



SPEECH BY BONGINKOSI MADIKIZELA
WESTERN CAPE MINISTER OF HUMAN SETTLEMENTS
DEBATE ON VOTE 8: HUMAN SETTLEMENTS BUDGET
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Honourable Speaker,
Honourable Premier of the Western Cape,
Honourable Leader of the Official Opposition,
My colleagues in the Provincial Cabinet,
Honourable Members of the Provincial Legislature,
Executive Mayors and Mayors,
Municipal Managers,
Heads of Departments and senior managers,
Partners and honoured guests.

Kwintetha yakhe yokuvulwa kwale ndlu yowiso-mthetho, Inkulumbuso yeli phondo inike umkhomba-ndlela kwizinto ekufuneka zithathelwe ingqalelo ngulo Rhulumente. Uthe uxanduva lethu kurhulumente kukunika amathuba kubantu beli Phondo ukuze bazikhwebule kwindlala, bazakhele ikamva eliaqaqambileyo yaye baphile ubomi obungcono.

INkulumbuso iqhube yathi " sizikhethele ukukhulisa uqoqosho oludala izithuba zengqesho ukuba ibe zizinto ezitshila phambili zeli phondo leNtshona Koloni.

Enye yezinto ezibalulekileyo kukujongana nemiceli-mngeni kuqoqosho oludala izithuba zengqesho. Oko kuthetha ukuba kufuneka siqiniseke ukuba uluntu luphilile, lukhuselekile kwaye lwezakhono ezizakwenza luxhamle kumathuba azakuveliswa luqoqosho oluhlumayo.

Okokugqibela, siyayiqonda into yokuba iziphumo zeli phulo zizakuthatha ixesha ngoko ke kufuneka siqinise kwiphulo okanye kumaphulo okulwa indlala kubantu abathwaxwa linxele likakhetsekile.

In her State of the Province Address last month, the Premier provided us with very clear direction on the priorities of this government. She said that our purpose in government is to extend the hand of opportunity to the people of the Western Cape so that they can escape poverty, shape their own destinies and live lives they value.

She went on to say, "we have made a clear choice to put economic and employment growth at the front and centre of our agenda for the Western Cape."

Another important priority is to address the supply-side constraints to economic and employment growth – in other words, to ensure that we have healthy, secure citizens with the skills and knowledge to seize the opportunities that come with a growing economy.

Finally, recognising that the full impact of driving an agenda to address these priorities will take many years to reach a tipping point, the third priority is to cushion the effects of extreme poverty.

I am happy to say that the Department of Human Settlements contributes to addressing all three of these priorities.

Last year, I stated that, in an open opportunity society, human settlements are sustainable and integrated, providing access to social and economic opportunities for all. During the debate on the State of the Province Address last month, I said that improved urban design was critical to making our human settlements more sustainable and integrated. Extending opportunities to beneficiaries of housing opportunities can be achieved by ensuring that new human settlement developments are located close to existing economic opportunities, public transport corridors and social amenities. It can also be achieved by designing human settlements in such a way that new economic opportunities are created. This must and will be a priority when we assess municipal Human Settlement Plans and new project proposals going forward. It is

also an important consideration in developing our long-term 2030 vision for Human Settlements.

Joe Slovo phase 3 is a lead project in achieving this vision. The increased density of this project means that about twice as many families will be accommodated on this well located land-close to Epping Industria, Vanguard Shopping Centre, Bonteheuwel station, and other important amenities.

As the Premier said in her State of the Province Address, “the more our economy grows, and the more people get jobs, the more they can afford to pay something for their accommodation.” The Human Settlements portfolio is thus both a contributor to and a beneficiary of the provincial government’s focus on economic and employment growth. But we need to increase the number of options available for people who can contribute to housing themselves.

Last week, we launched the Drommedaris Social Housing Project in Brooklyn. This 219 unit, medium density development will accommodate families earning between R1500 and R7500 per month. The State contributed 65 percent of the R70 million development costs, with the balance coming from the private sector. With our provincial Rental Housing Strategy – launched last year, and to be rolled out in earnest this year – we aim to increase the amount of rental stock in the province. We would also like to see the percentage contribution of the private sector to this form of affordable housing increase.

Kwelinye inqanaba elikufutshane, kumaphulo eSebe lezokuhlaliswa koluntu, siliSebe sisungule inkqubo ebizwa ngokuba yi-Expanded Public Works eza kugxila ekunyuseni amanani emisebenzi aveliswa leli sebe. Ndithetha nje sele siqalisile ukuphuhlisa inkqubo ephuculiweyo yokubeka izinto phantsi lweliso lokhozi, nezakuqalisa ukusebenza kunyaka- mali olandelayo nezakusixelela nkcasasana indlela esiqhuba ngayo kumcimbi wokuveliswa kwamathuba emisebenzi.

On a more immediate level, the department has adopted an Expanded Public Works Programme approach to human settlements projects to maximise the number of job opportunities we create. We have begun to develop an improved monitoring system, which will be implemented in the new financial year to measure the impact we are making in this regard.

For most projects we fund, contractors use local labour from the beneficiary community and provide in-service training in various construction activities. While these jobs are generally temporary in nature, they provide some short term relief from poverty, inject money into the local economy – supporting spaza shops and the like – as well as extending opportunities to a number of people to learn new skills and trades that, with hard work and perseverance, can lead to more permanent employment opportunities. These opportunities are enhanced by the fact that this government and the City of Cape Town are following a strategy of infrastructure-led growth, among other important initiatives to stimulate job creation.

The People's Housing Process and the programmes run by the People's Housing and Empowerment Process Directorate, in particular, contribute to this empowerment through skills development. As the members of this house are aware, the PHP programme has as its main focus the involvement of communities and beneficiaries in accessing their own housing opportunities, and an integral part of the programme is the provision of sweat equity.

We have not stopped at the provision of basic skills. We are also working to further develop and train emerging contractors to be better able to establish themselves in the construction industry.

During 2010, the PHEP directorate identified six women contractors that they could assist. They were trained and coached to prepare them for the rigours of the construction industry. Each of them will be given the opportunity to build 10 houses in a project that has been approved in Witsand, Atlantis, as a means to give them a start in the industry.

We also held a broader "Women in Human Settlements" Conference on 24 August last year, which was attended by 92 women who are involved in the construction industry. A number of follow-up mini-workshops are planned for the coming year to focus on those issues the attendees highlighted as problem areas at that workshop. In addition, we aim to identify five successful and established women contractors to mentor a further five women that are new to the construction industry.

We will appoint mentors to assist youth to develop their skills too, so they can play a more meaningful role in the housing construction sector. We are supporting a project in Knysna where young women are making bricks for the low-income housing market. In addition, a contractor-built project in Atlantis will have as part of its conditions of approval, the inclusion of 50 young people to be trained and used on site as labourers with the aim of developing them in the construction industry.

We have also established a partnership with the Independent Development Trust (IDT) to look at the further development and training of identified emerging contractors. We will be working with the Departments of Labour and Trade & Industry in this regard as well.

As part of the up-scaling of Housing Consumer Education, 11 816 housing subsidy beneficiaries attended our consumer education workshops between April 2010 and March 2011. We also thought it important to refresh the training for facilitators, and trained 57 Community Development Workers and Municipal officials on our updated Train-the-trainer course. In addition, we have developed a syllabus to train PHP facilitators to empower municipal officials and NGO members to facilitate future PHP projects. This syllabus will be rolled out in the new financial year, starting with courses in Cape Town and George.

In partnership with the Sustainability Institute at the University of Stellenbosch, we trained 26 municipal officials, 40 representatives from Housing Support Organisations currently involved with PHP projects, and two provincial officials in the concept of sustainable human settlements. In partnership with UCT, we also delivered a five day course in Human Settlement Planning and Implementation to 70 municipal and provincial planning and housing officials.

PHP is also leading the way in sustainable building. The use of alternative building technologies was successfully introduced to and accepted by the beneficiaries of two PHP projects. Another PHP project in Witsand, Atlantis is using orientation, window size, roof overhangs and solar water heating to maximise the energy efficiency of the houses built. This project is setting the standard for sustainable human settlement development. We intend to replicate this consideration of sustainability criteria across the province in the coming years. Already,

approximately 1500 of the houses we built this year have solar water heaters installed.

Olunye usapho oluxhamle kule projekthi lusapho lakwaHlalukana. Umnumzana uHlalukana; uNkosikazi wakhe nabantwana bakhe abane bebehlala kwingingqi yoogobityholo nalapho bekungekho zinkonzo. Ngenxa yokuphila phantsi kwale meko imaxongo, uTata uHlalukana uye waphathwa sisigulo sezintso nto leyo ekhokelele ekubeni enziwe uqhaqho.

Ukusukela ekungeneni kwabo endlwini yabo phantsi kwale projekthi yase Witsand, impilo kaTata uHlalukana kwakunye neziphumo zesikolo zabantwana bakhe zitshintshe ngendlela engumangaliso. Kungoku nje olu Sapho longa imali eninzi kakhulu nanjengoko lungasabilisi manzi, kungenjalo lufudumeze ikhaya lalo ngeparaffini. Ngaphandle koku sele ndikuchazile, oku kukwaluncedo olukhulu kwimpilo yokusingqongileyo.

One of the families to benefit from this project is the Hlalukana family. Mr Hlalukana, his wife and four children were living in an informal settlement with no basic services. As a result of their poor living conditions, Mr Hlalukana ended up suffering from severe kidney problems and had to undergo surgery.

Since they moved into their house in the Witsand PHP project, Mr Hlalukana's health has improved significantly, as have his children's school results. The family is also saving a substantial amount of money thanks to not having to heat water or their house with paraffin. This further contributes to a healthier living environment.

All of the training initiatives I mentioned earlier are aimed at equipping people with the skills and knowledge necessary to do their jobs better, and thus make a

positive impact on service delivery. We have also entered into partnerships with organisations like the Development Bank of Southern Africa and the Southern African Housing Foundation to assist us with capacity building.

Ensuring that provincial and municipal officials have a better understanding of human settlement planning, our provincial strategy, project management and other important concepts will improve our capacity to deliver sustainable and integrated human settlements. It will also ensure that we have a healthy pipeline of implementation-ready projects in future years.

Last month, Minister Sexwale and I handed over the City's level 2 accreditation certificate to the Mayor. We have set up a joint task team to implement the accreditation and hand over the following functions to the city in a phased manner: full programme management and administration of all housing instruments, as well as Subsidy budget planning and allocation, priority programme management and administration, and beneficiary management, which the city are largely managing already. Once fully implemented, the City will apply for level 3 accreditation, which will allow it to take over financial administration of the Human Settlement Development Grant as well. The City will then be fully accredited.

But the truth is that proper planning and pipeline management have been somewhat neglected in the past. If we had a healthier pipeline with more projects ready for implementation, we would not have struggled as much as we did to spend our budget this year.

Through the tremendous efforts of a number of people in the department, with the cooperation of their colleagues in municipalities, we have managed to spend our entire budget of R2.19 billion for the 2010/11 financial year. However, we did fall short of our non-financial targets. While these figures are still provisional, we serviced approximately 12 000 sites and built 13 100 houses in this financial year. We were able to bring forward some new projects to compensate for slippage on our planned projects, but too late to complete the envisaged work within the financial year. More than 7 000 sites and 3 000 houses are at various stages of completion, and will be completed in the new financial year.

As I explained during the debate on the Appropriations Adjustment Bill last year, one of the key obstacles was the capacity of the Zandvliet Waste Water Treatment Works in the South Eastern metropole of Cape Town. This delayed projects in three substantial projects accounting for more than 5000 sites.

Besides bulk infrastructure constraints, community dynamics, delays in planning approvals and issues with appointed contractors contributed to delaying the start and slower than anticipated progress of a number of projects across the province.

Three municipalities – Kannaland; Prince Albert and Laingsburg – had their entire allocations withdrawn in February, as they were unable to initiate their planned projects, mostly due to bulk infrastructure constraints.

Besides these three municipalities, all but three municipalities achieved 95 percent expenditure or higher. Sixteen achieved 100 percent.

The Eden District, which received R4.653 million to service sites in Uniondale had not yet appointed a contractor to complete the roads, and only spent 54 percent of its budget. Swellendam couldn't proceed with its originally planned project due to delays in getting environmental approval for expanding its waste water works. The rectification project Swellendam sought approval for to absorb its remaining allocation was a little slow to get started, with the result that the municipality spent 83 percent of its R6.433 million allocation. Beaufort West drew 84 percent of its R5.283 million allocation.

The department was able to absorb all of these minor slippages by increased disbursements on individual subsidies and the Enhanced Extended Discount Benefit Scheme. We are reserving about R16 million from the N2 Gateway for settlement of the mediation process with the Sobambisana consortium, which will be finalised only in April.

We have made, and are making, a number of interventions to address the shortcomings in planning and maintenance of project pipelines. As an immediate intervention, we established the Grant Allocations Advisory Committee last year to evaluate the implementation readiness of projects across all municipalities,

and to determine where allocations could not be spent, and which projects and municipalities were capable of absorbing additional funds.

Going forward, this committee will also ensure that the base allocations to municipalities are fair and based on sound information. In this regard, the department finalised a new Funding Allocation Model in January, which takes into account the percentage of persons earning less than R3500 per month, the sanitation backlog, the housing backlog and the growth potential of towns. To ensure that the most recent information is used to populate the model, a housing backlog study was completed in December to provide new estimates on the housing backlog per municipality.

The Grant Allocations Advisory Committee will use this model to get baseline allocations per municipality. However, allocations can and will be adjusted to take into account municipal project pipelines, and their capacity to spend and deliver. Of course, we continue to work with our partners on the Built Environment Support Programme to improve that capacity. We completed the first round of BESP this year, assisting the six highest growth potential municipalities to improve their Spatial Development Frameworks and Human Settlement Plans. The second round is well underway, and we will initiate the third round of municipalities to be assisted in 2011/12.

We have also made good progress in ensuring that allocations to beneficiaries within municipalities are fair. The housing demand databases of all 24 non-metro municipalities are now registered on the National Housing Needs Register. The Western Cape is leading the way in making use of this online database.

A support strategy was piloted in nine municipalities in this financial year to assist them to improve their housing demand data collection and management systems and practices. This will be rolled out to the remaining 15 non-metro municipalities in the next few months. We are also engaging with the City of Cape Town to migrate their database to the National Housing Needs Register to complete our provincial database.

We have completed draft guidelines for the selection of beneficiaries for green field housing projects, and we intend to begin consultations with municipalities on these guidelines in the new financial year. These guidelines, once finalised and

approved, will ensure that there is consistency, transparency and fairness in the way beneficiaries are selected across all municipalities, and that beneficiaries are drawn from backyards, overcrowded formal dwellings and informal settlements according to the profile of the need.

In order to assist with the sharing of information with beneficiaries, the Directorate of Human Settlement Project Administration during the past financial year rolled out the Housing Subsidy System to all municipalities and other housing role players. The training of municipal officials in the use of the HSS has enabled them to capture subsidy applications (thus improving turnaround times), field queries from their residents directly and monitor the processing of applications and claims.

We have initiated two further interventions to improve the project information the Grant Allocations Advisory Committee has at its disposal to make decisions about annual allocations, as well as the shifts that are required during the year to ensure that we spend our budget.

First, we appointed a service provider last October to establish a Portfolio Management Unit (PMU) in the department, which will be a centralised point for the collection, processing and management of all project information. The PMU will also define and maintain project management standards and processes, and ensure that value is added to the department with the use of project management processes and tools. This will ensure the effective and successful planning, implementation and monitoring of all human settlement projects funded by the department.

Because there are so many synergies, and our projects are often dependent on the successful implementation of municipal infrastructure projects, we have started discussions with the unit responsible for monitoring those projects in the Department of Local Government about possibly using the same system.

As far as my department is concerned, we have completed a comprehensive analysis of the department's current business processes, and the PMU is currently registering and capturing all project information as part of an interim project management process. All current information on the eight provincially managed projects has been captured, and the projects are being updated with monthly

progress reports. We have begun registering and capturing PHP and municipally managed projects, and we anticipate that this will be completed in July.

In the next financial year we will finalise the redesign of our business processes to achieve optimal effectiveness and efficiency; procure and implement the most appropriate portfolio management software system based on the business needs assessment we have done; implement a change management strategy to migrate the department and its partners over to the new business processes and the use of the portfolio management system, and establish an operational and fully-staffed Portfolio Management Office that will take over from the service provider in registering and capturing all future human settlement projects, and monitoring and capturing progress of our projects.

Change is not easy. For many people who have worked the same way for years, it can be quite daunting. But change is necessary.

To quote Albert Einstein, "It is insanity to do the same thing, the same way, over and over and expect a different result."

But change will require strong leadership to get us through the transition. The benefits will be clear for all to see.

We are not expecting officials to get there on their own. Besides going through a comprehensive change management process, our second intervention to improve project planning, implementation and monitoring is the appointment of Professional Resource Teams (PRTs) to overcome the shortage of professional capacity at both departmental and municipal level. Last year, we invited professionals to register with the department, and established a database of vetted professional service providers. Next month, we will share the terms of reference for the appointment of PRTs with that database and invite applications.

The appointment of PRTs is intended to build and strengthen the capacity of the department and to assist municipalities to expedite and improve their human settlement planning and implementation. We intend to establish PRTs to serve each of the five Districts, as well as one to assist with provincial priority projects in the Metro. They will work closely with the department's Regional Technical Managers and Project Managers, as well as the Planning Directorate.

We will also be appointing a PRT to assist us with the implementation of our new PHP policy, which the department is finalising after a very successful workshop with PHP suppliers, facilitators and municipal officials last month. The aim of new policy is to professionalise the PHP programme and eliminate corruption and collusion from that space.

The increased focus on the state of readiness of human settlement projects will contribute to the accelerated delivery of housing opportunities based on confidence in the project pipeline and the ability of municipalities to achieve focussed targets and spend funds allocated based on the needs of the specific geographical areas.

These interventions I have described today will transform us from a province that has had to work extremely hard to spend our allocation this year into a province that is ready to absorb whatever slippages there are in other provinces. Combined with our shift towards providing more serviced sites, this will help us accelerate the delivery of housing opportunities and the provision of basic services.

One of the risks of accelerating the planning processes of our projects is that some Environmental Records of Decision might need to be extended if we do not manage to start construction within the two year validity period. But this last year, especially, has clearly demonstrated that we have to plan for more delivery than we can afford with the available funding. Delays and blockages happen on projects, and each municipality needs to be able to bring another project forward if there are delays on their first priority. If we only have just enough implementation-ready projects to spend our budget, any slippage will result in under-expenditure. I am sure that, as always, I can rely on my colleague, Minister Bredell, and his team in the Department of Environmental Affairs and Development Planning to assist us to ensure the smooth processing of environmental and planning approvals, and extensions of approvals where necessary.

Last week, I addressed the honourable members of this house about the changes to the structure of the Human Settlement Grants. The Integrated Housing and Human Settlement Grant is no more. Two grants replace it: The Human Settlement

Development Grant, which we will administer and disburse, and the Urban Settlement Development Grant, which has been created by combining the Municipal Infrastructure Grant (Cities) with 20 percent top-sliced from the Human Settlement Development Grant. The latter will be administered by the City of Cape Town. The total human settlements budget to be spent in the province is R2.584 billion – R1.639 billion for the Western Cape’s HSDG allocation; R824 million for the City’s USDG allocation and R197 million is the department’s Equitable Share and receipts.

With the HSDG, we will fund serviced sites and top structures outside the metro and in our provincially managed projects in the Metro, but only top structures on projects implemented by the City of Cape Town. We intend to service a little over 14 000 sites and build 12 275 houses with our share of the HSDG. While the City is still finalising its business plan for the USDG, which was only introduced to us by the National Department of Human Settlements and Treasury at the end of January, we anticipate that the USDG, R362 million of which came from the HSDG top slice, will fund the servicing of approximately 10 000 more sites in the City.

Another significant change this year is that the N2 Gateway no longer has a ring-fenced allocation. This means that we no longer need to seek the National Minister’s permission to shift funds from the N2 Gateway to other projects if there is slippage on those projects, as there has been over the last two years.

We will, of course, continue to plan projects to address the needs of those communities intended to benefit from the N2 Gateway allocation – such as Kosovo, Gxa Gxa, Lusaka, Kanana, Barcelona, Europe and Vukuzenzele – but those projects will be integrated into the City of Cape Town’s broader project pipeline.

As a first priority we have appointed a service provider to assess the need and make recommendations for the best solution and placement of improved sanitation services for these communities. We have also identified about 300 hectares of land we own that will assist us to provide housing opportunities to these communities. The next step is to appoint a service provider to assess which of these informal settlements are upgradeable, and to complete the planning processes for those areas.

Finally, we are shifting from making payments to municipalities based on claims to making up front payments based on business plans with projected cash flows. We will still monitor work on the ground very closely and suspend payments if sufficient progress is not being made. But this new approach should allow for greater certainty, as well as making it easier to deal with the difference in financial years between us and municipalities.

2010/11 has been an extremely challenging year. We have faced a number of obstacles. It has also brought into sharp focus the limitations of the department and municipalities to implement our new approach. I believe that we are entering the new financial year with the right measures – if not yet in place, then in the process of being put in place – to ensure that we achieve optimal efficiency and effectiveness, and thus complement the work of the rest of this government in extending opportunities to all our province's citizens so we can realise the Western Cape of our dreams.

In closing, let me pay tribute to my team in the department. They have often felt the brunt of my frustration at the slow pace of change and service delivery, but they have worked hard to meet every challenge and overcome all obstacles. Especially in the last two months, they have shown tremendous commitment to make sure we spent our budget by the end of the financial year.

Thank you.