitz: "Prospects for the short term will be associated with the assassination of Hani and reduced levels of confidence. This will impact more on the R500 000 plus market than on the lower end of the market which seems immune to these pressures." ■



and included prominent businessmen.

Police also announced that a 69-year-old pensioner had been arrested after allegedly shooting at a police helicopter because it was "noisy".

Police liaison officer Major Andrew Military Hospital at Voortrekkerhoogte. The gardener was not injured.

A police helicopter was then summoned to help trace the robbers and as it circled above area the pensioner shot at it with a .38 revolver.

No to multi talks

■ Azapo maintains status quo and 'intensifies struggle':

By Lulama Luti

THE Azanian People's Organisation continues to play its cards close to its chest, opting not to join the multiparty talks. Sowetan 11/5/93

Instead, the organisation decided at a special congress in Roodepoort at the weekend to maintain bilateral talks between itself and the Government.

The organisation also resolved to retain Archbishop Khotso Makhudu of the Central and Southern Africa Province of the Anglican Church as facilitator of the talks between Azapo and the Black Consciousness Movement of Azania on the one hand and the Government on the other.

Addressing a Press briefing in Johannesburg yesterday, Azapo president Professor Itumeleng Mosala said his organisation believed the current multiparty talks were never intended to deliver freedom to (black) people.

"We can't be blamed for delaying the process (of negotiation). There have been negotiations for three years and nothing of significance has been achieved."

Azapo also rejected the notion of a government of national unity, saying it believed strongly that there was still a chance that the other members of the liberation movement would join ranks with the organisation and speak with one voice against the Government.

Azapo publicity secretary Dr Gomolemo Mokae said: "In principle, we are not opposed to talks but what we are saying is that the regime has not pointed out clearly that it is ready to relinquish power."

The two-day congress pledged its unwavering support for the BCMA and its liberation wing, the Azanian National Liberation Army, saying the struggle had to be intensified on all fronts.

Reason for houses backlog

Sowetan 11/5/93

■ No national policy:

THE lack of a uniform national housing policy for South Africa was partly responsible for the country's housing backlog, regional director of the Department of Housing, Mr John Africa, said in Cape Town yesterday.

Addressing the 21st World Housing Congress, he said that until 1985 all State housing projects were undertaken without consultation.

The department's self-help programme, had provided homes for 80 000 people in seven years. — *By Joshua Raboroko and Sapa.* (339)

THE Kagiso branch of the African National Congress has vowed that the consumer boycott aimed at white businesses in Krugersdorp will make previous ones seem like a Sunday school picnic. Sowetan 11/5/93

The consumer boycott, launched on Saturday, followed the arrest of Mr Clive Derby-Lewis and his wife, Gaye, in connection with the assassination of South African Communist Party general secretary Mr Chris Hani.

Linked to the protest action is a set of eight demands which would determine the resumption of buying in the white Conservative Party-controlled town. These include the resignation of all Krugersdorp city councillors, the installation of an "interim administration accountable to the democratic majority in Krugersdorp" and the provision of security for "all leaders of the people".

Three die in crash

TWO staffers at the Soweto campus of Vista University and a seven-year-old child were killed when their car collided with a taxi on the Old Potchefstroom Road in Soweto on Sunday night.

The dead are Mr Richard Versity, Mr Norman [illegible] and Khumalo's daughter, Mbali.

Khumalo (33) of Protea North, was chief librarian at East Rand campus of Vista University. The taxi driver allegedly ran away.

Pig put in coffin

THE Nuuanu firm of undertakers in Honolulu has agreed to apologise and pay about R2 million in compensation for putting a dead pig in the coffin of Mimi Goldberg, whose family's Jewish faith regards pigs as unclean.

It was an accident, the undertakers explained in a statement.

R20 000 grabbed

THREE armed men robbed a petrol station in Athlone, Cape Town, of more than R20 000 yesterday.

The police said the balaclava-clad men threatened a petrol attendant before demanding the money and escaping.

Offices vandalised

THE Inkatha Freedom Party's Youth Brigade offices in Germiston were vandalised by unknown assailants on Sunday night, an official claimed. Sowetan 11/5/93

Aid 'crucial to housing policy'

B/Day 12/5/93 (339)

LINDA ENSOR

CAPE TOWN — The involvement of foreign donor agencies was crucial to solving SA's housing problems, Housing Advisory Council chairman Joop de Loor told the World Housing Congress yesterday.

De Loor said the World Bank would allocate about R2,9bn annually for housing loans. But in an interview after his speech he said the bank would not be prepared to advance loans until SA had a coherent housing policy. He stressed the need for role players in SA to reach some kind of accord in order to address the housing problem and to secure financial sector investments.

"No one can expect financial institutions to pull their full weight again when unstable political situations, and more often ignorance rather than deliberate malice, moves many thousands of households to renege on their monthly debt and service payments."

He said the major role players would have to communicate an understanding of the process of housing delivery to the potential beneficiaries, something they had failed to do in the past.

"The national housing goal should be spelled out in quantifiable terms and monitored by the proposed National Housing Department. Government should therefore assume responsibility for achieving the housing goal," De Loor said.

Planact's Tony Wolfson told the congress that Rand Mines Properties would have to play a key role in developing vacant mining land separating Soweto and Johannesburg.

He said the development of the areas was crucial to the future of the region and the integration of the two cities. Physical and functional linkages had to be established to assist Sowetans to gain access to the economy and facilities available in greater Johannesburg.

RMP was the main freehold landowner in the buffer strip and Wolfson proposed that it engage in land swaps and adopt a cross-subsidisation policy to overcome the financial constraints involved in developing its land.

TPA SUPPLEMENT Administrators take on task of providing hom

Discounts boost home ownership

Sowetan 13/5/93

■ There's a bone of contention over this worthwhile move:

HOME OWNERSHIP has been boosted by a Government decision to grant tenants of houses under the National Sales Campaign discounts to a maximum of R7 500 on the purchase of their homes.

Apart from bringing home ownership within the reach of many deserving families, this step will contribute significantly to stabilising needy communities, alleviating rent boycotts and reducing the debts of local authorities.

But the discount scheme has given rise to "serious dissatisfaction" among participants in the Sales Campaign who paid cash for their homes. Some of these people now want compensation. Problems are also being encountered in trying to establish the names of tenants-occupiers and the addresses of hired units.

These issues are being investigated by the Committee for Housing Officers and will, if necessary, be submitted to the Cabinet for reconsideration.

According to the authorities the provision of sufficiently developed land for informal housing is the only real solution to illegal squatting.

"The administration is doing everything in its power to effect this."

The rationale is that development can best be promoted within existing towns with strong administrations. Having more people settled within these boundaries will also allow more efficient use of infrastructure.

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LOW-COST HOUSING FM 14/5/93.

Beware of glib promises

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Black building clients — those who need housing most — are being ripped off by some developers. Since the inception of the housing rights unit of Lawyers for Human Rights (LHR) in April 1990, roughly 5 000 files have been opened against black housing market developers and builders.

"Not a single developer or builder has escaped without a complaint, not even the development agencies," says unit director and lawyer Brian Leveson. "The difference, however, is that where there are defects, the development agencies and the larger builders will go back and fix them. Not so the others."

The unit has a list of about 100 building companies against which as many as 350 complaints have been lodged with it and other legal representatives by home buyers. Summonses are being served by the unit in five cases. They include:

☐ Ven Rich Housing — against which 40 complaints have been registered with LHR. In one case a judgment of R49 000 plus interest has been awarded in favour of one of its clients when the company built a house on land already registered in someone else's name.

Says Ven Rich Housing MD Vino Nankan: "Our client is now living in the house and the property is being registered in her name in the Deeds Office. The original owner of the stand, who wanted the house free because it was built on his land, prevented our client from taking occupation by harassing her. We installed our own foreman in the house to prevent it from being vandalised. Earlier this year, we convinced the owner of the stand to buy another stand in the same area at the same price."

Nine Ven Rich clients are being represented by Legal Resources Centre attorney Tandi Orleyn over the alleged falsification of employer information to obtain bonds. The name Mankobi Projects, which had an office in the same building as Ven Rich, appears as the employer in some of the bonds. One home where the buyer's pay was artificially inflated has already been repossessed by Saambou because the client could not keep up repayments.

Nankan retorts: "We reject this allegation completely and with contempt. When financial institutions lend to clients, it is a loan manager and not a departmental clerk who sets up the appointment to interview the client. This meeting is conducted usually for over an hour to discuss every aspect of the loan, the building contract and the builder. Therefore, it is ridiculous to claim that anything can be falsified."

Many other LHR cases concern the refusal by Ven Rich to refund deposits where no building has taken place after a long time.

Ven Rich Housing's Vino Nankan ... *confronting complains*

Though LHR worked out a formula with Ven Rich for refunding deposits more than a year ago, no refunds have yet been made. Refunds were to be made to clients where, through no fault of their own, work was not executed. Alternatively, if clients failed to qualify for a bond, because of a bad credit reference, for example, an amount for work carried out would be deducted from their deposits.

But Nankan says: "We have reached no agreement with Lawyers for Human Rights attorneys because of the ridiculous demands of the settlement. Their proposal is totally unacceptable and we suggested that we will resolve this problem in a court of law."

In addition, seven summonses are about to be served on Ven Rich by one of SA's largest legal firms as well as one by independent attorney Piet Meyer.

☐ African Property Development Co Afprop) — deemed a harmful business practice in 1992 and now in liquidation — has about 30 complaints registered against it with LHR. An additional 2 000 people are allegedly victims of a Afprop's scheme whereby monthly payments of R250 were to be paid to obtain a R22 500 house eight-and-a-half years later;

☐ Roughly 30 complaints have been lodged with LHR against Mepco, mostly involving cases where no work has been carried out and deposits have been lost. Six cases have been settled but the builder has since disappeared;

☐ Jackie Tsatsimpi is a lone builder against whom there are 61 complaints lodged with LHR and a pending application for judgment. Once again, deposits were taken but by and large no work was delivered. Tsatsimpi is also said to have disappeared;

☐ Econdi Construction, trading as Invesco International, has 340 complaints against it. In each instance, a R4 500 deposit for a R65 000 house-and-land package was to be paid in monthly instalments of R350 over 30 years. Director Ronnie Francis (27) is said to have closed his office in the Kine Centre, Johannesburg, in April last year, allegedly taking R1m-R2,5m in deposits. Many judgments have been obtained against him and the matter is proceeding. Francis is being sought by the police. Meyer is also acting on behalf of 250 people who bought homes through Econdi and he has obtained judgment in 200 cases.

Added to this list are the names of other matters being dealt with by the Legal Resources Centre which has a housing portfolio but no unit:

☐ Group Housing, alias Pentax's, has 80 complaints against it registered with the centre. The complaints, about poor workmanship, are from Diepkloof Zone 4 community. In three cases, judgment has been obtained but monies have not been received because no attachable assets could be found. The centre is now investigating the directors' personal liability;

☐ Kamohau Enterprises, against which more than 50 complaints have been lodged with the centre, is primarily being charged with not refunding deposits, ranging from R2 000 to R20 000, over incomplete work or the failure to secure sites. The sole proprietor of the company, Peter Sekgonyane, has been found guilty of fraud by the Vereeniging Magistrate's Court and ordered to repay R93 000 but no money has yet been received by his clients, some of whom are represented by the Legal Resources Centre;

☐ Wimpey Homes, against which Meyer is representing 80 buyers, apparently constructed about 200 houses in Emden Exten-

cont → P. T.O.

RMP TRANSFER

In a deal worth close to R100m, the property interests of Barlow Rand have been consolidated under the umbrella of Rand Mines Properties. RMP has acquired Barlow Rand's 78% controlling interest in Barlow Rand Properties with effect from April 1 1993. As a substantial property group, RMP will apply to the JSE for a transfer of its listing from mining holding to the property board.

PROPERTY FM 14/5/93.

sion 2, Soweto, where the workmanship was allegedly of a low standard. Meyer plans to proceed to arbitration as soon as funds are available.

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Says Leveson: "It's not only the end product that has to be investigated. Homeowners are abused at every point in the delivery process. Land that is sold to developers for next to nothing — often by local authorities — is sold on for astronomical amounts, notwithstanding servicing costs, which we believe may well be profiteering. Furthermore, the locations are less than prime as they are often far removed from transport and employment, though this problem has political dimensions.

"Harmful practices must also be defined. Where a total package is offered, supposedly to include land, sites often have not been obtained when the deposits are taken."

Leveson warns potential home buyers not to use builders as bankers, nor to enter into monthly instalment plans with them. Builders have no fidelity insurance fund — unlike attorneys and estate agents. The only insurance a builder's client can gain is to insist that his deposit is placed in an attorney's or estate agent's trust accounts.

A recent amendment to the Usury Act, which excludes amounts of less than R6 000, could lead to loan sharks charging their clients whatever interest rates they want, says Leveson. "We are concerned about this and are looking into the matter." ■

'Toilet towns mean more injustice'

Sowth 15/5 - 19/5/93

Somsook Boonyabancha

TOILET towns — site and service developments — have failed in all developing countries, Asian delegates told the People's Dialogue seminar.

Ms Somsook Boonyabancha, secretary of the Asian Coalition for Housing Rights, said site-and-service had failed in several Asian countries because it was not related to people's lifestyles.

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"They produce 10 000 sites, and a community of 10 000 families, but the complex processes of community interaction are lacking in the mind of the planner."

She added that the World Bank's endorsement of the site-and-service concept has led to governments sticking to the idea even when it is clearly not working.

"The Indian government is in love with site-and-service because it brings in a lot of money from the World Bank. They have had to hire families to stay at the sites to convince World Bank officials that the scheme is working."

"In Bombay there are 4.7 million squatters, and the authorities responded by providing 10 000 serviced sites 40km from the city," said Mr Jockin from India's National Slum Dwellers' Federation.

The bureaucracy involved in applying for a place in a site-and-service scheme defeats most people in India, Jockin said. The illiterate cannot understand the paperwork, and the fees demanded of applicants are beyond the means of most homeless people.

In this country site-and-service has been promoted by organisations such as the Independent Development Trust (IDT).

IDT spokesperson Mr Jolyon Nuttall said the IDT is aware of the limitations of site-and-service if development went no further than building toilets. All the schemes funded by the IDT have now moved into a consolidation phase which would "turn the spaces into communities".

The consolidation phase involves the appointment of co-ordinators paid by the IDT, who find out the service needs of each community, be they schools, shops, or recreation facilities.

CIPress 16/5/93

Housing scam set to crumble

CIPress 16/5/93 (339)

Dozens of people have been left homeless and a few thousand rands poorer following vindictive and misleading action by property developer Veno Nankan, who refused to refund deposits when contracts were cancelled because clients could not get bonds. COLLETTE CAINE reports that Lawyers for Human Rights' Housing Unit are taking legal action against Nankan and her company, Ven Rich Housing.

VENO Nankan boasts that hard work and determination brought her from humble beginnings in a matchbox house in Durban's Chatsworth to a Sandton mansion and a chauffeur-driven Mercedes.

But she refuses to admit that her business practice as a housing developer in black areas has left dozens of people not only homeless, but thousands of rands poorer for having dealt with her Johannesburg company, Ven Rich Housing.

Despite City Press reports two months ago that Lawyers for Human Rights' Housing Unit was investigating 40 complaints against Ven Rich, Nankan has failed to resolve any of these complaints.

The only reaction received by LHR was from Ven Rich attorney Krish Naidoo, who asked for details of the 40 complaints. LHR director Brian Leveson said this information had been supplied in the past and Ven Rich had failed to honour numerous undertakings to resolve the problems. These ranged from failure to build at all, to refusing to refund deposits when contracts were cancelled because clients could not get bonds.

LHR is continuing with legal action against Ven Rich.

The flamboyant and assertive Nankan, who owns Ven Rich with her husband Rishiraj Nankan, hit the headlines – and the airwaves – about 18 months ago in a vociferous campaign which accused financial institutions of racism against black bond applicants in townships.

She boasted about her ANC membership and was reported in one publication as saying she had "always dreamed of supplying houses to our leaders".

At a low-cost housing conference which she attended without an invitation, Nankan loudly announced her membership of the Alexandra ANC branch. She left the gathering after being confronted by executive members of the branch who were attending the conference, and who had never met her before.

On radio talk shows she claimed to be speaking up for black South Africans who could not get bond finance because of discriminatory practices by banks and building societies.

But, at the same time, Ven Rich was apparently ripping people off – the very people Nankan said she was standing up for against big business.

There is a common thread running through the 40 complaints being handled by LHR.

Ven Rich took deposits from people who did not meet bond requirements – then refused to refund the deposits when people failed to get bonds.

Joseph Letsholo is fighting to get back his deposit after he was forced to cancel it when his employer went under and his housing subsidy fell away.

Ven Rich had not started building and Joseph no longer qualified for a subsidy, but Ven Rich claimed he still had to forfeit the cancellation. LHR asked for a breakdown of costs Ven Rich had incurred but, despite promises to do so, Ven Rich has still not complied with this request.

Ven Rich submitted bond applications containing false income information and, on the basis of this, bonds were granted.

Eight City Press readers complained their bonds, obtained from Saambou by Ven Rich, were much higher than the payments Ven Rich originally quoted them.

City Press referred the readers to Legal Resources Centre who negotiated with Saambou on behalf of them. Investigations revealed five of the eight were granted bonds on the basis of false income statements – usually involving a fictitious employer for the unemployed wife of the applicant.

In some cases Saambou agreed not to repossess houses but to accept reduced bond repayments: in other cases, people's homes were repos-

I'll see this firm in court – nurse

SOWETO nurse Nomasami Zazayokwe had to cancel her contract with Ven Rich and is taking them to court to get back her R5 200 deposit.

When she applied to Ven Rich she qualified for a housing subsidy of R47 000 from her employers.

She paid Ven Rich a deposit of R5 200 and waited for them to start building. Several months went by without Ven Rich starting to build. When they were ready to start work, Ven Rich told Nomasami she would have to fill in other forms because of changes in the housing subsidy rules at her work.

She then found out that her subsidy had been reduced to R22 000 and she could no longer afford the house she had originally qualified for.

She explained her new circumstances to Ven Rich and cancelled the contract. Ven Rich at first refused to refund her deposit at all. After representations from LHR Ven Rich said they would refund part of her deposit and keep the R1 200 cancellation fee stipulated in their contract.

That was almost a year ago and they have not paid a cent.

CASTLES IN THE AIR . . . Veno Nankan promised the earth and plenty of fabulous houses to black buyers, then failed to come up with the goods. Pic: GISELE WULFSOHN/*COSMOPOLITAN*

Readers' Hotline

Dashing duo's fast

eight were granted bonds on the basis of false income statements – usually involving a fictitious employer for the unemployed wife of the applicant.

In some cases Saambou agreed not to repossess houses but to accept reduced bond repayments; in other cases, people's homes were repossessed and Saambou entered lease agreements with them.

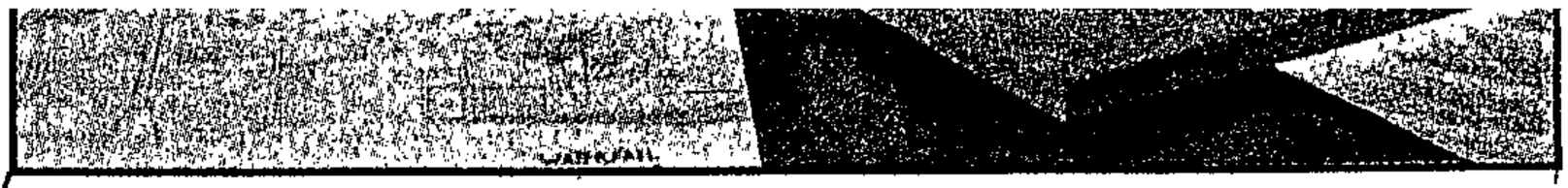
When City Press asked Nankan about these allegedly falsified income statements she blamed clients, saying they must have given false information to her agents.

In some applications, the fictitious employer is Mankobi Project, a civil engineering firm in the same building as Ven Rich. At the time the false applications were submitted, a director of Mankobi Project was in partnership with Nankan in an upmarket townhouse development in Sandton.

After City Press questioned this coincidence Nankan stopped returning our calls.

Ven Rich refuses to refund deposits even where cancellation of a contract was no fault of the buyer. Even where Ven Rich has not started building, deposits are being retained.

Bongani Stuurman is fighting to get his R6 500 deposit back from Ven Rich, despite the fact that First National Bank has confirmed in writing the reason his bond was turned down had nothing to do with him but was because Ven Rich "did not meet with our criteria".



CASTLES IN THE AIR . . . Veno Nankan promised the earth and plenty of fabulous houses to black buyers, then failed to come up with the goods. Pic: GISELE WULFSOHN/*COSMOPOLITAN*

Readers' Hotline

Helping you with your problems

☐ PO Box 548
Kengray 2100

Dashing duo's fast cars and mansion gained at expense of black buyers

Despite this evidence, Ven Rich has refused to refund his deposit and lawyers are preparing a summons.

Joel Makama is still living in a back room and is struggling to get his R2 900 deposit back from Ven Rich. After he had made the down payment, Ven Rich said the price of the house he wanted had gone up.

Joel could not afford the higher price and would not have qualified for a loan. Ven Rich refused to refund him.

A cancellation clause in Ven Rich contracts states that if a contract is cancelled for any reason whatsoever, clients will forfeit R1 200.

Leveson disagrees. He says clients can't be penalised for cancellation through no fault of their own and they can't be expected to forfeit R1 200 if the house was not built because of Ven Rich's actions, or lack thereof.

Leveson says Ven Rich agreed – in consultations more than a year ago – to calculate how much money they had actually laid out in these deals and to deduct these costs then refund the rest of the deposit.

"We are tired of waiting. We are going ahead with legal action," he said this week.

Ven Rich is accused by several clients of not supplying fittings and finishes as stipulated in the contract they signed. Some allege that items were crossed off the contract after they had signed and that they were never given copies after signing.

Some time ago City Press accompanied a group of disgruntled clients to a meeting with the Nankans to discuss alleged omissions from contracts and high bond repayments.

Nankan produced copies of contracts showing clients had agreed, for example, not to have kitchen cupboards, carpets, stoves and other finishes.

The clients did not have copies of the contracts so could not hope to prove Nankan wrong.

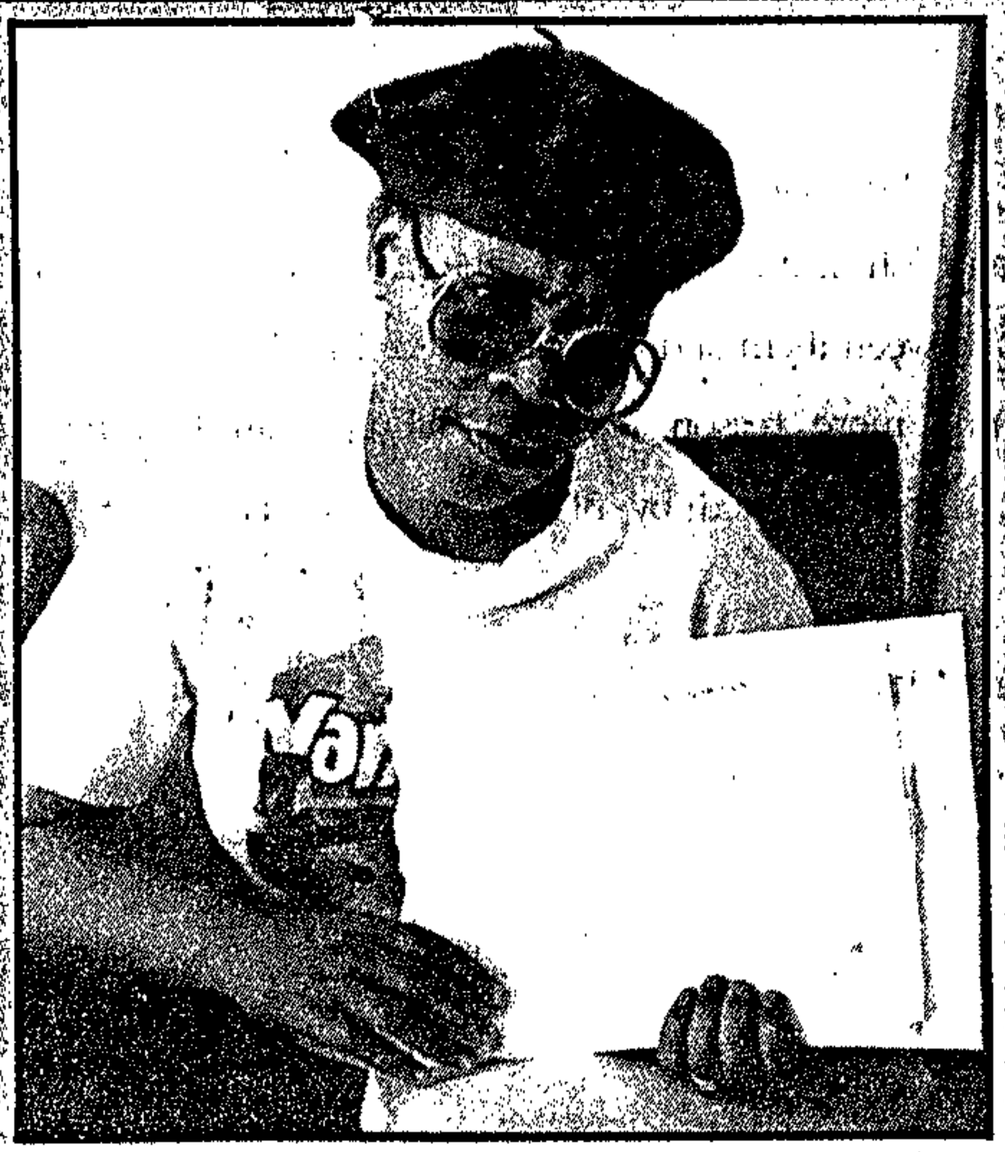
Ven Rich offered clients package deals, including land, but in many instances did not own, nor have the legal right to develop, the land they were building on.

In some cases, clients signed only a building contract, but not a contract for the land, which is a contravention of the Alienation of Land Act.

In one case, Ven Rich took R49 000 in cash and built the client's house on someone else's land. The client, assisted by LHR, took Ven Rich to court and obtained a judgment for R49 000.

The sheriff attached office equipment and furniture to the value of R49 000 and was about to proceed to auction when Ven Rich organised the purchase of the land and transfer into the client's name.

Lawyers involved in the new Housing Consumer Protection Trust agree that these complaints against Ven Rich are typical of the business practices of unscrupulous developers and builders in the black housing market.



NO DEPOSIT . . . Elizabeth Lobi is owed R1 200.

Firm denies 'notification'

COMPANY Ven Rich is not only refusing to refund Elizabeth Lobi R1 200 they retained from her deposit, but has applied to have a judgment against them overturned through the Small Claims Court.

Lobi took Ven Rich to the SCC when they refused to pay back R1 200 of the R5 000 she reclaimed when Ven Rich failed to build the house she bought from them.

Lobi obtained a default judgment when Ven Rich failed to defend the case. Then Ven Rich claimed they had not known of the case and applied for another judgment.

☐☐☐☐

IN the case of single mother Onica Rapedi, reported in City Press in March, in which Rapedi lost R14 000 because of a false income statement from Mankobi Project, Veno Nankan stuck to her story that the Mankobi connection had nothing to do with her.

She blamed Rapedi – who has sworn under oath that she had never heard of, let alone worked for, Mankobi. At the time of her application, Rapedi worked for a bank and did not earn enough to qualify for a bond. Her bond application said she had worked at Mankobi for four years and earned enough to pay off the bond.

When the falsified bond applications came to light, Saambou stopped dealing with Ven Rich, as did First National Bank.

Star 7/5/93

Financial community told to get house in order

339

By Bruce Cameron

CAPE TOWN — The African National Congress has bluntly warned South Africa's financial institutions to restructure or be restructured if it is to form a vital link in the upliftment of the poor.

The warning came in a speech made by Trevor Manuel, head of the ANC department of economics, to the World Housing Conference on Friday.

But in an interview after the meeting, Manuel said the ANC would prefer to negotiate a change in attitude with the financial institutions rather than force them to help finance socially responsible projects, particularly housing.

Manuel's warning follows increasing criticism of banks and building societies for raising charges across the board, while retaining high interest margins and effectively forcing thousands of people out of the formal banking system.

Mike de Blanche, deputy chief executive of Absa and president of the Mortgage Lenders' Association, said in an interview it would be very difficult to restructure banks because they had been developed to deal with the formal sector of the economy.

This was why the banking sector was supporting the development of the proposed Community Bank, which would be able to provide a wider and cheaper service.

Manuel said the ANC was planning to initiate a series of conferences with financial institutions, including the Council of SA Banks (Cosab), the Life Offices Association (LOA) and the Institute of Retirement Funds.

He said the ANC hoped to reach consensus with the institutions and in so doing lay the basis for them to restructure themselves.

The Independent Development Unit — which was established by the LOA to help finance projects for the poor — had been offered by the LOA as an alternative to the re-introduction of prescribed investments.

He hoped a similar agreement could be reached with all financial institutions.

The LOA had indicated that if this did not work, it would not oppose prescribed investments so strongly.

In his speech, Manuel said banks and buildings societies were almost entirely structured to meet the needs of their white and corporate clients.

The situation was compounded because corporate clients were also the owners of banks.

As a result, lending practices discriminated against individuals and enterprises outside the conglomerates.

"The formal banks hardly address or understand the needs of the majority of the population," said Manuel.

A stinging indictment was levelled at banks for squeezing low-income earners out of the formal system.

BH Pieters, managing director of the recently established Metropolitan Housing Finance Co-operative, told the conference that access to credit and savings facilities had been an indispensable element of socio-economic development worldwide.

But in South Africa access to finance was limited, costly and directed to sophisticated First World needs, while "every month new and increased service charges are being introduced by SA's major banks, forcing the closure of thousands of savings accounts and other facilities".

Pieters doubted whether it was possible for a First-World bank to reposition itself to serve a broad market. An example was that banks were unable to offer housing loans below R30 000.

HOUSE OF REPRESENTATIVES

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Ennerdale: distribution of food parcels by organizations

17. Mr A E REEVES asked the Minister for National Health and Welfare:

(1) Whether any organizations are involved in the distribution of food parcels in Ennerdale; if so, how many;

(2) whether there is any duplication in respect of the distribution of such food parcels; if so, what are the relevant details;

(3) whether any employed persons are receiving such food parcels; if so, (a) why and (b) what criteria are applied in this regard;

(4) whether her Department exercises any control over the distribution of these food parcels; if not, why not; if so, to what extent;

(5) whether any irregularities in respect of the distribution of these food parcels have been reported; if so, what irregularities? C93E

The MINISTER FOR NATIONAL HEALTH AND WELFARE:

(1) Yes, ten;

(2) yes, hundreds of hungry people and squatters inundated the premises of some of the service-rendering organisations and certain food parcels were stolen. The culprits were ultimately identified and measures are being taken by the organisations that have been funded to eliminate duplication and to co-ordinate the rendering of services at ground level more efficiently;

(3) yes,

(a) mainly those who have only piece-jobs earning as little as R50 to R70 per month. In order to avert legal action income is paid to the local authority, who is demanding payment for rent and water and lights and

(b) assay of destitute families is done on a continuous basis by social workers;

(4) yes, the regional and district committees of the National Nutrition and Social Development Programme co-ordinate actions to avoid duplication. This task, however, is mainly the responsibility of the service-rendering non-governmental organisations who have been funded;

(5) yes, as set out in (2).

Ennerdale: distribution of food parcels by political parties

18. Mr A E REEVES asked the Minister for National Health and Welfare:

(1) Whether any political parties are involved in the distribution of food parcels in Ennerdale; if so, which parties;

(2) whether the said political parties are distributing these food parcels under their own names; if not; what names are used in each case;

(3) whether she intends investigating the matter; if not, why not; if so, when;

(4) whether she will make a statement on the matter? C94E

The MINISTER FOR NATIONAL HEALTH AND WELFARE:

(1) No;

(2) and (3) fall away;

(4) no.

HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

339

Plots available/development of townships for Blacks

326. Mr P G SOAL asked the Minister of National Housing:

(1) With reference to the reply to Question No 189 on 22 April 1992, how many plots (a) were surveyed in (i) the Cape Province, (ii) the Orange Free State and (iii) Natal in 1992, and (b) are available, with a view to the (i) 99-year leasehold and (ii) freehold title scheme;

(2) (a) how many applications for the development of townships for Blacks in the Transvaal were (i) submitted in 1992 by (aa) private developers and (bb) local authorities and (ii) approved and (b) how many residential erven will be available in the approved townships? B751E

The MINISTER OF NATIONAL HOUSING:

(1) *Cape Province*

(a) (i) 30 623

(b) (i) 205 381

(ii) Figures are not available as township registers must first be opened before a person can obtain ownership on an erf. In total 742 township registers had to be opened in the Cape Province to allow ownership on all surveyed and approved erven. Of the 742 township registers to be opened 350 or 47% have already been opened. Enquiries to the Surveyor-General's Office and Deed Office regarding the number of erven involved have shown that this information is not readily available. To determine the number of erven all the general plans for which town registers have been opened, will have to be examined.

Orange Free State

(a) (ii) 15 325

(b) (i) 86 994

(ii) 89 738

Natal

(a) (iii) 15 262

(b) (i) 17 694

(ii) 6 849

(2) (a) (i) (aa) 13

(bb) 56

(ii) 48

(b) 19 077 residential erven

Self-governing territories: family housing units

334. Mr P G SOAL asked the Minister of National Housing:

(1) (a) How many family housing units were built in 1992 in each self-governing territory by the (i) authority of the territory and (ii) private sector and (b) what was the total amount spent by each in respect of each territory;

(2) whether there was a shortage of housing units in any self-governing territory as at 31 December 1992 or the latest specified date for which information is available; if so, how many units are required in respect of each territory? B753E

The MINISTER OF NATIONAL HOUSING:

(1) and (2) Although the Department of Local Government and National Housing and the self-governing territories have an overall formal working relationship regarding the co-ordination of housing policy and the allocation of housing funds, details regarding building programmes and housing backlogs should be obtained from the self-governing territories directly in view of their autonomous status in respect of housing matters.

LOW-COST HOUSING FM 21/5/93. (339)

The guarantees banks need

Disparate though their efforts may be, the Building Industries Federation of SA (Bifsa), the National Housing Forum and the Association of Mortage Lenders, jointly with the SA National Civics Organisation (Sanco), want to find ways of encouraging private-sector finance back into low-cost housing.

Since the call for bond boycotts in July 1992, the banks have drastically cut their lending in high-risk areas.

The recent accord reached between the association and Sanco provides hopeful signs that mortgage lending in these areas will return to normal soon. This would make finance for lower-income housing available on a greater scale.

Where Bifsa's emphasis (*Property* May 14) is on using government money to help lever private-sector finance into low-cost housing, based on a formula now being devised by Federated Insurance and Investec Bank, which will provide insurance cover and guarantees on monies advanced, mortgage lenders and Sanco are — seemingly — placing the emphasis elsewhere. Their first concern is to reduce the risk of nonpayment. Any overlaps will be apparent only once the schemes are on the table.

About two months ago they approached the SA Special Risks Insurance Association (Sasria) to devise an unemployment and disability scheme whereby full (100%) cover would be provided to borrowers to guarantee monthly mortgage repayments for a prescribed period — perhaps for six to 12 months. The details are still being worked out but the idea is that a compulsory insurance premium will be levied on all home loans.

This, in effect, would permit the retention of the borrower's home without incurring further debt while giving him or her time to find another job.

Mortgage lenders now receive guarantees of up to 30% for loan balances between R12 500 and R43 000 where the valuation of the property is less than R47 500 under the Home Loan Guarantee Scheme (established in 1989). The scheme applies in all lending areas. Vacant land is excluded.

The scheme consists of two policies where the bank is the insured party, not the client. The ultimate beneficiary however is the client as banks have been able to reduce their risk to 65% of the value of the property. It requires a minimum 5% cash deposit from the buyer or collateral from another source such as an employer. A further 15% is provided to make up the shortfall on the required 20% deposit.

The first policy provides the bank with a further maximum 15% cover based on the value of the property. This policy is therefore called a deposit replacement policy and is optional, though most banks take it up. It covers the bank for a period of four years and is nonrenewable. Payment is by means of a once-off premium of 8,5% of the insurance cover, which the bank recovers from the client at the time of registration of the loan.

The second policy is a compulsory one which offers a maximum 15% risk reduction on the loan based on the value of the property. It provides cover for a five-year period and is also payable by a once-off premium of 8,5% of the insurance cover and is likewise recoverable. Mortgage lenders may exclude 10% of their loans from this policy.

According to the association, this 30% cover is not sufficient if the property cannot be repossessed as is now the case of most defaults on township houses. In cases like these, they believe 100% cover is necessary. As this type of insurance would be prohibitive and impractical, they argue that the existing insurance scheme should be enhanced or replaced by instalment (unemployment and sickness) insurance to give owners a reasonable opportunity to get back on their feet.

Absa assistant GM Pieter Marais expects it will take Sasria another six months to finalise the details of such a scheme. "If this scheme is broadened to provide cover for all mortgagees it could enhance the affordability of such protection. It could also provide cover for skilled and high-income earners who are increasingly subjected to unemployment risks. While some insurance companies offer such insurance, it is found that the premiums are high and effectively limit the availability of cover to high-income earners only and not where the need is greatest."

Absa's Peter Marais . . . *stable family life is the key*

Bifsa's view is that six months is too long to wait to tackle the urgent need for an assault on the low-income housing market. While it believes that such insurance cover addresses a significant part of the problem, it is not going to be an affordable proposition for most prospective homeowners. Government subsidies will be required to reduce the premiums.

It also believes insurance cover will not by itself be sufficient to address the high risk of private-sector investment in this area and further government guarantees and/or subsidies will be necessary to encourage the provision of bond finance on a major scale. ■

RATE REBATES FM 21/5/93

The council's conundrum

A move to increase Cape Town's residential property rates rebate — in the face of a pending rates increase averaging 80% across the city — has been temporarily blocked by the city council.

Councillors voted 14:13 last week to increase the residential rebate from 26% to 35%. But Leon Markovitz, a councillor opposed to the increase, subsequently won majority support for a notice that he will move for the decision to be rescinded at the council's next meeting.

Markovitz, who represents a CBD ward, believes increasing the residential rebate will place an additional rates burden on owners of commercial property. The increased rates are the result of a new valuation roll. They are due to come into force on July 1 (*Property* April 23).

Many residential ratepayers, particularly in the more affluent suburbs, have reacted with horror at the prospect of having to pay substantially higher rates — even though the rates they are now paying are based on a grossly undervalued property valuation roll that has been in force for 10 years.

At a meeting of ratepayers in the Atlantic suburbs last week, Cape Town treasurer Eddie Landsberg said rates in Clifton would increase on average by 147%-163% depending on what rebate was agreed to by council. In neighbouring Sea Point the average increase would be 51%-69%.

Markovitz argued that Cape Town's relatively high rates on commercial properties had discouraged business investment in the city. If an even bigger burden were placed on the business community there would be a strong possibility that many businesses would relocate to areas on Cape Town's northern border, such as Bellville, Parow and

FM 21/5/93.

IDT SUBSIDY SCHEME FM 21/5/93.

Lessons to be learnt

The Independent Development Trust's efficacy in distributing the R2bn grant it received from government in August 1990 has long been in question, unjustifiably it now seems.

Based on IDT statistics, FHA Homes CEO John Weaver last week told the World Housing Congress in Cape Town that the IDT has be. efficient in allocating subsidies for serviced stands to development agencies as part of its housing initiative.

It took only three months — March-July 1991 — from receiving applications from various developers to approving and allocating subsidies and stands to end-users. If there is a problem, it lies in the delivery of serviced stands and the developers' receipt of subsidies — a process that depends on the development agency.

In his paper, Weaver says disbursing the R2bn granted to the IDT to address social effectiveness of the backlogs — embracing housing, health and education — was made a priority. (339)

For its housing initiative, the IDT committed R750m in the form of 100 000 capital subsidies of R7 500 each for site and service housing. IDT trustees initially approved 108 applications for 99 800 sites, then increased this to 109 842 sites.

In terms of the programme, developers "in the widest sense of the word" says Weaver, were to apply to the IDT, on behalf of individuals, for subsidies which would be paid to them after services had been installed for the sites and the sites transferred to the beneficiaries. (339)

The R7 500 subsidy per stand was for water reticulation, a toilet structure connected to waterborne sewerage, tarred bus routes, gravelled minor roads and registrable stands. The beneficiaries had to earn less than R1 000 a month, be over 21, have dependants living with them, be first-time property owners and receive no other State subsidy.

Of the 109 842 stands allocated through the IDT in July 1991, subsidies for only 20%, or 21 519 stands, were paid by November 1 1992. But only 49 861 stands, or 45%, were delivered by November 1 1992.

Weaver says about 50 000 stands were delivered between July 1991 and November 1992. The most accurate measure of developer efficiency lies in the receipt of the subsidies, not in the delivery of serviced stands, as some of the 49 861 stands were being prepared when the IDT scheme was launched in July 1991. Commenting on Weaver's findings, IDT housing director Ben van der Ross argues that the number of stands partly completed makes up a small proportion of those delivered.

Says Van der Ross: "I don't have the figures at my fingertips but they appear to be in the right ballpark. Receipt of subsidies signifies two things. The first implication is that, at the date in question, 20 000 end-users had been given security of tenure. But, because subsidies had not been paid out for 28 500 delivered stands, the shortfall is incurring interest in somebody's hands, possibly unnecessarily.

"The real lesson is that private sector-orientated bodies — such as the utility companies and private developers — to whom money is a cost, go to the trouble of ensuring that they actually secure end-user finance to limit their interest burden. Public-sector orientated bodies don't have the same incentive. One reason public sector bodies do not show losses is because they often do not take market-related interest into account, whereas private sector developers do.

"The question for the future is whether you channel delivery through the private sector, with penalites and incentives, or through the public sector which is capable of absorbing and hiding the real costs, because, at the end of the day, someone is paying.

Based on current data, roughly R250m in subsidies is not being drawn down."

Weaver says that at the end of July 1991, when the IDT allocated stands to developers, the largest part was allocated to trusts (33,1%). Next came utility companies (23,8%), local authorities (16,2%), private developers (13,2%), sub-regional authorities (6,2%), regional authorities (3,9%) and parastatals (3,6%).

By November 1 1992, the number of new stands serviced for which capital subsidies were paid out by developer type showed that private developers, utility companies and some local authorities had been the most efficient, drawing 36%, 35% and 26% subsidies respectively for their allocated stands.

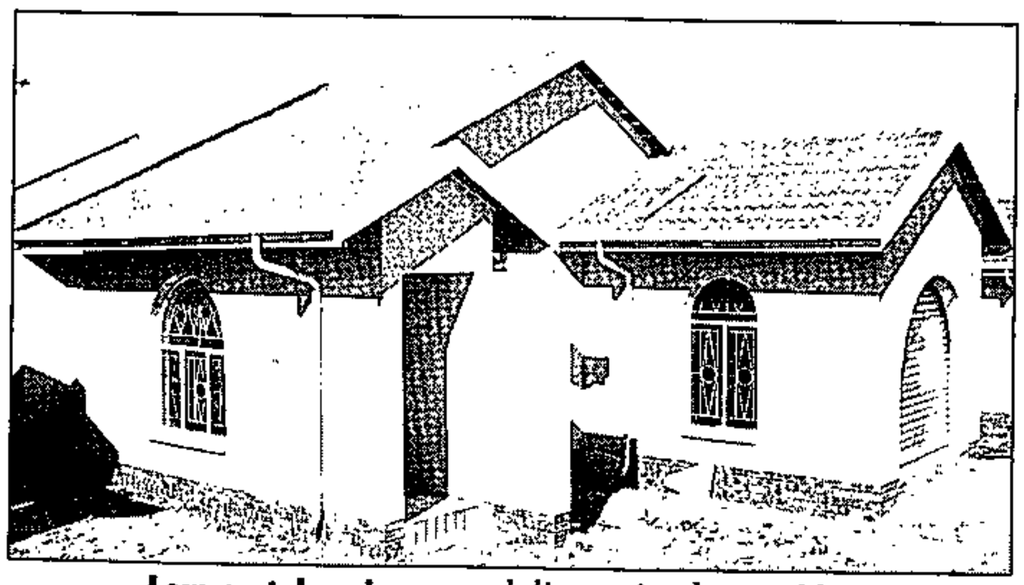
The results from regional authorities, which received no capital subsidies, were different. Semi-State companies and trusts received only 5% of their subsidy allocations.

The next least effective developers were sub-regional authorities, which realised only 9% of their allocation measured by receipt of subsidies. Regional Services Councils are included in this category. Van der Ross warns against comparing trusts with other developers as the two are different.

"The advantage of Weaver's exercise is that you can analyse performances, but the principle of empowering communities through trusts, to address their needs, is still correct. Because of this experience, operating future subsidy schemes in these communities would probably be easier. The groundwork has been laid by building community capacity and establishing trust. However, practical adjustments can be made.

"This information, nonetheless, indicates fairly accurately trends with which I cannot argue. It will be fed to the National Housing Forum to help the debate in general and avoid replicating mistakes of the past."

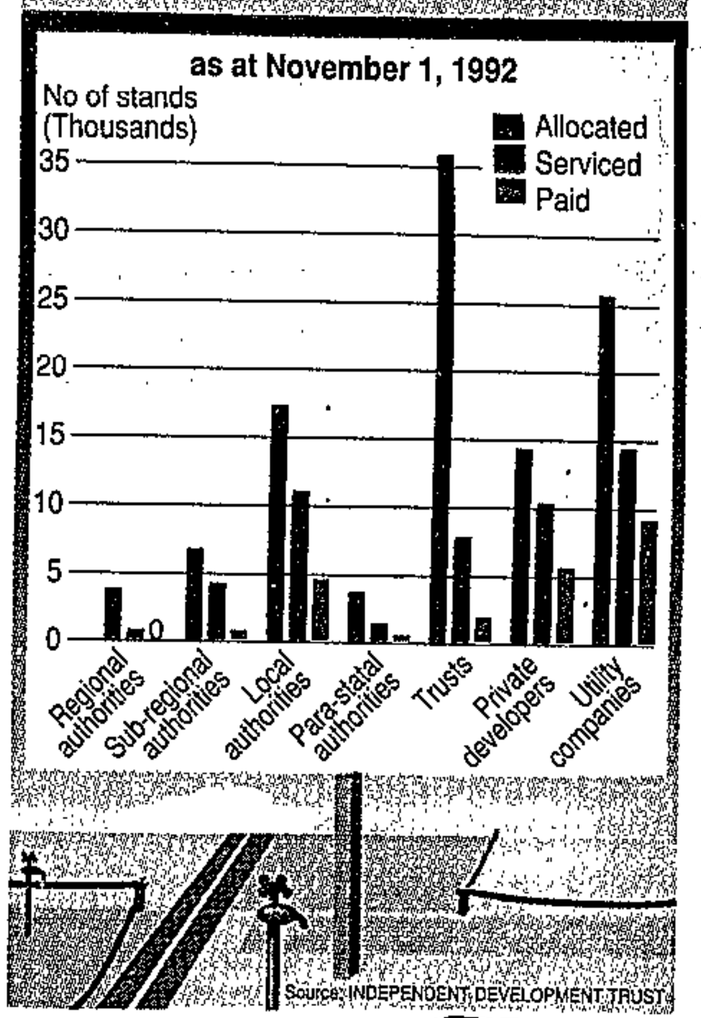
Weaver indicates that The New Housing Company, formerly part of the Urban Foundation, performed best among utility companies in receiving capital subsidies, having acquired 66% of its allocation by November 1 1992. ■



Low-cost housing ... *delivery is the problem*

How efficient are they?

Developers' use of IDT capital subsidy scheme



FM 21/5/93 (339)

Boost for low-cost housing

Star 26/5/93

Own Correspondent

CAPE TOWN — A cash injection of R268 million for "affordable housing" for low-income South African families was announced by the Government today.

Gerald Morkel, Minister of Housing and the Budget in the House of Representatives, said the R268 million would be available for housing assistance in the 1993/94 financial year, aimed primarily at families whose breadwinners earned between R500 and R2 000 a month.

The money, 50 percent more than the previous budget, would be allocated nationally to 200 local authorities for 400 housing and related projects.

About R107 million was for projects in the western Cape, Boland and on the west coast. The Transvaal would receive R40 million, Natal R27 million and the Free State R9 million.

"In allocating scarce resources we have adopted a 'bottom up' approach to involve the individual actively in the provision of housing," the Minister said.

"We have to cut the coat according to the cloth. Even a modest starter house can provide a family with permanency of tenure and the facility to upgrade as economic conditions improve."

This approach had proved successful in the Department of Housing self-help programmes in which families were given loans to buy building materials and taught to build their own homes, Morkel said.

Deputy director of housing John Hopkins said that, depending on the locality, "housing units will range from R14 000 to R16 000 each, excluding the price of the plot".

R268-m boost for housing

Star 27/5/93

Own Correspondent

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'Masterbond gave kickbacks to Urban Foundation staff'

B/DAY 27/5/93 (339)

LINDA ENSOR

CAPE TOWN — Masterbond agents gave Urban Foundation employees kickbacks to invest R15m of the foundation's money in Masterbond, the Nel commission into the collapse of the Masterbond group heard yesterday.

A former Masterbond agent in the Transvaal, Mark Galbraith of Galbraith & Associates, said the foundation's employees were paid "commission" for monies invested with Masterbond.

RAY HARTLEY reports that Urban Foundation CEO Sam van Coller said yesterday the matter of a R15m investment in Masterbond by the foundation's treasury unit, of which R10m had been recovered, had been referred to the SAP's Commercial Crime Unit.

"The investment in Masterbond was made by the manager of the treasury unit contrary to the investment criteria laid down by the foundation's investment committee at the time," he said.

Van Coller said the R15m did not involve money donated to the foundation, but consisted of money "from treasury trading operations which were linked to the foundation's housing operations at that time".

The foundation had submitted an insurance claim for the unrecovered R5m.

Galbraith also told the commission how at a convention in October 1990, life assurer Fedlife's representatives had promoted an equity participation scheme involving Masterbond investments. He said the scheme was described as a safe investment offering substantial returns.

The representatives said Fedlife had earmarked R40m of annuity and pension fund money for investment in the scheme.

Galbraith said that on the basis of these representations, agents for IPC, which was associated with assurance brokers Galbraith & Associates and which owned 40% of Masterbond Holdings, had begun marketing the scheme. However, he said in a letter to Fedlife he established that Fedlife's investment division had cautioned against taking part in the scheme.

Fedlife invested R18m of "sacred pension fund money" in the scheme, using IPC to sell it. Galbraith said Fedlife had, since Masterbond's liquidation, reached an agreement with investors on the funds.

Galbraith told how he spent three hours with former Masterbond chairman Kops Jonker the day before the group was provisionally liquidated. Jonker made no mention of the pending court action, assuring Galbraith Masterbond had a bright future.

Another witness, Sidney Goodwin, who was Masterbond's main agent in the Transvaal, told the commission how a R30m bond was registered over Mykonos Weskus in October 1990, about a year before the property was valued at R47m.

He suspected that the valuation had been structured to accommodate the two-thirds bond rather than to reflect the value of the property.

He claimed Financial Services Board executive officer Piet Badenhorst authorised the early payment of Masterbond funds deposited with Pretoria Bank on condition that the money was invested in a specified way. In fact, R12m was invested in a noninterest-paying Fancourt Holdings bond. The funds, Goodwin said, were not used for development but to repay R12m of a debenture bond into the short-term debenture bond pool.

SA will not push to join OAU, says Pik

CAIRO — Foreign Minister Pik Botha said yesterday SA already had "virtually normal" ties with most African countries and would not actively push to join the OAU.

His three-day groundbreaking trip to Cairo was the latest stage of a charm offensive by Pretoria to normalise ties with Arab countries before nonracial elections. Botha said SA was looking for a location for a trade office in Cairo and a high-level Egyptian business delegation would visit SA next month.

But Cairo has made clear it will open diplomatic ties only as part of an OAU initiative.

"We're looking forward to the day we can take our place (at the OAU) but it's not a matter we are going to push," Botha told a news conference.

Botha said trade between SA and other African countries had doubled in the past two years.

He described a UN oil embargo, still in force although now openly flouted, as a total failure. — Sapa-Reuter.

AMPROS TOWNSHIPS (339) FM 28/5/93

Move over Raymond Ackerman

Unless there's a quick turnaround of stock, township development is unprofitable. That's the conclusion Ampros has drawn after 20 years in the business of developing townships and selling serviced residential, commercial or industrial stands. It now plans to accelerate the rate of disposal of its developed land and has taken a strategic decision not to invest further in township development.

"We have not had a bad experience in township development," says sales & marketing director Grahame Lindop. "In the residential market we have set industry standards and introduced walled, secure estates as well as user-friendly environments by establishing pony trails, lakes for windsurfing and nature trails, in various estates. We have also been a leader in environmentally friendly office and industrial parks.

"What we have failed to achieve, which is not uncommon to developers, is the pace of disposal needed to make it profitable. It's a capital-intensive business and we adopt a conservative financial treatment of unsold stock. We apply memorandum interest to unsold stock and bring term sales to account only when cash is received, which is conservative but realistic. This all highlights the need for fast turnover."

With R205m of developed land nationwide on its books — R150m residential, R50m commercial and industrial, and the balance virgin land — Ampros is now gearing up to become to potential stand owners what Pick 'n Pay is to housewives.

In essence, this means accelerating the rate of land disposal to unlock cash, using aggressive retailing tactics. "I have the greatest respect for Raymond Ackerman's marketing techniques," says Lindop.

More flexible pricing is being applied to commercial and industrial land, as well as to the residential portfolio. There's unsold commercial and industrial stock at Waltloo Extension 1, east of Pretoria (roughly 13 ha of unsold serviced industrial land), Kyalami Business Park (33 ha unsold for offices, light industrial and distribution), Waterfall Park, Midrand (17 ha for offices and distribution) and in Powerville near Vereeniging (90 ha of partly serviced industrial land).

Ampros has already cut the price of some residential stands by up to 15% and started making term buying more attractive. Its recent absorption of the four-percentage-point increase in Vat for 100 days on land sales is an example.

Other incentives include cutting the deposit, subsidising the rate of interest, and giving discounts to term buyers if they convert to cash. "The main objective is to hook buyers, if necessary on terms, and then try to turn those sales into cash," says Lindop.

Ampros' Grahame Lindop ... *the stand buyers' friend*

Ampros is planning a national advertising campaign — as high profile as its nine-month, rent-free offer in office leasing. "Our free rent advertising caused a lot of unhappiness among competing landlords," Lindop admits, "but we conceived it before tenants demanded it and when the market was price-sensitive. Other landlords have now followed suit. It's that kind of aggression we want to bring to land disposal."

Lindop plans to exploit the referral aspect in land sales — which he says is strong — on a national basis. Selecting the right agent or agents is one way and Ampros is evaluating several with offices around SA.

Lindop has no reservations about exploiting Anglo American's name to back up sales. "In a recent survey of buyers of stands in Silver Lakes in eastern Pretoria to ascertain why they bought, 98% of the sample did so because Anglo was the developer. In the wake of the Masterbond and other debacles, knowing that the developer is not about to go bust offers valuable security."

Ampros, which never had a marketing department *per se*, acquired one in February by changing Lindop's title from national leasing director to sales & marketing director. This followed the retirement of ex-estates development director Peter Gardiner. Lindop has since been charged with both the disposal of land and buildings, and the leasing of commercial and industrial space.

Lindhop says all selling activities, previously divided, have been placed under one person. The rationale is to attain more of a marketing focus and become more aggressive.

Ampros has 1 300 residential stands to sell spread among 10 estates, notably in:

- Silverlakes golf estate, Pretoria, R85 000-R140 000 (stands vary from 1 000 m²-1 200 m² in size), where 220 stands have been sold out of 808 developed;
- Welgedacht, Bellville, R90 000-R145 000; 61 of a total of 407 stands (in all phases) sold;
- Kyalami Estate, average price R65 000 for 1 000 m² stands — 124 stands sold out of 270;
- Fairfield, Sandton (next to the new Fourways Mall), averaging "a bargain" R39 000 for just under 1 000 m² — 55 stands left out of 209); and
- Dovehouse Dale, Gillitts, north of Durban, where 4 000 m² stands are selling at R38 000. Only nine are left out of 90 developed.

Ampros also has 86,5 ha of agricultural land near Vereeniging on the Suikerbos River, a tributary of the Vaal, with potential for 410 stands. It wants to sell outright for R1,5m-R2m. It's also contemplating selling Kyalami Estate Extension outright — land adjoining the proclaimed township that has not yet been serviced. ■

TIMESHARE

Bids and counterbids

FM 28/5/93

Shareholders in the liquidated Natal South Coast Cabanas del Mar and Cabanas del Sol timeshare resorts at Winkelspruit, near Amanzimtoti, should soon know whether they have a realistic hope of salvaging their investments. There's a deadline of noon today for offers to buy the properties.

Liquidators Coopers Theron Du Toit (Ca-

* * CONT'D

REBATE INCREASED

FM 28/5/93

Cape Town's residential property owners will be spared the full impact of rates increases averaging 80%. Though initially blocked by the city council, the residential rates rebate will now be increased from 26% to 35% (*Property* May 21).

This month councillors voted 14-13 to increase the residential rebate from 26% to 35% but later supported a move by councillor Leon Markowitz to rescind the decision. Markowitz later withdrew his notice of intention to have the decision rescinded and paved the way for the higher rebate.

Viewing data delayed

Buss day 16/9/93

KELVIN BROWN

POLITICAL violence and the non-payment of telephone bills were the main reasons for the delay in the release of data from AMPs meters in black households, said SA Advertising Research Foundation technical director Piet Stein. (339)

AMPs meters, used to estimate TV viewing figures, have previously been placed in 440 white, Asian and coloured households. They provided information to a central computer, via a modem on a toll free number.

The meters had not been placed in black households because of a shortage of telephone lines in black areas, but recently Ibis had developed a system based on radio waves to overcome this problem.

Although 320 meters had already been installed, only about 260 households were reporting in daily. The main reason was the cutting off of phone services as a result of unpaid bills.

The foundation had applied for 200 telephone lines for black households, Stein said. These would not have handsets and would be used exclusively to convey the AMPS meter information. However, the unrest had delayed the installation of the lines and meters, Stein said.

Star 1/6/93

'Yumaka' key to shelter for homeless

(339)

ONE WAY TO GO

The poor state of the economy and the critical housing shortage is forcing scores of squatter communities to turn to unconventional housing structures as an alternative. ZINGISA MKHUMA reports.

LOW-COST housing may be a buzz word these days, but providing inexpensive shelter to alleviate the plight of millions of homeless people remains as big a challenge as ever for the new South Africa.

According to three enterprising businessmen from Boksburg, the housing shortage could be alleviated in record time if only people stopped thinking of houses in terms of expensive brick and mortar structures.

After two years of intensive research among shack dwellers and taxi commuters, Rocky Dance, Derrick van Nierkerk and Don Wigston, say they have come up with an innovative housing project called Yumaka Homes (pronounced you-make-a-home).

A Yumaka, is a modular structure consisting of concrete panels that can be fitted to a steel frame. Skilled labour is not required as the panels can be easily fitted together and just as easily dismantled. The steel frame consists of standardised 1,5 metre sections and is bolted together to form the skeletal framework.

Wigston, who is spokesman for the group says: "Our research showed that low-income groups needed cost-effective but neat structures that resemble a conventional house.

"A Yumaka Home meets these requirements. An enormous advantage of this structure is its modular design, which enables the owner to increase its size by simply adding the concrete panels as and when the need arises.

"The owner can, with ease and within hours, make necessary alternations himself without the help of skilled labour and power tools — offering a solution in crisis situations."

Accessories

Wigston says the advantages of using sections is that if the owner wishes to resettle in another area, he simply dismantles the framework and sells the concrete panels and thereby recoups a certain percentage of the costs.

The Yumaka is also designed to provide, as finance allows, for accessories such as suspended ceilings, ablution and sanitation facilities.

And the material used is fireproof and thus ideal for communities still using coal for both heating and cooking purposes.

However, Wigston points out that financing the structures has become a major stumbling block for most low-income groups. Nevertheless, he says, the company is making headway with some financial institutions.

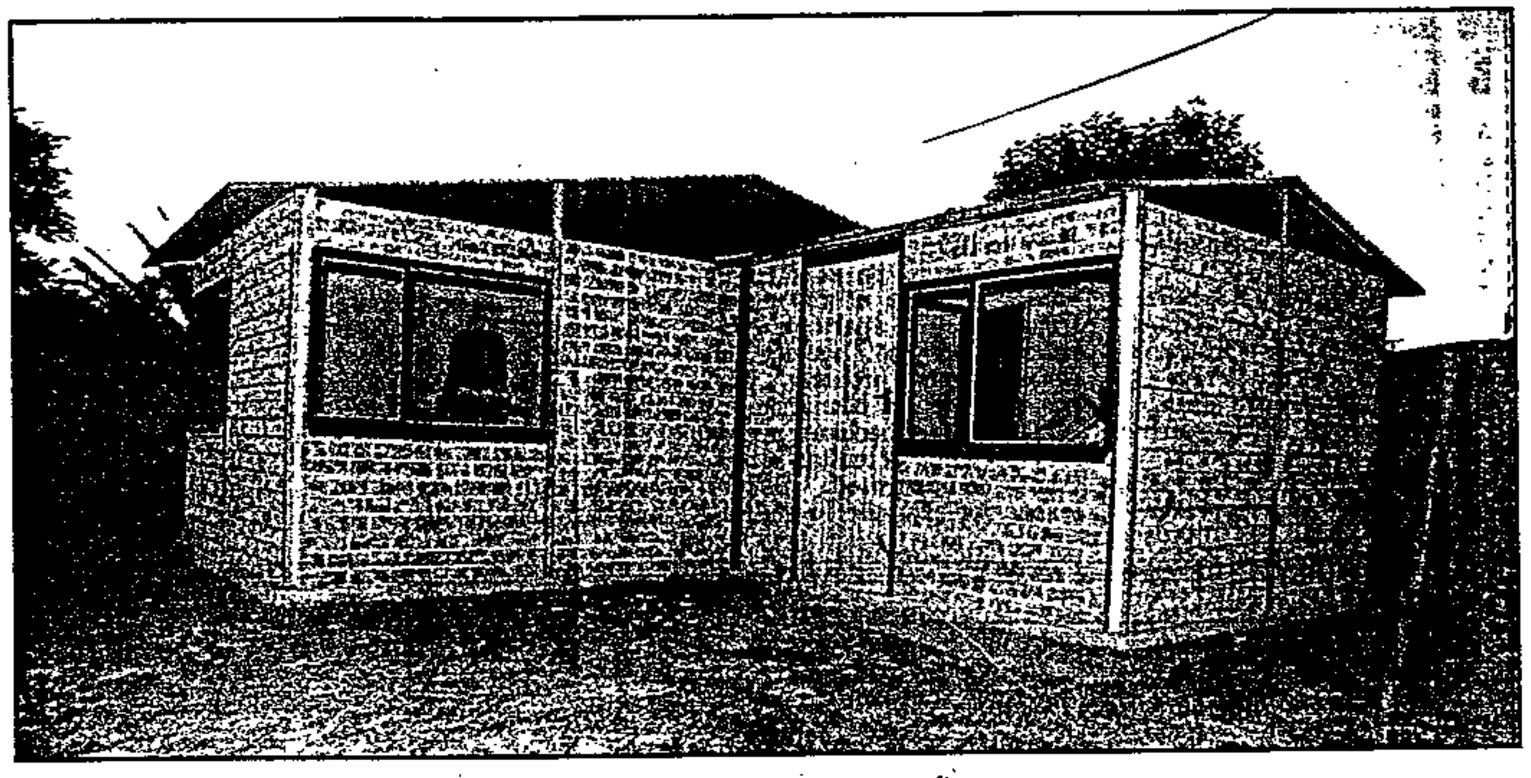
Wigston also says that some laws and by-laws need to be upgraded as a matter of urgency in order for the country to "draw level" with the shortfall of housing.

"A new approach is needed to give the homeless an opportunity of owning their own home. Many varied and creative building methods have been tried with limited success due to factors such as lengthy erection time and the skilled labour requirements.

"The lack of electricity points and water at the site, which are the requirements of a normal complicated building method and most important, the cost factor, have been overcome through a Yumaka," he says.

"A Yumaka does not look like a hut or a shed and its benefits surpass all other concepts and designs currently available on the South African market."

The prices range between R3 250 for a single plain panel Yumaka unit to R10 460 for a face brick four-roomed unit. These prices include delivery within a 70 km radius of Benoni, erection, flooring and coating which is optional.



Shape of things to come . . . unconventional low-cost housing structures are designed to alleviate the housing shortage in the country. Picture: Jacoob Rykliff.

volving or amounting to an offence on the part of any person.

(3), (4) and (5) Yes, on 15 January 1993. In this regard cognizance has to be taken of the provisions of sections 17 and 21 of the Inquests Act, 1959 (Act 58 of 1959), which enables an attorney-general to, after considering the record of the proceedings, request the re-opening of the inquest or to institute criminal proceedings if he is of the opinion that it should be done.

No decision has been made as the Attorney-General is awaiting representations from the legal representatives of the deceased's mother.

Crime prevention unit at Chatsworth

*3. Mr A RAJBANSI asked the Minister of Law and Order:

(1) Whether any arrests have been made by the crime prevention unit at Chatsworth since the so-called A Team unit was disbanded; if not, why not; if so, how many;

(2) whether, since the disbandment of the above-mentioned unit, any Mandrax tablets have been seized in the area concerned; if so, how many? D280E

The MINISTER OF LAW AND ORDER:

(1) Yes, 235.

(2) Yes, 731.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is he prepared to give us comparative data in respect of the efficiency of the present restructured crime unit and the performance of the A Team?

The MINISTER: Mr Chairman, if that question is placed on the Question Paper, I will gladly do so. Permit me to say that considering what the hon member said at the World Trade Centre on Thursday evening, I wish he was as concerned about the deaths of people murdered by Apla as he is about this particular issue.

Mr A RAJBANSI: Mr Chairman, on a point of order: That is an unrelated matter. If the hon the Minister has guts here, he should also have guts at the World Trade Centre.

The MINISTER: I had guts at the World Trade Centre.

Mr A RAJBANSI: The hon the Minister was chicken at the World Trade Centre. He should not raise this issue here.

The MINISTER: Why not?

Mr A RAJBANSI: We are talking about Chatsworth.

Flights on 7 May: customs and excise duties

*4. Mr A RAJBANSI asked the Minister of Finance:

Whether any passengers who arrived at Louis Botha Airport, Durban, on 7 May 1993 on flights of two airlines, the names of which have been furnished to the Minister's Department for the purpose of his reply, paid any customs and excise duties; if not, why not; if so, what are the relevant details? D284E

The DEPUTY MINISTER OF FINANCE:

Yes.

(a) Air Mauritius—30 passengers paid customs duty amounting to R64 838,00 on goods exceeding their duty-free allowances.

(b) British Airways. No duty was collected from passengers as none of the passengers had goods in excess of their duty-free allowances.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Deputy Minister's reply, before I ask my question I wish to say that the hon the Deputy Minister is an excellent person. He is not arrogant. [Interjections.] In view of the fact that on the same day, according to the answer given by the hon the Deputy Minister, R64 000 in duties was collected from passengers on Air Mauritius and nothing from those on British Airways, is the hon the Deputy Minister prepared to say whether the passengers on Air Mauritius were treated more harshly than those on British Airways?

The DEPUTY MINISTER: Mr Chairman, it is difficult to answer yes or no. As I have explained, I received a delegation led by the hon member in my office. We have discussed the whole perception of the problems which exist there. The Commissioner for Customs and Excise was also present and we took decisions on various matters.

Firstly, we decided that a press statement would be prepared by the commissioner for publication. This statement will deal with requirements and restrictions in respect of the clearance of imported goods by returning residents. It is anticipated that a better knowledge of the do's and don'ts will go a long way towards removing misunderstandings between customs and the public. The public is also being made aware of the fact that officers are required to wear name plates, so that offenders may be identified. That is the first step.

Secondly, the commissioner reissued an instruction that all officers who interact with the public should wear name tags in future. That is an important step.

Thirdly, the commissioner and I will visit Durban. I am sorry that it will not be possible for me to spend a whole day there during this parliamentary session, since I have many duties regarding legislation. However, I shall be visiting Durban. During that time I intend to visit the airport for an *in loco* inspection, and I shall inform the hon member of my visit.

Public Service: merit awards

*5. Mr M RAJAB asked the Minister of Education and Training (Minister responsible for the Commission for Administration):

Whether the Commission for Administration administers a system of merit awards for all members of the public service; if not, why not; if so, what are the relevant details? D291E

The MINISTER OF EDUCATION AND TRAINING (Minister responsible for the Commission for Administration):

No. The various departments mentioned in the Public Service Act, 1984, themselves administer certain prescribed systems with regard to merit awards in the case of members of the Public Service.

Own Affairs:

Funds for housing: insurance company

*1. Mr M F CASSIM asked the Minister of Housing:

(1) Whether his Department recently obtained funds for housing programmes through a certain insurance company, the name of which has been furnished to the Minister's Department for the purpose of his reply, below the market interest rate; if not, what is the position in this regard; if so, (a) when, (b) what is the name of the company in question, (c) what amount and (d) under what conditions;

(2) whether he will make a statement on the matter? D261E

The MINISTER OF HOUSING:

(1) No. As far as could be ascertained, the former Financial Consultant had exploratory discussions with an Insurance Company. However, it appears that no tangible results were derived therefrom.

(a), (b) (c) and (d) fall away.

(2) No.

Mr M F CASSIM: Mr Chairman, arising out of the hon the Minister's reply, is he aware that this particular insurance company has advertised its intention to make available vast sums of money for housing at an interest rate of 10%?

The MINISTER: Mr Chairman, for the information of the hon member Mr M F Cassim, such monies are not loaned by this Administration. Local authorities have to apply for such loans. Their applications have to be made in consultation with the administrator in charge of local authorities. In turn, the administrator concerned has to consult with Treasury to ascertain whether such loans can be serviced.

Mr M F CASSIM: Mr Chairman, further arising out of the hon the Minister's reply, why can the necessary machinery not be put in place to explore all the possibilities for obtaining this much needed funding for social upliftment in the country?

The MINISTER: Mr Chairman, I have stated on many occasions in this House that we must naturally explore every possible way of ensuring the upliftment of the underprivileged community, particularly with regard to housing, welfare, etcetera. Money is required.

In any event, with the restructuring of the Administration, there has to be a new scenario. A

cont D.

new formula has to be found. Such a formula will simply have to provide the funds to get things going.

Over the past four months we have earmarked up to R140 million for projects. I might tell hon members that we have to find another R300 million for the Indian community alone. What about the other communities? I have stated in this House that unfortunately this small Administration of the House of Delegates has been subjected to 120 000 applications from the Black community. We cannot wish these people away. They are like a baby on our lap. It is an issue which has to be negotiated.

Decision-making in Department: consensus

*2. Mr M F CASSIM asked the Minister of Education and Culture:

Whether decision-making in her Department is based on the principle of consensus; if not, (a) why not and (b) (i) on what basis are decisions taken and (ii) what procedures are followed in taking them; if so, what degree of consensus is required in respect of such decision-making? D248E

The DEPUTY MINISTER OF HOUSING AND OF WELFARE:

No.

(a) and (b)

(i) Decision-making in the Department is regulated by the provisions of section 32 of the Indians Education Act of 1965 in terms of which the Minister and Director-General are authorised to assign any power or duty conferred upon them in terms of the said Act to any official of the Department. The Director-General is also empowered in terms of other legislation administered by the Department to delegate decision-making to officers on the relevant hierarchical structure on the establishment of the Department subject to the condition that such authority is exercised in accordance with the appropriate statutory and regulatory provisions.

(ii) Falls away, however, the person with the delegated authority may consult widely before taking a decision or the person may set up structures which advise on what decision should be taken in given circumstances. In respect of the Department of Education and Culture, the Deputy Director-General has the delegated authority to take certain decisions. He has established a forum called the Management Committee (MANCOM) which debates an issue, and could reach consensus on some matters. In other matters, there could be varying opinions. However, the final decision-maker is the Deputy Director-General.

Mr M F CASSIM: Mr Chairman, it is regrettable that the hon the Minister of Education and Culture is not here. However, arising out of the hon the Deputy Minister's reply. I should like to know whether he is aware that there is a great deal of unhappiness in the education administration of the House of Delegates on account of the fact that decision-making is not properly geared towards allowing all role-players to participate.

The DEPUTY MINISTER: Mr Chairman, as the hon member Mr M F Cassim will realise, I am not in a position to commit myself on behalf of the hon the Minister, but he is most welcome to discuss the matter with her.

Mr A RAJBANSI: Mr Chairman, further arising out of the reply of the hon the Deputy Minister, who is a member of the Minister' Council, is it not correct that recently all procedures and line functions which concerned him were ignored by the ministerial wing? There was no question of consensus, but a decision was taken at ministerial level without the support, knowledge or recommendations of officials.

The DEPUTY MINISTER: Mr Chairman, with respect, that question is not a follow-up question to the one to which I furnished a reply.

Mr P NAIDOO: Mr Chairman, further arising out of the hon the Deputy Minister's reply, would he care to comment on allegations that the chief executive director, Mr Vic Pillay, is being sidelined from the decision-making process by both the hon the Minister and two senior officials, as a matter of policy?

The DEPUTY MINISTER: Mr Chairman, as the hon member Mr P Naidoo will know, I am not aware of that, but he, too, is welcome to discuss this with the hon the Minister at an appropriate time.

Ministers' Council: accommodation

*3. Mr A RAJBANSI asked the Minister of the Budget:

(1) Whether the Administration: House of Delegates is renting, or paying for, accommodation for any member of the Ministers' Council of the House of Delegates; if so, at what cost to the Administration per month;

(2) whether any ministerial residences in Pelican Park are unoccupied at present; if not, what is the position in this regard; if so, (a) how many and (b) in respect of what date is this information furnished;

(3) whether he will make a statement on the matter? D285E

The MINISTER OF THE BUDGET:

(1) No.

(2) This Question must be raised with the relevant Minister who is responsible for the Department of Public Works.

(3) No.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is there a member of the Minister's Council who does not occupy one of the houses provided for Ministers of the House of Delegates at Pelican Park?

Mr A G V NAIDOO: Do you want to move into one of the houses?

Mr A RAJBANSI: I guarantee that if I wanted to, I could, but I do not want to, in spite of overtures from that party. [Interjections.] They come from a high level.

The MINISTER: Mr Chairman, the answer is common knowledge. I think that was a meaningless question to pose. I live in a little apartment owned by the Department of Public Works.

Mr A RAJBANSI: Mr Chairman, further arising from the hon the Minister's reply and in the light of the cocky answer he gave, is there an hon member of the Ministers' Council who does not want to identify with his colleagues?

Four vacancies: advertisements

*4. Mr M RAJAB asked the Minister of the Budget:

Whether his Department recently placed advertisements in respect of four vacancies, particulars of which have been furnished to the Minister's Department for the purpose of his reply; if not, what is the position in this regard; if so, (a) why and (b) what are the other relevant details? D293E

The MINISTER OF THE BUDGET:

Yes.

(a) To attract candidates from as wide a field as possible;

(b) In response to the advertisements 54 applications were received as follows:

Communication Officer — 27
Assistant Director: Communication (2 posts) — 19
Deputy Director: Communication — 8

Suitable candidates for the posts are being identified.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's answer and particularly in respect of the repeated lecture we got from him on rationalisation on the eve of the scrapping of own affairs, is it wise to try to fill vacancies for communication officers at a time when public relations officers are walking the corridors with no work to do and when the Department of Housing is crying out to have vacancies filled urgently?

The MINISTER: Mr Chairman, the vacancies in the Department of Housing are being filled. The posts have been advertised. Over the past couple of weeks I have received a number of files on my desk.

Let me put matters into context with regard to the phasing out of own affairs. A work study has been done on the need for a communications subdirectorate for the Administration. A very substantial report has been produced and it was suggested that seven new posts are created.

The previous Ministers' Council identified a very serious weakness in this particular section of our Administration in respect of communicating with the media, other State departments and the community.

My answer to the next question deals with the issue of *Fiat Lux*. As all hon members know, there were personnel in our Administration

US gearing up to pump aid into post-apartheid SA

C/Press 6/6/93

(337)

By JOAO SANTA RITA

THE Clinton administration is moving full speed ahead with plans to help SA as soon as a Transitional Executive Council is in place.

It is understood that plans include aid for the multiracial election process, different aid packages from the US and the G-7 group of industrialised nations and moves towards "encouraging" other southern African countries to quickly and efficiently integrate their economies with SA.

State Department sources said the United States government wanted to move quickly in order to send a clear message that it supported negotiations and the democratic process and that it strongly opposed radical forces which supported violence.

As soon as the Transitional Council is in place the Clinton Administration will ask for a lifting of the so-called Gramm Amendment, which requires the US to veto IMF and World Bank loans to SA.

President Clinton will also ask Congress for about R31-million to help the election process in SA.

Reports in the US said that once the electoral process was fully under way the US would begin negotiations on tax agreements and scientific co-operation.

However, the Clinton administration has already told the World Bank to start planning economic goals for SA. The US Agency for International Development, AID, has also been told to review its assistance strategy for SA.

The US government and Congress are also expected to discuss soon an aid package to SA worth millions.

John Hicks, acting assistant administrator for Africa at the AID, has told congress that because of events in SA the US government "considers this to be an optimal time for donors and regional institutions to formulate a new vision for southern Africa".

Hicks said the US government wanted initiatives that "will promote regional integration and ... emphasise market-oriented economic development".

Some anti-apartheid personalities here continue to tell the US government to exercise caution in its rush to come to SA's aid.

However, they do recognise that SA will need massive injections of financial aid to help improve the living conditions of the majority of black South Africans.

Donald Payne, member of the Congressional Black Caucus, said aid restrictions should not be lifted until AFTER an elected government was in place.

However, Randall Robinson, executive director of the Trans Africa lobby group, says he supports lifting all sanctions as soon as a transitional government is in place.

"Once we have a transitional executive council in place ... then it's time for sanctions to be lifted ... and it's time for American and Western corporations to return to South Africa," he told the *Los Angeles Times* this week.

Robinson said Western nations should come to the aid of SA to ensure that there are economic benefits for the black majority in a politically democratic country.

Otherwise, he said, blacks "will really begin to question the value of the process they've undertaken".

In his interview Robinson, one of the strongest advocates for a total isolation of SA, said sanctions "did not contribute to black poverty".

"Black people always wanted sanctions because they had so little to lose and everything to gain in terms of what this kind of enormous economic pressure would cause in the way of a reaction from the white minority government. And they worked," he said.

HOUSE OF REPRESENTATIVES

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

General Affairs:

Housing: Usury Act/Credit Agreements Act

1. Mr A E REEVES asked the Minister for National Housing:

(1) Whether he or his Department intends approaching the Association of Bankers of South Africa in order to request them to afford persons who have lost their homes under sales in execution another opportunity to acquire a home; if not, why not; if so, what are the relevant details;

(2) whether he will give consideration to recommending the introduction of legislation to amend the Usury Act, 1968 (Act No 73 of 1968), and the Credit Agreements Act, 1980 (Act No 75 of 1980), so as to make it possible to acquire housing at a lower interest rate; if not, why not; if so, what are the relevant details?

C101E.INT

The MINISTER FOR NATIONAL HOUSING: Mr Chairman, in reply to the question by the hon member for Klipspruit West, I want to say in explanation that the matter actually relates to whether we are running a free-enterprise system in this country or not. My reply to the questions he posed is the following.

The granting or withholding of home finance is essentially a free-enterprise business decision based on mortgage lenders' perceptions of risk. Unless a mortgage lender can be satisfied that a prospective borrower, who previously lost his home in execution, is now willing and able to meet his obligations timeously, no purpose would be served by interceding on his behalf. We simply cannot tell a financial institution how to run its business.

In times of economic recession mortgage lenders tend to take extraordinary steps to avoid sales in execution wherever possible. Provided a borrower is able to satisfy the mortgage lender that there are reasonable prospects of his being able to redeem the loan plus arrears within a reasonable period, relief measures such as extensions of time to liquidate arrears, capitalisation or rescheduling may be considered. Sales in execution are normally considered as a last resort, and only in instances in which the borrower is clearly unable to meet his obligations, or when there is a risk of overcapitalisation.

When interest rates on mortgage loans rose sharply to a figure of 17 % per annum in 1989, the Government introduced a scheme to encourage mortgage lenders in deserving instances to assist borrowers experiencing difficulty in meeting their loan commitments. Since then, however, mortgage interest rates have stabilised at a much lower rate of below 16 % and the need for Government guarantees in such instances has therefore fallen away, with the result that the scheme was withdrawn with effect from 1 April 1993, except for existing commitments.

The De Loor Task Group on national housing policy and strategy has proposed insurance cover as a means of reducing the risk of nonpayment of mortgage loan commitments during periods of unemployment, and I would gladly clarify that matter later on if the House would like that. This proposal is being further investigated as part of the negotiating process to reach the broadest possible consensus on a new national housing policy and strategy.

In the light of that and in reply to the second part of the question, interest rates are, generally speaking, market-related. They are not controlled. They function within the framework of economic and monetary policy. In fact, mortgage interest rates are not fixed statutorily as suggested by the interpellant, and the legislation referred to falls under the auspices of the Department of Finance.

Mr A E REEVES: Mr Chairman, first of all I would like to congratulate the hon the Minister on his appearance in this House and his appointment.

We know that a lot of people have become unemployed because of the problems in our country. If one deals with the people on grassroots level daily, it becomes clear that these people are not given a fair chance to pay off their arrears. These people's houses are disposed of in sale of execution. All I am asking,

first of all, is that these people be removed from the credit bureaus' blacklists which prevent them from ever buying a house again, even if they are in a better financial position than they were when they bought their first house.

In the second place, if a person can buy a motorcar for R60 000 and pay if off over four years, what prevents him from using the same system to buy a house and pay it off over eight years. The compounded interest is causing havoc among the people. [Interjections.] If one looks at the non-White community—unfortunately we still have to refer to them as such—it becomes clear that these people were thrown in at the deep end when it came to the buying of houses. If these people become unemployed it is difficult for them to purchase a house or to continue paying for a house that they have purchased.

If we are serious about solving the housing crisis, and I am sure we all are, we will have to take a serious look at these two proposals. We may modify them, but let us find ways and means of accommodating the people we so much want to accommodate.

I think the days are past when all we felt we had to do was say that we were worried about the homeless and those living in squatter camps. Let us do something about the problem. Let us find ways and means of housing these people, because that would solve 90 % of South Africa's problems.

*Mr J DOUW: Mr Chairman, I want to associate myself with the hon member for Klipspruit West in congratulating the hon the Minister.

We in this House are all in favour of a free-market economy. In this case we are distressed about the millions of homeless people in this country who, as a result of the past we would rather forget about, were never really in a position to acquire a roof over their heads.

What the hon member meant, was that some kind of agreement should be reached by the department and the Government in particular, which should be similar to that which Sanco agreed to with a specific financial institution in this country. It is unacceptable to refer to a market-related rate at a stage when our economy is in such a poor state. These homeless people are mostly not in a position to look after themselves. We feel they should be assisted in terms of some kind of sliding scale. We are pleased that this particular hon Minister has replied to this interpellation because of his involvement in the National Housing Forum. I should like to think that he empathises with those who are homeless. The majority of these people are victims of a system which has disadvantaged them. All we are asking, is that there should be enabling action on the part of the Government in order to assist these people.

Mr A ISMAIL: Mr Chairman, I wish to congratulate our new hon Minister on his appointment.

Basically I have only two questions to ask the hon the Minister. Firstly, in the case of immovable property we use a system of compound interest rates in this country. This means that a person buying a house will, over the first 10-year period, in the case of someone paying off a mortgage bond, basically pay only interest.

Today one can buy a motor vehicle—in this respect I agree with the hon member for Klipspruit West—for the same amount of money, but because it is moveable property, one pays a simple interest rate, and the amount is repaid over a much shorter period—five or perhaps six years.

I would like to ask the hon the Minister if we could not investigate the possibility of also making home mortgage bonds available at a simple interest rate.

Mr A E REEVES: Mr Chairman, I want to thank the two hon members for supporting me.

There is one thing one notices when one goes back to the townships in which we live, namely that housing is the most important item which needs attention. We are not addressing the housing crisis in South Africa. As has been said, there are many people who can afford to buy a motor car costing up to R100 000, but who are living in a squatter camp because they cannot afford a house owing to the fact that they would have to pay compound interest on the mortgage bond.

Even if we have to find new methods to deal with first-time home-buyers in order to allow them to buy a house in the same way as one buys a motor car, it has to be done. Such a person could then revert to the present system when he bought his second house.

It is important that we in South Africa should

address the housing problem. If we do not do so, we are going to have continuous political unrest, no matter who the Government of the day is. If one has a person living in a house and he is stable, one will automatically have a stable family and thus a stable community.

We are going to have to address this problem in the future.

The MINISTER FOR NATIONAL HOUSING: Mr Chairman, let me start off by saying that I do not think there is any difference of opinion between any of the speakers in this Chamber and me, or indeed, between any speaker and the Government, concerning its policy on this matter. No one could take the housing problem and the housing need more seriously than we, in fact, do.

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Hon members will know that I am new to this portfolio and that I come from a background of finance, and indeed this question is one of finance. For my purposes I believe that the most important function that we have to carry out in solving the housing crisis is to solve the problem of connecting the finance which lies in the private sector, with the needs which lie on the user side.

One cannot expect—no one anywhere in the world does—that the Government should provide all the finance for housing. Unfortunately, with certain classifications of housing this has been necessary, and there will be continual budgeting for this purpose. Indeed, the increased budget for this year was an indication of the Government's determination to be of assistance. The only way in which this kind of finance can be found for housing on the required scale is to provide substantial gearing from the private sector. One cannot, however, expect the private sector to be helpful in this matter unless one supports the private sector system. One has to create a system in which there is reciprocal benefit.

I am quite positive and confident that we will find a system for utilising substantial funds available in this country for housing, as long as there is a responsible attitude towards meeting the obligation. Where obligations cannot be met, we will do our utmost to see what can be done to alleviate the problem. We indeed do have discussions on this matter; in fact, within my first week here I had discussions with the Association of Mortgage Lenders to make it clear to them that their job was no longer to provide houses only for the rich, but to provide houses for those people in greater need than the ones who have historically obtained finance in this country.

In doing so, I am quite satisfied that we will find a nexus which enables us to deal firstly with those people who are employed, secondly with those who are less employed, and eventually with those for whom affordability is a problem, and in their case we will have to find some system of ensuring that they are able to meet their commitments in one form or another, in order to prevent the repossession of homes.

The CHAIRMAN OF COMMITTEES: Order! On that wonderful note of hope I want to welcome the hon the Minister on behalf of this House for his short maiden appearance in this House. It is, however, a pity that it was of such short duration because we would have loved to hear more from him. May God bless him and bestow upon him the wisdom that is needed for the task that has been put on his shoulders.

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

State President:

State President/Nelson Mandela: discussions on education

†1. Mr S S OOSTHUIZEN asked the State President:†

(1) Whether he and Mr Nelson Mandela held discussions on education recently; if so, when;

(2) whether the recent events concerning the Department of Education and Culture of the Administration: House of Representatives were a point of discussion during these negotiations; if not, why not; if so, (a) why and (b) what was the purport of the discussions on this matter;

(3) whether the Minister of Education and Culture of the House of Representatives took part in these discussions; if not, why not; if so, to what extent;

(4) whether any steps to solve the problems surrounding the above-mentioned Department were decided upon during these discussions; if not, why not; if so, what steps? C116E

†The STATE PRESIDENT:

(1) Yes, on 19 and 20 May 1993.

(2) No, not specifically. The discussions took place at the request of Mr Mandela and points raised by him were discussed. One of the points was the retrenchment of CS educators. The discussion dealt with the principle of the matter and was not directed at the events in the Department of Education and Culture: House of Representatives, although they were mentioned.

(3) No. Mr Mandela led a small delegation and thus the Government's delegation was also small. Only Ministers with a direct line-function involvement in the principles and other matters on which in-depth discussions were anticipated, were asked to participate.

(4) No joint decisions were taken during the discussions. Regarding the retrenchment of CS educators, I have indicated that all steps which have already been decided upon will go ahead.

†Mr S S OOSTHUIZEN: Mr Chairman, the hon the State President said rationalization was not specifically a point of discussion during these discussions. However, he went on to say that the question of rationalization was indeed raised to some extent. Arising out of his reply I want to ask him why the hon the Minister of Education and Culture in the House of Representatives had no part in these discussions, because rationalization was in fact raised to some extent. Do we have a case here of decisions being taken for and on behalf of this Ministers' Council, and it only being left to the Ministers' Council concerned to carry out such decisions?

†The STATE PRESIDENT: Mr Chairman, I have been noticing for quite a while now that the LPSA is trying to draw poison from this situation and to create the impression that we in the NP are not giving equal recognition to colleagues in the executive authority who come from the house of Representatives. Nothing is further removed from the truth than that. [Interjections.]

I regularly see people. On the basis of my anticipation of what will be discussed, I ask Ministers to be present when I see people. I do not want to waste the time of my Ministers. When a matter is to be discussed and the expertise and experience of a Minister are needed, I call him. When I spoke to Sadtu the hon the Minister of Education and Culture was present. When there were problems my door was open and the hon the Minister of Education and Culture, the hon the Chairman of the Ministers' Council and the hon the Minister of National Education and I sat together and conferred at length on how we could handle the problem.

I do not want to discuss the merits of the retrenchment in the House of Representatives now. However, I want to assure hon members that there was the closest co-operation between the hon the Minister of Education and Culture in the House of Representatives, the hon the Chairman of the Ministers' Council and myself on the matter.

The discussion between Mr Mandela and myself for most of the time focused on the other demands that had been made. Contrary to what was suggested to have happened, we did not make any real concessions on that day in regard to our views. We discussed the examination fees for a long time. At the end of the discussions I took a specific view in this regard.

The discussion focused mainly on the problems in Black education. That is why the hon the Minister of Education and Training was present. I reject the accusation and insinuation that full and equal recognition is not being given to office-bearers in this House regarding matters falling under their authority.

†Mr C J G LEANDER: Brown politics.

†The STATE PRESIDENT: As regards Brown politics, we in the NP no longer talk about Brown politics. [Interjections.] We are a non-racial party. We do not have first and second class members. We only have NP members in the NP.

Cont→

Millions to tackle low-income housing

B/Day 9/6/93

ANDREW KRUMM

THE National Housing Forum (NHF) and the Housing Department are expected to disburse a R500m government housing grant within weeks, part of which will be used to lever private sector funds into the low-income housing market.

The R500m was allocated to the NHF in the recent Budget. Sources said while some funds would go to direct housing susidies, part of the R500m would be used as a guarantee to underpin efforts to mobilise institutional funds for the development of low-income housing.

The sources, however, could not specify what amount this was likely to be. "The NHF and Department of Housing are close to a decision on the issue, and will come up with a recommendation on how the funds are to be spent within weeks."

One commentator said: "In theory, a substantial government guarantee could stimulate enough private sector investor momentum to unlock billions of rands, which would substantially reduce the housing backlog."

"Renewed institutional and other interest in low-income housing will depend largely on the investment instruments available."

However, SA Building Industries Federation (Bifsa) executive director Ian Robinson said it was likely that a suitable investment instrument would emerge shortly.

Bifsa had recently asked the Fedsure Group for assistance in the design of a capital market instrument to appeal to prospective institutional investors in the low-income housing market, he said.

Fedsure deputy GM Dennis Paizes said Fedsure had subsequently called in Investec Merchant Bank. Investec Merchant Bank senior manager Christos Diakoyannis confirmed that they had been asked to investigate the viability of such an issue.

Warning that feasibility studies were at a tentative stage, Diakoyannis said "the idea is to create an instrument acceptable to the investment community, which will offer investors a market related return".

Investec would be considering all possibilities to see whether some form of a "housing bond" was viable, he said.

"I must emphasise, though, that we have not found a solution yet, and are brainstorming on the issue," he said.

Building industry expects difficult conditions to last

B/Day 9/6/93

PETER GALLI

THE building industry expects the depressed conditions in the country to last at least another year. A recent survey shows that many companies experienced worse conditions in the first quarter this year than in the same period in 1992.

The survey was conducted by BMI Building Research Strategy Consulting Unit (BMI-BRSCU), in association with the African Builders' Association, SA Building Industries' Federation and the National Association of Homebuilders. It reflected the views of 120 building contractors and homebuilders countrywide.

Respondents expected an upturn by the second quarter of 1994. The previous two surveys found that the industry expected the turnaround to be in the fourth quarter of this year.

"It is clear that the mood of despondency and pessimism has deepened. About 13% of the respondents are completely disillusioned, with no hope the industry will ever turn.

"But 32% of respondents qualified their view, saying conditions would depend on a political settlement and social stability as well as the availability of funds," said BMI-BRSCU MD Llewellyn Lewis.

A net 29% of the respondents experienced worse conditions in the first quarter of 1993 than in 1992.

This is the third year in succession that contractors are experiencing worse conditions in the first quarter of the year than in the same period the year before.

"This does not augur well for activity in 1993, where a small 1% growth in investment in building was expected to take place. Expectations for the two quarters to September are that conditions will be 5% worse than in the comparable period last year."

While the building fraternity was generally optimistic and capitalised on opportunities when they arose, its activity stemmed from investors' decisions to build, said Lewis.

"This decision is made on the their view of the future and the risk/return trade-off inherent in the investment decision. The building industry has a limited role to play in influencing this decision.

"Their expectation of the future is influenced by their perceptions of the investor climate, which is vitally affected by the political climate.

"It is clear that, at this stage, the respondents surveyed are disillusioned by the apparent lack of progress towards a political settlement, which is a prerequisite for economic growth. This is reflected in their general mood of despondency in a desperate struggle for survival."

The interminable nature of the political negotiations, increasing crime and violence and the assassination of SACP chief Chris Hani had all contributed to this malaise. This showed in respondents' rating of factors which could affect growth in the industry.

The appointment of new Housing Minister Louis Shill was ranked the least important of all the factors listed. This was probably because the appointment was expected to be of short duration, and would therefore have little effect on the industry.

Hani's assassination was ranked second last in order of importance, yet there was a view in industry circles that the event had a major impact on business. The level of optimism had plummeted, with more people preferring liquidity to investment and adopting a wait and see attitude, Lewis said.

Housing conmen land in court

TWO alleged conmen, exposed in City Press as having ripped off homeless people in elaborate housing scams involving millions of rands, appeared in court in separate trials this week.

Ronald Francis of Invesco International made a brief appearance in the Johannesburg Regional Court on Monday on charges of fraud and theft of housing deposits which could involve as much as R2-million. C/Press 13/6/93

Francis's hearing was postponed to June 21 for trial. His R1 000 bail was extended.

In the second case, Pieter Sekhonyane of Ka-Mohau Enterprises appeared in the Vereeniging Regional Court on charges of theft and contempt of court. (339)

He was not asked to plead and he will appear again on July 13. Sekhonyane remains in custody.

The Vaal church minister was arrested in May after failing to make payments in terms of a court order to refund stolen housing deposits.

According to a orderby the Vereeniging Regional Court in February, Sekhonyane's seven-year jail term was suspended to enable him to repay the 40 victims from whom he had stolen over R93 000.

Sekhonyane failed to pay and was arrested on the contempt of court charge.

Anyone who lost money to Sekhonyane and who has not yet laid a charge should contact Sgt Letseleha at the De Deur Police Station (016) 90-1070.

Clinton has awards and rewards in mind for new SA

B/Day 15/6/93

SIMON BARBER in Washington

ON THE assumption that a firm election date and the formation of transitional executive councils are announced on June 25, President Bill Clinton will have comfortable words for SA on July 4 when he travels to Philadelphia to hang medals around the necks of President F W de Klerk and ANC president Nelson Mandela.

After congratulating the sanctioneers for having made this moment possible, he will call for the removal of remaining state and local boycotts and the resumption of lending by the World Bank and IMF. He will pledge to urge his G-7 partners, whom he will meet in Tokyo three days later, to ante up for a multilateral assistance package. He will encourage investors to re-engage.

The immediate goal of US policy, he will probably suggest, is to ensure the success of the elections. To which end, he may announce that he hopes to set aside $10m in "democracy money" for voter education and similar projects. For the longer term, he may proffer loan guarantees for housing construction. It is by now well understood that what happens after the elections is as important as the voting itself and that no settlement will last unless it is accompanied by tangible economic and social benefits.

There is one idea circulating which Clinton will hopefully eschew: the replacement of ambassador Princeton Lyman by some notable African-American. Former UN ambassador Andrew Young is among those mentioned. Some wits have even suggested sending Lani Guinier, whose writings on the need for minority vetoes over "own affairs" cost her her nomination as the justice department's civil rights czar.

Because of his handling of the Guinier affair, and other perceived slights to the black political establishment, Clinton is in the market for an appeasing gesture, preferably a cheap one. The SA job looks tempting, but Lyman has powerful supporters — including Secretary of State Warren Christopher — strongly opposed to his premature recall, and his performance is getting rave reviews. More to the point, it would seem strange, even by Clinton's demanding standards, to mark SA's transition to nonracial democracy by an overtly racist act.

☐ YOUNG

Clinton's problems with groups like the Congressional Black Caucus may cause other hassles for his SA policy. As bizarre as it may sound, Clinton's decision to call for the lifting of remaining sanctions and to promote investment may be opposed by the caucus and others regardless of the fact that he will be doing Mandela's bidding.

A number of black legislators, at the federal and local levels, are already saying that it will take more than a joint declaration by Clinton and Mandela to get them to shift their stance. Part of this may be sheer political bloody-mindedness, part a reluctance to say goodbye to a cause that has been driven as much by domestic concerns as by apartheid. But that is not the whole of it.

Some caucus members seem to believe their own historical experience with whites has made them wiser than the ANC. "Unless you hold something over the heads of these people," House Africa subcommittee member, Congressman Don Payne, said recently, "you may not get there. You have to constantly have some external force."

Such notions, combined with an aggressive and insular ignorance, underlie attempts even now to impose or strengthen state boycotts despite repeated calls from the ANC to desist. Just last week, a Pennsylvania state legislator introduced no less than eight Bills requiring the divestment of state funds for companies doing business with SA and, yes, Namibia. The same legislator has bitterly criticised De Klerk's invitation to next month's award ceremony, and appears to think Mandela a fool for agreeing to share both podium and honour.

Perhaps unsurprisingly, there is little evidence that outfits like TransAfrica, the Africa Fund and the Interfaith Centre on Corporate Responsibility, which spearheaded the sanctions campaign, are moving to correct such zealotry. Fortunately, SA still has enough going for it that US business is moving to fill the gap.

Last week saw the launch of the US-SA Business Council, a Washington-based lobbying group founded by major US corporations to ensure state and local boycotts are repealed when Mandela gives the word. The council will also assist companies wishing to return, or make first-time investments, and prod federal entities like the Overseas Private Investment Corporation, the Export-Import Bank and the Trade and Development Agency to co-operate.

☐ LYMAN

The operation is being run by Dan O'Flaherty, director of the National Foreign Trade Council (NFTC). He has been under serious consideration for an Africa post in the State Department and has been closely involved with the SA issue for years.

In his view, a major difficulty in removing state and local boycotts is inertia. Local politicians and bureaucrats have scores of other matters on their agendas and, in most cases, changing laws and regulations is as cumbersome a process as getting them adopted in the first place.

And while companies have regional lobbyists to deal with such questions, focusing the troops' attention is itself a chore. Most are trying to bring home the bacon for their companies on issues that count like taxes and environmental regulations, and are reluctant to spend lobbying capital on sideshows. O'Flaherty is pleased that at a recent meeting of NFTC members in New York, 23 corporations agreed to order their local representatives to give SA a high priority.

The formation of the Business Council has ruffled some feathers. John Chettle, a former Washington director of the SA Foundation, had a similar idea and teamed up with Wayne Fredericks, a former Ford executive, to launch a group calling itself the SA-America Chamber of Commerce.

Fredericks, who has cultivated close ties with the ANC, obtained a letter of blessing from Mandela and used his long association with the Kennedys to arrange a meeting with Kennedy family guru Theodore Sorenson. A decorous board was assembled, including appellate judge Leon Higginbotham, until his retirement one of the most senior African-Americans on the federal Bench.

The venture relied on raising corporate funding. Alas for the chamber, the corporations chose to go with O'Flaherty who had already been serving them through the NFTC, and who offered a readymade vehicle (though not a Mandela letter). This has led to a degree of ill-feeling, with the chamber believing it has been stabbed in the back by the Business Council. One can only hope that any ensuing rivalry will not defeat the larger purpose.

A final observation: there are altogether too many letters of support signed by Mandela and other senior ANC officials floating around out there. Almost no one, it seems, feels free to do anything that might help the SA economy unless he has a bit of paper from Shell House. This is becoming a joke. It's as if the ANC were handing out indulgences like medieval popes.

Ennerdale detainees refuse to take food

Star 16/6/93

(329)

By Jacqueline Myburgh

Four Ennerdale residents, including local civic association chairman Farouk Jardine, are on hunger strike in the Vanderbijlpark police cells where they are being held under section 50 of the Internal Security Act.

The men are demanding to be charged or released immediately, according to Raymond Arends, an executive member of the Ennerdale and Surrounding Areas Civic Association (Esca).

The men were arrested on Friday afternoon, along with seven women who were later released.

Police said in a weekend statement they were facing charges related to incidents in Ennerdale last week.

Police spokesman Major Piet van Deventer said yesterday the charges were still being investigated.

He said the men had refused to eat food provided by the police since Monday morning and were drinking only milk and an energy drink provided by family members and their doctor.

The arrest of the 11 civic association members came after a week of confrontation between Esca and the TPA's local development committee. Esca claims the committee is misusing funds and has not addressed problems.

the reason I gave for having to do away with these posts was the financial constraints of the time.

I cannot remember saying anything about finances. As a matter of fact, posts must also be done away with as a result of the decreasing number of pupils. I go out of my way to maintain the small schools in the rural areas. We bend over backwards to protect the communities in the rural areas with regard to the provision of education. However, when there are almost no pupils left at a school—I am talking about schools with only 20 pupils—I can hardly justify providing that school with teachers, let alone a music teacher.

The hon member for Brits asked whether we wanted to phase out other subjects. This is a one-off situation. The hon member will remember that we had to retrench a large number of teachers last year. We did so in terms of the situation that already existed in the Cape, where there were already too many music teachers.

The retrenchment of teachers last year was not related to the retrenchment of music teachers.

That created greater confusion than had been the case since 1977. I think our approach was therefore a responsible one.

I feel it is important that we pay close attention to the promotion of the arts through instruction in future. In fact, we should continue to do so to the same extent.

I wish to point out to the hon member that we provide specialised instruction for gifted music students. Among others, there are two music centres in the Peninsula, namely Beau Soleil and Hugo Lambrechts, at which excellent work is being done.

Debate concluded.

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Medium of instruction in schools

368. Mr R M BURROWS asked the Minister of Education and Training:

How many (a) primary and (b) secondary schools under the control of his Department had (i) Afrikaans, (ii) English and (iii) both Afrikaans and English as the medium of instruction in 1992 or as at the latest specified date for which statistics are available? B867E

The MINISTER OF EDUCATION AND TRAINING:

	(a)	(b)
(i)	12	2
(ii)	6 170	1 231
(iii)	24	—

Std 10 examinations: Physical Science

369. Mr R M BURROWS asked the Minister of Education and Training:

(1) How many pupils at schools falling under the control of his Department (a) wrote, (b) passed and (c) failed their 1992 Standard 10 examinations in respect of (i) Physical Science (Higher Grade), (ii) Physical Science (Standard Grade) and (iii) Physical Science (Lower Grade);

(2) how many pupils who wrote the Standard 10 Physical Science (Higher Grade) examinations in 1992 passed on the (a) Higher, (b) Standard and (c) Lower Grade level;

(3) how many pupils who wrote the Standard 10 Physical Science (Standard Grade) examinations in 1992 passed on the (a) Standard and (b) Lower Grade level? B868E

The MINISTER OF EDUCATION AND TRAINING:

	(a) *Wrote*	(b) *Passed*	(c) *Failed*
(1)	(i) 12 956	1 938	11 018
	(ii) 5 864	1 938	3 926
	(iii) None	None	None

(2) (a) 1 938

(b) 3 814

(c) None.

(3) (a) 1 938

(b) 1 619.

Note: The Department does not present Physical Science on the Lower Grade. The results of the candidates who failed Physical Science in the Standard Grade in the November-1992 examinations were converted in accordance with the requirements of the applicable general policy to a pass in the Lower Grade. These candidates have been indicated as passed in question 3 (b).

Teachers' colleges/universities: bursaries

370. Mr R M BURROWS asked the Minister of Education and Training:

(a) How many students registered at (i) teacher-training colleges and (ii) universities under his control receive bursaries from his Department, (b) what are the amounts of these bursaries in each case and (c) in respect of what date is this information furnished? B869E

The MINISTER OF EDUCATION AND TRAINING:

	(i)	(ii)
(a)	9 719	1 160
(b)	R1 100	R4 640—University of the North and the University of Zululand R1 620—Vista University

(c) The 1992 academic year.

Black housing: electricity supply

378. Mr P G SOAL asked the Minister for 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? B874E

The MINISTER FOR NATIONAL HOUSING:

1. TRANSVAAL

Yes.

(a) *Townships*	(b) *Percentage housing not yet supplied with electricity*
REGIONAL OFFICE: POTCHEFSTROOM	
Agisanang (Sannieshof)	65%
Boikhutso (Lichtenburg)	63%
Boitekong (Rustenburg)	99%
Boitumelong (Bloemhof)	80%
Borolelo (Swartruggens)	30%
Ikageleng (Zeerust)	86%
Ikageng (Potchefstroom)	67%
Ipelegeng (Schweizer-Reneke)	95%
Itekeng (Biesiesvlei)	45%
Jouberton (Klerksdorp)	87%
Kanana (Orkney)	68%
Kgakala (Leeudoringstad)	89%
Khuma (Stilfontein)	13%
Lebaleng (Makwassie)	77%
Letsopa (Ottosdal)	55%
Molatswaneng (Amalia)	100%
Reagile (Koster)	61%
Rulaganyang (Witpoort)	100%
Tigane (Hartbeestfontein)	57%
Tlhabologang (Coligny)	58%
Tshing (Ventersdorp)	95%
Tswelelang (Wolmaranstad)	89%
Utlwanang (Christiana)	29%

REGIONAL OFFICE: WITWATERSRAND	*Formal*	*Informal*
Alexandra	0%	100%
Bekkersdal	12%	100%
Boipatong	0%	100%
Bophelong	0%	100%
Botleng	65%	100%
Daveyton	0%	100%
Diepmeadow	0%	100%
Dobsonville	0%	100%
Duduza	94%	100%
Evaton	70%	100%
Impumelelo	99%	100%
Kagiso	37%	100%
Katlehong	34%	100%
Khutsong	74%	100%
Kokosi	75%	100%
Kwa-Thema	13%	100%
Mohlakeng	3%	100%
Munsieville	0%	100%
Nthorwane	100%	100%
Ratanda	40%	100%

Cont P

Townships	Percentage housing not yet supplied with electricity	
Sebokeng	30%	100%
Sharpeville	0%	100%
Siyathemba	90%	100%
Soweto	0%	100%
Tembisa	49%	100%
Tokoza	35%	100%
Tsakane	65%	100%
Vosloorus	0%	—
Wattville	0%	100%
Wedela	0%	—
Zonkizizwe	100%	100%
Ivory Park	0%	87%
Swanieville 1	100%	100%
Swanieville 2	100%	100%
Verre Oos Bank	100%	—
Finetown	0%	0%
Poortjie	—	100%
Orange Farm	—	20%
Palm Springs	0%	—
Tshepiso	0%	100%
Lenasia	—	18%
Doornkop	—	100%
Diepsloot	—	100%
Nietgedacht	—	100%
Soweto Oos	0%	—

REGIONAL OFFICE: PIETERSBURG

Belabela (Warmbad)	95%
Phagameng (Nylstroom)	25%
Mookgophong (Naboomspruit)	40%
Regorogile (Thabazimbi)	20%
Marapong (Ellisras)	0%
Tshikota (Louis Trichardt)	100%
Messina-Nancefield (Messina)	0%
Nthabiseng (Soekmekaar)	100%
Thusang (Roedtan)	100%
Elandskraal	60%
Calais	100%
Gamapodile	70%
Rebone	60%
Indermark	60%
Puraspan	100%
Witrivier	100%
Weltevrede	100%
Zaaiplaas	100%

REGIONAL OFFICE: WITBANK

Embalenhle (Secunda)	50%
Emgwenya (Watervalboven)	0%
Emjindini (Barberton)	37%
Emthonjeni (Machadodorp)	12%
Emzinoni (Bethal)	79%
Esizameleni (Wakkerstroom)	59%
Ethandakukhanya (Piet Retief)	91%
Ezamokuhle (Amerspoort)	63%
Kwachibikhule (Chrissiesmeer)	57%
Kwadela (Davel)	95%
KwaGuqa (Witbank)	24%
Kwathandeka (Amsterdam)	99%
Kwazamokhuhle (Hendrina)	25%
Kwazenele (Breyton)	61%
Lebohang (Leandra)	87%
Mashishing (Lydenburg)	46%
Mhluzi (Middelburg)	51%
Phola (Ogies)	5%
Sakhelwe (Dullstroom)	0%
Sakhile (Standerton)	63%
Silindile (Lothair)	99%
Silobela (Carolina)	81%
Simile (Sabie)	0%
Sivukile (Morgenzon)	99%
Siyathuthuka (Belfast)	4%
Siyazenzela (Perdekop)	100%
Vukuzakhe (Volksrust)	37%
Wesselton (Ermelo)	54%

REGIONAL OFFICE: PRETORIA

Atteridgeville	0%
Hammanskraal	100%
Hartbeestfontein	27%
Lethlabile	52%
Mamelodi	8%
Oukasie	100%
Retabiseng	100%
Refilwe	45%
Soshanguve	57%
Zithobene	64%

Information is supplied as at 31 May 1993.

2. CAPE PROVINCE

Yes.

(a) Townships	(b) Percentage housing not yet supplied with electricity
WESTERN CAPE	
Lingelethu-West and Khaylitsha (Cape Town)	36%

Townships	Percentage housing not yet supplied with electricity
Langa (Cape Town)	2%
Gugulethu (Cape Town)	6%
Nyanga (Cape Town)	0%
New Crossroads (Cape Town)	0%
Crossroads (Cape Town)	31%
Phillipi (Cape Town)	0%
Lwandle (Strand)	0%
Mfuleni (Kuilsriver)	30%
Khayamandi (Stellenbosch)	0%
Mbekweni (Paarl)	57%
Zweletemba (Worcester)	0%
Zolani (Ashton)	80%
Nkqubela (Robertson)	60%
Zwelihle (Hermanus)	46%
Nduli (Ceres)	8%
Sidesaviwa (Beaufort-West)	98%
Masinyusane (Victoria-West)	18%
Bongolethu (Oudtshoorn)	65%

NORTHERN CAPE

Mataleng (Barkly-West)	0%
Mziwabantu (Britstown)	98%
Kuyasa (Colesberg)	9%
Tlhakalatlou (Daniëlskuil)	32%
Nonzwakazi (De Aar)	36%
Tidimalo (Delportshoop)	96%
Bongani (Douglas)	0%
Matlhomola (Griekwastad)	95%
Nompumelelo (Hanover)	0%
Valspan (Jan Kempdorp)	97%
Galeshewe (Kimberley)	31%
Kwazamuxolo (Noupoort)	96%
Ditloung (Olifantshoek)	99%
Thembinkosi (Petrusville)	90%
Lukhanyisweni (Philipstown)	99%
Boichoko (Postmasburg)	91%
e'Thembeni (Prieska)	96%
Boipelo (Reivilo)	0%
Sabelo (Richmond)	100%
Motswedimosa (Ritchie)	3%
Paballelo (Upington)	96%
Huhudi (Vryburg)	0%
Ikhutseng (Warrenton)	6%
Kutlwano (Windsorton)	100%

EASTERN CAPE

Thembalesizwe	99%
Addo Noodkamp	100%
Lingelethu	96%
Kwanonqubela	0%
Kwanonswakazi	0%
Dukathole	70%
Nkuluekho	90%
Nolukhanyo	0%
Nyarha	96%
Mzamomhle	20%
Katikati	95%
Bhongweni	99%
Lingelihle	80%
Despatch	98%
Sinakho	95%
Gompotown	70%
Masibambane	0%
Kwatinidubu	68%
Umasizakhe	90%
Rini	0%
Umzamomhle	0%
Luxolweni	98%
Kwanonzamo	99%
Mavuya	98%
Kwazamukucinga	98%
Masakhane	99%
Jeffreysbaai	100%
Kareedouw	100%
Kei Mond	100%
Kei Weg	100%
Ginsberg	60%
Bontrug	0%
Wongalethu	100%
Qumrha	100%
Kwezinaledi	100%
Sonwabile	100%
Marselle (Kenton-on-Sea)	98%
Kwanonzame	95%
Nomonde	93%
Kwazenzele	96%
Khanyiso	95%
Nkwenkwezi	95%
Ibhayi (Port Elizabeth)	70%
Kwamagxaki (Port Elizabeth)	0%
Kwadwesi (Port Elizabeth)	0%
Walmer (Port Elizabeth)	30%
Motherwell (Port Elizabeth)	73%
Mlungisi/Komani	76%
Zakhele	100%
Kwanojoli	93%
Masakhe	90%
Khayamnandi	97%
Vuyolwethu	100%
Cumakala	0%
Zola	95%
Dyoki	28%

Cont-d

Townships	Percentage housing not yet supplied with electricity
Kwanobuhle (Uitenhage)	45%
Nozizwe	99%
Willowmore	100%

Information is supplied as at 30 April 1993.

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3. NATAL

Yes.

(a) Townships	(b) Percentage housing not yet supplied with electricity
Msingisi	100%
Nkanyezi	55%
Sibongile	67%
Sithembile	65%
Enhlalakahle	34%
Steadville	45%
Itsokolele	35%
Bruntville	56%
Ambleton	100%
Hambanathi	54%
Bhekezulu	27%
Nondweni	100%
Ingwavuma	94%
Nkandla	94%
Nqutu	92%
Edendale	70%
Clermont	30%
KwaDabeka	70%
Emafusini (Dannhauser)	80%
Ningizimu	25%
KwaMevana	95%
KwaMashu	34%
Inanda	85%
Umlazi	33%
Wembezi	33%
Mpophomeni	32%
Bhongweni	10%
Dumbe	95%
Thubalethu (Melmoth)	5%
Nongoma	5%
Sobantu	5%
Pinetown South	25%
Shakaville	5%
Shayamoya	0%
KwaNobamba (Weenen)	95%
Winterton	100%

Information is supplied as at 31 May 1993.

4. ORANGE FREE STATE

Yes.

(a) Townships	(b) Percentage housing not yet supplied with electricity
BETHLEHEM DISTRICT OFFICE	
Bohlokong (Bethlehem)	61%
Kgubetswana (Clarens)	87%
Ntswanatsatsi (Cornelia)	100%
Mashaeng (Fouriesburg)	66%
42nd Hill (Harrismith)	68%
Tlholong (Kestell)	86%
Zamani (Memel)	96%
Petsana (Reitz)	87%
Thembalihle (Vrede)	80%
Ezenzeleni (Warden)	76%
BLOEMFONTEIN DISTRICT OFFICE	
Mangaung (Bloemfontein)	60%
Seretse (Boshof)	90%
Majwemaswenu (Brandfort)	88%
Tswaraganang (Dealesville)	91%
Malebogo (Hertzogville)	98%
Ikgomotseng (Soutpan)	72%
Tshepong (Verkeerdevlei)	100%
Makeleketla (Winburg)	95%
KOFFIEFONTEIN DISTRICT OFFICE	
Ipopeng (Fauresmith)	99%
Ratanang (Jacobsdal)	96%
Itumeleng (Jagersfontein)	98%
Ditlhake (Koffiefontein)	70%
Relebohile (Luckhoff)	94%
Bolokanang (Petrusburg)	95%
Poding-Tse-Rolo (Philippolis)	99%
KROONSTAD DISTRICT OFFICE	
Leratswana (Arlington)	91%
Kgotsong (Bothaville)	91%
Ngwathe (Edenville)	93%
Maokeng (Kroonstad)	69%
Ntha (Lindley)	95%
Mamafubedu (Petrus Steyn)	92%
Matlwangtlwang (Steynsrus)	93%
Rammulotsi (Viljoenskroon)	93%
SASOLBURG DISTRICT OFFICE	
Namahadi (Frankfort)	82%
Phiritona (Heilbron)	68%

Townships	Percentage housing not yet supplied with electricity
Kwakwatsi (Koppies)	87%
Metsimaholo (Oranjeville)	97%
Tumahole (Parys)	86%
Zamdela (Sasolburg)	42%
Mafahlaneng (Tweeling)	90%
Qalabotjha (Villiers)	87%
Mokwallo (Vredefort)	90%

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SENEKAL DISTRICT OFFICE	
Hlohlolwane (Clocolan)	98%
Mahlatswetsa (Excelsior)	96%
Meqheleng (Ficksburg)	96%
Dipelaneng (Hobhouse)	45%
Manyatseng (Ladybrand)	87%
Moemaneng (Marquard)	92%
Fateng-Tse-Ntsho (Paul Roux)	99%
Mautse (Rosendal)	99%
Matwabeng (Senekal)	18%
Borwa (Tweespruit)	99%
SMITHFIELD DISTRICT OFFICE	
Lephoi (Bethulie)	100%
Morojaneng (Dewetsdorp)	96%
Ha-Rasebei (Edenburg)	97%
Matoporong (Reddersburg)	93%
Rweleleyathunya (Rouxville)	98%
Mofulatshepe (Smithfield)	97%
Maphodi (Springfontein)	34%
Madikgetla (Trompsburg)	98%
Thapelang (Vanstandensrus)	100%
Qibing (Wepener)	96%
Matlakeng (Zastron)	96%
WELKOM DISTRICT OFFICE	
Nyakallong (Allanridge)	92%
Phahameng (Bultfontein)	96%
Phomolong (Hennenman)	95%
Tikwana (Hoopstad)	76%
Kutlwanong (Odendaalsrus)	64%
Masilo (Theunissen)	90%
Mmamahabane (Ventersburg)	98%
Meloding (Virginia)	40%
Thabong (Welkom)	64%
Monyakeng (Wesselsbron)	96%

Information is supplied as at 31 May 1993.

Pre-service teacher-training: expenditure

379. Mr R M BURROWS asked the Minister of Education and Training:

What was the *per capita* expenditure on pre-service teacher-training at (a) colleges of education, (b) universities and (c) technikons during the latest specified period of 12 months for which figures are available? B881E

The MINISTER OF EDUCATION AND TRAINING:

(a) R15 928 per FTE student (1992)

(b) and (c) The requested amounts are not readily available.

In-service teacher-training: expenditure

380. Mr R M BURROWS asked the Minister of Education and Training:

What was the *per capita* expenditure on in-service teacher-training (a) aimed at the upgrading of qualifications and (b) in the form of enrichment courses during the latest specified period of 12 months for which figures are available? B882E

The MINISTER OF EDUCATION AND TRAINING:

(a) R3 075 per teacher involved.

(b) R400 per teacher involved.

Schools: capacity/enrolment

381. Mr R M BURROWS asked the Minister of Education and Training:

(1) What was the (a) total potential capacity of, and (b) enrolment in, (i) primary and (ii) secondary schools in each Departmental region in the first term of 1993;

(2) whether he will furnish the information requested in paragraph (1) in respect of each of the self-governing territories; if not, why not; if so, what are the corresponding particulars? B885E

Cont'd

... LAWYERS ARE BECOMING MORE INVOLVED IN DEVELOPMENT WORK

Building blocks of the Golden Highway

(339) Review/Law in W/Mail 18/6-24/6/93.

The poorest of the poor need decent housing — and legal advice in the confusing world of tenure, options and trusts.

By **BARBARA LUDMAN**

Erica Emdon ... 'South African law offers a variety of options if you use them creatively' Photo: RUTH MOTAU

THE Golden Highway Project centres on a prime development site: 340 hilly hectares southwest of Johannesburg, adjacent to the coloured township of Eldorado Park.

Not long ago, if the government wanted low-cost houses on the land, it would probably have bought it, proclaimed it, developed it — even built matchbox houses on it — before inviting the homeless to apply.

Those were the bad old days. During the past three years, many low-income communities have become so organised that residents, or potential residents, must now be involved before land is developed.

That has changed the face of development. It has also created unexpected areas of specialisation for lawyers. When the clients are community-based organisations in small towns and rural areas, lawyers find they must run educational workshops and enter into negotiation forums with local authorities to set up a process for acquiring land.

And, crucially, when they're working not with high-rise office blocks but with low-cost housing units, they work as part of a team, and the process can be as important as the solution.

Erica Emdon heads a division at EFK Tucker in Johannesburg whose clients are usually civic associations and whose ultimate beneficiaries are generally the poorest of the poor.

The firm specialises in development and banking, and so does Emdon's division, although at the bottom end of the scale. She sees the work her division does as another branch of human rights law, focusing on the right to decent housing. People at the Legal Resources Centre and Lawyers for Human Rights do this sort of work, she says, but no other major commercial firm is involved on the same scale.

Their clients need the same services as corporate clients — companies must be set up, trusts established, contracts drawn up, deals put together, land acquired — but many need more than that. Although established civics like the Civic Associations of Johannesburg (CAJ) know what they're doing, newer, smaller civics are at sea in the world of tenure, options, trusts. Often lawyers must run the workshops explaining how companies run, the legal requirements of reporting and financial statements, the role of trustees, and so on.

This side of the work has expanded since community-based organisations began setting up companies and trusts, creating legal entities to raise funding. A combination of pressure from funders and the need to develop structures that will last, have forced recipients to get their act together legally.

In the projects they take on, the lawyers work with many players simultaneously; they are only a part of a team which often includes, among others, a civic, a local authority, the provincial government, a service organisation.

Emdon's division was brought into the Seven Buildings Project in central Johannesburg by the tenants, for example, who were trying to find a way to buy their flats in deteriorating buildings and a run-down area where building societies refused to lend. Solutions had to be worked out by a variety of players, including the residents' association, Co-operative Planning and Education (Cope), a civic, a developer, city officials and the Central Johannesburg Partnership, which brought in businessmen and bankers.

"The solution comes out of a whole dialogue and interaction," says Emdon. "It's not the conventional way lawyers have worked, where a client asks them to solve a problem. Here the solving of the problem is long-term, diffuse, mediated by numbers of different inputs and players."

But there's still a creative side to this kind of development law. The Golden Highway Project is a case in point. Eighteen months ago, the CAJ hired a service organisation, Planact, to advise them on developing a chunk of the Golden Highway site owned by the Johannesburg City Council. Planact hired Emdon's division at Tucker, which set up a company for CAJ called Goldev, then drafted a joint venture agreement between Goldev and a developer.

A land availability agreement followed, but it's now gone much further: the lawyers are looking at what they call "innovative tenure options" so that the poor destined to live on the Golden Highway land will be able to afford it. At the moment the lawyers are investigating the possibility of people acquiring housing collectively. The idea of "housing clubs" was suggested by Planact; it's up to the lawyers to determine how they can work, and to draw up a constitution.

"South African law offers a variety of options if you use them creatively," says Emdon. "There is the voluntary association, which is a common law form. In our company law, there is a range of different types of companies. Co-operatives can be used innovatively for particular kinds of purposes, like housing associations.

"That's what's exciting about the project, from a legal point of view," she says: "We can't change legislation now but maybe when the new government is in place we will be able to construct legislation particularly suited to particular kinds of development initiatives."

Clamour for clarity before the US can do business with SA

B/Day 22/6/93

SIMON BARBER in Washington

THE hope here is that, on Friday, SA's negotiating parties will announce they have reached agreement on a firm date for elections and the formation of a transitional executive. Perhaps they will also be in a position to define how the executive will function, what its powers will be and when, precisely, it will be in place.

This will be extremely helpful to, among others, Assistant Secretary of State for Africa George Moose and ANC international affairs head Thabo Mbeki, neither of whom was able satisfactorily to answer audiences at the Carnegie Endowment for International Peace last week.

Moose spoke in the plural, referring to transitional executive councils. Mbeki spoke of one council with subcommittees. Both agreed that whatever they were, they would exist to "level the playing field" for elections. That we knew. Thereafter there was confusion.

The American, pleading inexperience, felt sure there were others in the room who could explain things better than he. If there were, they were not volunteering, and he was obliged to make various stabs on his own. There would be "mechanisms" designed to "ensure transparency in key government institutions", but they were "not as yet entirely clear to me.... My sense is these will be decision-making bodies."

Mbeki, the following day, was asked to verify Moose's sense. A simple yes or no would have been nice. Instead we were merely assured that, *pace* Roelf Meyer, "how the playing field will be levelled" would be spelt out in law at some point. Even then, we should not expect anything that was "mathematical", though we could be certain that the council would not be "overridden by government in matters of its competence". Then, in a flash of candour, Mbeki allowed that not even he could define easily what the council's foreign affairs subcommittee would do, despite the fact that he would logically be an important part of it. Here's a suggestion: its first task might be to clear up the fog.

It will be a matter of no little importance for the outside world to know who and what is the SA government during the transitional executive council's period. Moose said he was urging the White House and Congress to treat the formation of the transitional executive as the end of apartheid rule for the purposes of US law. Is this a proposition the ANC, in particular, accepts?

If it is serious about seeing remaining US sanctions lifted, it had better accept. The Gramm Amendment, the last federal sanction of any significance, requires the US representatives on the boards of the IMF and World Bank to veto loan applications by any country "which practises apartheid". Unless there is greater clarity about the status of the transitional executive, this could cause difficulties.

There are two ways of dealing with Gramm. Either the US president can certify that apartheid is no longer being practised or Congress can repeal the statute. Both methods are under consideration, but both could be complicated if, say, the Congressional Black Caucus decided to extract concessions from the administration on other matters by insisting Gramm's conditions would not be met until there had been elections. All politics, remember, is ultimately domestic.

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Imprecision about the council could cause problems on the state and local fronts as well. There are plenty of arrogant experts out there ready to be more royalist than the king, aka Nelson Mandela, when it comes to penalising US businesses for daring to go near SA. They will be looking for excuses not to heed Mandela's call. Some will even think they are helping the ANC by disobeying, which will be pretty rich given the resources the ANC and others are going to have to sink into disabusing them. They must not be allowed to think the council is a charade.

On the other hand, none of this may matter much unless the parties agree that decisions taken during the council's period are those of a sovereign, responsible and legitimate government and will be adhered to, where applicable, after elections.

The waiving or removal of the Gramm Amendment will not in itself open the door to World Bank and IMF finance. Loans and facilities will have to be negotiated with the institutions, and undertakings on policy given that will satisfy a majority of their boards. Will a transitional executive council administration be able to do that? If not, action on Gramm before April 27 — assuming that is the final election date — is moot, a comforting symbol, nothing more.

Another, if lesser, example. Will the council authorities be able to sign an agreement with the Overseas Private Investment Corporation, the US government agency that provides risk insurance for foreign investment? For US business the existence of an Opic agreement is an important signal, and the sooner one is signed the better.

Among the options percolating through the National Security Council is the provision of US government guarantees to leverage private investment in housing, education and other "reconstruction" projects. These, too, will require negotiations with a sovereign SA government. Surprising as it may sound, the US Congress is loath to risk voters' money without some assurance that the beneficiary will not squander taxpayer underwritten investment through rash policies.

One issue that continues to vex US companies, both those already in SA and those sniffing, is the fair employment codes mandated by the Comprehensive Anti-Apartheid Act. Though few object to the principle of standards, no other country imposes such obligations on its companies operating in SA. Compliance is a bureaucratic burden and, arguably, has led to a misallocation of resources. It also put US firms at a competitive disadvantage.

The ANC has belatedly come to recognise the problem and has acknowledged that labour standards should be drafted and enforced equally for all by an SA government. As Moose put it: "South Africans regard the question of business behaviour as something they themselves should decide."

Fine, but when? Can a transitional administration deal with the question, thus allowing the relevant section of the Act to be phased out? Or must US companies continue to wait? Once more, there is no clarity.

It may be said there are only 10 months before there is a real government, decisions can wait. No doubt they can, but is the delay worth it, especially when a newly elected government will be under enormous pressure to provide immediate and visible material gains for its electorate? Another year of talking will not help, especially given the lead times for loans to be negotiated and investment to be translated into jobs, schools and houses.

Put very simply, it is not very much use for the ANC to declare SA open for business — except as a symbolic gesture — unless there are legitimate authorities in place with whom business may be done. Can the transitional executive arrangement be so characterised?

US prepares to resume business with SA

B/Day 22/6/93

SIMON BARBER

WASHINGTON — Remaining federal economic sanctions on SA are to be repealed and US investment supported under legislation to be offered by senators Nancy Kassebaum and Paul Simon.

The Bill is being readied for introduction as soon as an election date has been set and a transitional executive established. A draft was vetted by ANC foreign affairs director Thabo Mbeki last week.

It not only rescinds the Gramm Amendment, which requires the administration to veto IMF and World Bank lending to SA, it actively instructs the US Treasury to press the bank "to initiate or expand ... lending and other financial assistance activities in SA". SA is also to be dropped from the list of countries barred from receiving tariff reductions on their exports to the US under the Generalised System of Preferences.

Although the legislation calls for the repeal of the 1986 Comprehensive Anti-Apartheid Act, US companies are upset by the authors' decision to reinstitute a mandatory, State Department-monitored code of conduct for US businesses in SA. The code would be dropped only "when the president certifies to Congress that a democratically elected SA government has established fair labour standards".

The Bill amends existing law protecting state and local sanctions and "urges" the authorities to rescind their restrictions.

The Export-Import Bank is encouraged to expand support for black-owned SA business, as is the Trade and Development Agency, which provides grants and credit to help foreign companies expand operations using US contractors and products.

The Overseas Private Investment Corporation "should immediately begin negotiations" for an agreement with SA that would enable it to extend loan guarantees "to expand US private investment in SA".

● See Page 10

Squatter families outside their homes in Slovo Park in Boipatong

Sowetan 25/6/93

R268-m housing boost

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By Joshua Raboroko

AN allocation of R268 million by he Government for low-cost housing wil help many of the more than seven million low-income blacks living in squatter camps and backyard shacks.

The cash injection for "affordable housing" for low-income South African families was announced by the Minister of Housing and the Budget, Mr Gerald Morkel.

He said the money would be available for housing in the 1993-94 financial year.

It was aimed at families whose breadwinners earned between R500 and R2 000 a month

The money, 50 percent more than the amount previously budgeted, would be allocated nationally to 200 local authorities for 400 housing and related projects.

The Transvaal would receive R40 million. The greater portion of this money would be spent on the PWV area which was expected to contain by far the largest concentration of people by the year 2010 (13,4 million).

The chairman of Operation Masakhane for the Homeless, Mr Dan Moshugi, estimated in May 1992 that 10 million people were living in informal settlements, while the Urban Foundation said more than 7 million people lived in informal housing.

In announcing the allocation, the Minister said: "In allocating scarce resources we have adopted a bottom up approach to involve the individual actively in the provision of housing.

"We have to cut the coat according to the cloth. Even a modest starter house can provide a family with permanency of tenure and the facility to upgrade as economic conditions improve."

This approach had proved successful in the Department of Housing self-help programmes in which families were given loans to buy building materials and taught to build their own homes, the Minister said.

Depending on the locality, "housing units will range from R14 000 to R16 000 each, excluding the price of the plot," he said.

Information about the allocation of the money can be obtained from civic associations, government sources said.

The project is expected to get off the ground within two weeks.

The announcement by the Minister comes at the time when informal housing is fast becoming recognised as an integral component of a national programme in South Africa.

On the Witwatersrand alone, tens of thousands of people still live in single sex hostels for up to 11 months a year — a relic of the apartheid era which now exacts a deadly cost.

Millions of ordinary South Africans live in so-called "informal settlements" usually without basic services like running water or water-borne sewerage.

Housing 'affects productivity'

B/Day 25/6/93 (339)

GAVIN DU VENAGE

THE availability of cheap, decent housing was a necessity for inner city residents as it affected their living standards and productivity, and was directly linked to their contribution to society.

This is one of the findings of an Urban Foundation study on community-based inner city housing innovations in the US.

The study was not meant to be a blueprint for SA's housing problems, but was carried out to provide a "descriptive menu of options for South Africans to consider".

The three approaches were: broad policy advocacy, development deal-making, and self-managed redevelopment.

Broad policy advocacy was used by organisations that attempted to shape the policy system supplying affordable housing with pressure applied to legislators and policy formulators. Advocacy organisations had used protests, demonstrations and other strategies to bring their cause to the attention of legislators.

They had played a vital role in changing policies for housing and development, as well as in reallocating resources towards the community's needs, the report said.

Community-based deal makers used another route, assembling partnerships involving the public, private and non-governmental sectors to get housing projects built or rehabilitated by the poor. They had eliminated much of the conflict between business and inner city campaigners.

The report concluded by saying that the best programmes to tackle inner city housing were likely to emerge from mobilising those who lived there.

Sowetan 25/6/93

City decay tackled

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By Mzimasi Ngudle

EFFORTS to address the housing crisis and especially inner-city housing decay have taken another step with the Urban Foundation's comparative research in America.

The UF report conducted in cities in the United States, was released this week and provides several options to be considered in South Africa.

It suggests that programmes to tackle housing in South Africa's declining inner cities can emerge from mobilising those who live in the inner-city areas.

The report calls for the investigation of approaches, policies and projects followed by other countries in turning inner cities from zones of despair into vibrant and livable zones of reconstruction.

To stimulate creative thinking about South Africa's deteriorating inner cities, the UF commissioned a research of inner-city housing development schemes in the United States. The UF's research findings identified three main organisational approaches that characterised community-based inner-city development in the US.

One of them was that local communities are mobilised to influence policy changes by putting pressure on legislation and policy.

"Through protests, publicity, labour union organising tactics and other strategies like packing a council meeting with protesters or closing down toilets at a busy airport, policy advocates use a strong show of force to win policy concession from the city." the report said.

As a result advocacy groups have succeeded in getting the decision-making institutions of cities to include more representation from inner-city residents.

The study also found that activism around housing has not been a major deterrent to investment, citing Boston's steady economic growth in the 1980's which continued unimpeded by an aggressive local housing campaign.

Cash will not flow into SA simply at Clinton's behest

B/Day 29/6/93

SIMON BARBER in Washington

(337)

IF PRESIDENT F W de Klerk and ANC president Nelson Mandela do not bring an election date and a transitional executive to lay before President Bill Clinton this week, they will be wasting a modest opportunity but the sky will not fall.

Mandela will still be able to raise money for the ANC's campaign coffers and De Klerk will still get to play golf with a couple of senators and take in a show at the Kennedy Centre. He looks as though he could use the rest.

There are better choices than Washington and Philadelphia for a holiday at this time of year, but blame ambassador Harry Schwarz for that. The Freedom Medal business was his brainchild, and it was he who nagged all concerned to make it happen. At least in Philadelphia, the South Africans will have something to remind them of home. Police there have just rounded up the leaders of a particularly vicious gang that calls itself Zulu Nation.

The truth is, even if the two leaders do have an agreement for Clinton, his response is not going to be earth-shaking. The new policy Clinton wants to unveil, once you get down to the fine print, will demonstrate chiefly that what politicians bill as bold and innovative departures are often little more than simulations thereof. With regard to SA, there is not very much the US government can do in the near term that has not already been done, or whose practical implementation must await the establishment of an elected government in SA.

The administration's plan is essentially the same as that laid out in legislation drafted by senators Nancy Kassebaum and Paul Simon. What it amounts to is this: once Mandela gives the word, Washington will assist and reward SA's "transition to democracy" by ceasing, with the ANC's permission, to be deliberately unhelpful.

The principal reward will be the dropping of the Gramm Amendment. Washington's executive director on the boards of the IMF and World Bank will no longer automatically have to oppose all loans and facilities for SA. Indeed, the proposed legislation would have the Treasury secretary actively encourage him to lobby for such lending.

Lovely, but this does not mean the floodgates will open the next day. Before any funds begin to flow — let alone the $1bn mentioned by the bank's vice-president for Africa Edward Jaycox — a new government in SA will have to make hard choices about what it wants from the institutions and whether it is prepared to meet their terms. And IMF and World Bank finance offers no guarantees the recipient will prosper. Just look at the track record.

Neither is it worth getting too excited about what might emerge from the G-7 summit in Tokyo next week. Clinton will urge his partners to "mobilise" resources for SA's reconstruction. No doubt there will be mention of the subject in the summit communiqué, probably closer to the bottom than the top. This would not be the first time the G-7 has spoken of the need to help SA. Hitherto the practical results have not been obvious. Even now, as Assistant Secretary of State for Africa George Moose has admitted, "specific mechanisms" to translate the communiqué's language into practical effect have yet to be discussed.

The removal of the Gramm Amendment is the most concrete card Clinton and Congress have to play. Virtually everything else they propose will be hortatory.

There will be two main exhortations. The first will be to local and state governments to stop penalising investment in SA. The idea of trying to pre-empt local sanctions by federal *force majeure* has been weighed and abandoned, although the Kassebaum-Simon Bill does imply that federal funding for local road construction could be denied to authorities who insist on retaining contracting rules that discriminate against bidders with SA investments.

The second appeal will go to the US private sector: please go and invest. Nice words — and pragmatic, too. The federal budget has no fat left to finance official aid much above the current $80m a year (thank goodness). But the US private sector can only help SA if SA helps itself. The US government cannot tell investors where to put their money — although it is very good at doing the opposite — and its ability to influence investors' choices is at best marginal.

There are a number of steps the president and Congress will say they are taking to help, but most have long since been taken.

Do not be fooled if you hear Clinton pledging the active participation of entities like the Export-Import Bank, the Trade and Development Agency and the Overseas Private Investment Corporation. This is not especially new.

SA importers of US capital goods are already eligible for Exim loans and guarantees. The Trade and Development Agency recently announced that it would help Afrox finance the planning of a new penicillin plant in return for US firms getting engineering and supply contracts. The Overseas Private Investment Corporation has been anxious for some time to sign a bilateral agreement that would enable it to provide insurance cover for American investors.

Something Congress could do, but will not unless the ANC specifically gives it the go-ahead, is to stop requiring US companies in SA to register with the State Department and submit detailed annual reports to prove that their employment practices and expenditures on social upliftment meet certain mandatory criteria.

This is the one aspect of the Comprehensive Anti-Apartheid Act Congress does not intend to repeal immediately, although Kassebaum and Simon have agreed to make elections the cut-off point rather than waiting for a new government to write its own "fair labour standards".

The retention of this policy vitiates the call for US companies to invest. The hassle factor places US firms at a competitive disadvantage in SA vis-à-vis other companies, domestic and foreign. It discourages the very kind of investment that SA most needs — the sort that creates jobs. At a deeper level, it tells US companies that involvement in SA, unlike anywhere else, is even now potentially wicked and must therefore be specially regulated.

It is up to South Africans to decide if they want this to continue. Just as they must decide whether, or when, they want to proceed with negotiations on a new tax treaty to replace that cancelled by the CAAA; whether they want to sign a bilateral investment agreement establishing the rights and responsibilities of US investors; and whether they want to describe themselves as a developing or developed country for trade purposes. The Kassebaum-Simon Bill makes SA eligible to benefit from the Generalised System of Preferences, which grants reduced tariffs to certain labour-intensive exports of developing nations.

This could help the SA textile industry, but only if congressional protectionists can be held at bay.

The bottom line is that whatever Mandela and De Klerk bring with them to the US this week, the best "reward" SA can expect for moving to multiracial rule is the normalisation of its economic relations with the US and the rest of the world. There will be no special favours.

Furthermore, as a practical matter, the normalisation will not occur until there has been an election.

Mandela calls for investment

B/Day 30/6/93

SIMON BARBER

WASHINGTON — ANC president Nelson Mandela delivers a powerful appeal for "massive" foreign investment in the latest issue of Fortune magazine and says he will be urging President Bill Clinton to launch a "Marshall Plan" for SA when they meet on Friday. (337)

"Our whole position is that we should forget the past. Let us concern ourselves with the present and the future. Let us build a new SA," he tells readers of the influential business publication.

The appeal, in an interview with managing editor Marshall Loeb earlier this month, appears to conflict with Mandela's newly stated intention to delay calling for the removal of remaining sanctions. This has come as a disappointment to both the Clinton administration and US companies which had counted on him using his 12-day US tour to declare SA open for business.

Ambassador Harry Schwarz yesterday questioned the political wisdom of his sanctions stance, saying the ANC was in danger of being blamed by voters for retarding SA's economic reconstruction.

In the interview, Mandela said all that was needed before he would call off sanctions was a firm election date. "We have already agreed on naming a transitional executive council."

He said: "Only 3% of those who finished school this year could finds jobs in the formal sector. It is a serious situation and it can only be remedied by massive investment in our country. That is why we are keen to review sanctions."

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All foreign companies would be "guaranteed" against expropriation or nationalisation, he said, pledging in addition that "they will be able to recover their profits and dividends — all of them".

No restrictions would be placed on types of investment, but the ANC was "very keen to invest in such a way that there will be a creation of jobs for our people, a generation of wealth". (337)

Priorities would be the development of a manufacturing base and infrastructure, including "ambitious housing schemes", because "these two areas will provide the most employment opportunities".

There would be no penalties for US companies that had stayed in SA despite the ANC's sanctions call. "This is not the time for us to be thinking in terms of revenge, in terms of punishing anybody. We are saying let bygones be bygones."

On the question of unbundling, Mandela said "our only interest is that there should be free competition". He hoped the conglomerates would unbundle on their own. "Although state intervention is something that is known throughout the world, we would like to avoid it except where it is absolutely necessary."

One area where "state action" might be required was land redistribution. But this could be done "without nationalisation, without depriving individual owners of their land". For example, "vast tracts of barren land" owned by the SADF could be made available "to address the claims of people who were removed by force and to ensure there is equitable distribution".

In addition to investment, Mandela hoped SA would receive substantial aid from the West "in the interest of making democracy take root". He would be asking Clinton to take the lead in establishing "a form of Marshall Plan". Once its "neglected . . . human resources" had been developed — another area in which foreign companies could make an important contribution — SA could become "a mecca . . . a powerhouse for Africa".

Mandela assured US businessmen he was "neither a socialist nor a capitalist. I am a pragmatist. All I want is that the living standards of our people be raised."

Tutu seeks IFP, ANC summit

(3397)

CT 20/9/93

DURBAN. — Anglican Archbishop Desmond Tutu says there has not been a total breakdown in relations between Mr Nelson Mandela and Chief Mangosuthu Buthelezi and that he and Methodist bishop Dr Stanley Mogoba were working to bring them together again if necessary.

Archbishop Tutu was speaking at a news conference after he and Dr Mogoba had met the Inkatha Freedom Party president and its chief executive officer, Mr Joe Matthews, here on Saturday.

"We've been gratified by reports that have indicated the common perception of a total breakdown is wrong," Archbishop Tutu said.

He said many agreements reached at Mr Mandela and Chief Buthelezi's summit in June were being implemented.

Among these was the establishment of teams to negotiate on constitutional matters and violence, Mr Matthews said.

"We've already held ANC/IFP bilaterals on constitutional matters. Sub-committees were appointed to identify areas of difficulty in negotiations. They are continuing," he said.

The important agreement to hold joint ANC/IFP presidential rallies in areas racked by political violence had not been implemented although there had been some joint initiatives at local level, Mr Matthews said. — Sapa, Political Staff

Report calls for talks on land claims laws

B/Day

TIM COHEN

CAPE TOWN — The Urban Foundation has called for broad-ranging negotiations to formulate land claims legislation to limit a potentially vast number of bids for land.

28/9/93

In a report on a Land Claims Court for SA, the foundation suggests possible measures to filter land claims, but it does not make a specific recommendation on what limits should be laid down.

"The nature of these limits lies at the heart of the debate we should be having," the report says.

"The issue of land claims should be resolved through a politically inclusive process aimed at providing a set of legal rules specifying the rights of all concerned."

The report proposes the establishment of a standing commission on land claims, in addition to its earlier recommendation in favour of a land claims court.

The commission could inquire into removals and resettlement and do research on land claims.

The commission, consisting of representatives of all interested parties, could also serve the critical function of allowing the poor access to the land claims mechanism.

The report suggests two mechanisms to limit the potentially infinite range of claims. The first would use the concept of "racially motivated land dispossession", the second proposes an "unfair removal" test.

The proposed land claims court could be asked to asses the weight of a claim against the feasibility of redress, given national priorities in general and the current use and status of land.

The court could be given the power to grant monetary compensation, restoration of ownership, transfer of property or granting of preferential status to claimants in terms of development programmes.

Because of potentially enormous macro-economic and financial implications, remedies might be made subject to a budgetary ceiling and time limits on claims and settlements.

The report suggests that an affirmative action policy might not be sufficient, because affirmative action is not primarily about undoing past wrongs and it may be unsatisfying to those wronged.

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It could validly be asked whether new laws on land reparations would not have economically disastrous consequences, even if they were the result of legitimate claims.

It was also necessary to ask whether scarce state resources needed for rural and urban land development should be diverted into unproductive land acquisitions for reparations.

The report says Parliament should devise ways to control the amount spent on reparation and criteria for land claims should be agreed so that the potential number and hence the cost could be reduced.

It was possible for land claims awards to take the form of participation in existing settlement schemes or preferential access to development projects.

More investigation into alternative mechanisms to reduce the potential costs needed to be done, the report says.

The big challenge

By Joshua Raboroko

■ UF REVIEW Government of national unity that enjoys legitimacy:

Sowetan 18/11/93

THE Urban Foundation looked with great hope to a government of national unity that enjoyed legitimacy with the majority of South Africans, UF chairman Mr Mike Rosholt said yesterday.

Addressing the foundation's annual meeting, he said he was looking forward to a government which was committed to addressing the development challenge seriously.

"It is going to be critical for South Africa to meet that challenge successfully. Failure to do so will result in even greater anger among poor communities and in increasing the drain on state and private sector resources.

"Sadly, experience both here and abroad indicates that development strategies are often diverted by considerations other than the needs of poor communities.

"Obviously, the government of tomorrow and development funding agencies will play a key role in ensuring the delivery of improved conditions and services to low income South Africans," he said.

(339)

The past year had been both demanding and rewarding for the UF. The recession, ongoing violence and political uncertainties had created a very difficult environment in which to function, Rosholt said.

Among the highlights of the year listed in the foundation's annual review are:

- The key role it played in helping to establish the National Education and Training Forum to start the process of education reconstruction;
- Bringing to South Africa a team of international experts to expand the debate on policy issues surrounding affirmative action; and
- Assisting with formulating plans and securing funding for the establishment of Funda Centre in Soweto as a community college.

Three unions plan to merge

Sowetan 18/11/93

By Ike Motsapi

A STEERING committee elected to oversee the merger of three municipal workers' organisations in Johannesburg meets today to finalise plans for the launch of a single union this month.

The three unions that have been involved in unity talks since the beginning of last year are the Union of Johannesburg Municipal Workers, South African Municipal Workers' Union and the Johannesburg Municipal Employees' Union.

Presently the UJMW has 9 800 members, Samwu 8 500 and the JMEU 2 500.

UJMW general secretary Mr Hillow Maeko said yesterday: "Trade union or workers' unity has eluded the three unions for a long time.

"A workshop on the merger was held on November 10 and 11 and was attended by executive members and shop stewards of the three unions.

"Of great significance is that the people attending the workshop decided that the three unions will be part of Samwu's Johannesburg branch which will be launched on November 30."