

Honourable Speaker and Deputy Speaker
Madame Premier
Honourable Members of the Provincial Legislature
Marena le Dikgosi
The Chairperson and the leadership of SALGA (FS)
Honourable Councillors
Distinguished guests, comrades and friends

"Human progress is neither automatic nor inevitable. We are faced now with the fact that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history there is such a thing as being too late. We may cry out desperately for time to pause in her passage, but time is deaf to every plea and rushes on. Over the bleached bones and jumbled residues of numerous civilisations are written the pathetic words: Too late." (Martin Luther King Jr.-Where do we go from here: chaos or community)

Honourable Speaker, we are delighted to present before this eminent house, our budget policy statement for 2008/2009. We present this as our pledge and recommitment to ensuring that the needs of our people, some of whom are yet to experience the full benefits of democracy, are met. This budget vote is also presented within the context of the commemoration of the tragic deaths of our two giants of the struggle for the freedom of humanity; and fighters for the poor and downtrodden, notably **Martin Luther King Jr.** and **Thembisile Martin "Chris" Hani**. Comrade Chris Hani; was brutally murdered on the 10th April 1993 by those who feared the dawn of a democratic dispensation.

Nelson Mandela had this to say during Hani's emotional send-off at the FNB Stadium in Soweto on 19th April 1993: "Chris Hani's passion for justice, for addressing problems that plaque the rural poor, were rooted in his childhood in Sabalele. His roots were so deep, so true, that he never lost them."

South Africans must recall his life and emulate his leadership, his value systems, and the contribution he made to the struggle. We value these outstanding leaders.

Honourable Speaker, let me hasten to proudly announce our continuity support and good working relationship with the House of Traditional leadership. This relationship has further been entrenched and strengthened by the sterling work done during the successful official opening of the house on the 28 March 2008.

We have completed the investigations around the support that is required to make the house and institution of the traditional leadership to function efficiently.

Honourable Speaker, let me further announce that we have allocated 500 peoples' housing process subsidies to various traditional councils. Last year, the Chairperson Morena Matheadira Mopeli and his Deputy Morena Ledika Mloi have been allocated the necessary resources and the official vehicles befitting their stature.

Lastly, we will convene the house of the traditional leadership to debate the speech delivered by the Honourable Premier Madame FB Marshoff during the official opening. This debate will consolidate and punctuate issues to be implemented as raised in the speech.



On the occasion of the State of the Nation Address, President Thabo Mbeki had this to say on the Millennium Development Goals (MDGs), **"We will also integrate the programme to speed up the development of sustainable human settlements, with intensified efforts, as a matter of urgent priority, to accelerate universal access to water, sanitation and electricity, so that by 2014, we should have decent human settlements and access by all households to these services...hands on the deck!"**

Further, Honourable Speaker, the President raised several key issues including the 24 Apex Priorities that will influence the work of the provincial and local government. Securing the supply of energy, including electricity, is inarguably one of the major priorities. In this regard, my department and municipalities have a critical communication role to play from liaising with business about load shedding to urging Ward Councillors to drive energy saving campaign messages in communities.

We confirm that the identification of the Apex Priorities, calls upon all three spheres of government to strengthen their resolve to make corporative government a reality.

Honourable Speaker, allow me to account to this house on the commitments I made in my last Budget Vote Statement regarding the implementation of the **Breaking New Ground Plan (BNG) and the 5-Year Local Government Strategic Agenda.**

Honourable Speaker, despite many and varied challenges that we encountered in our endeavour to implement the **Breaking New Ground Plan** we were able to **achieve** the following:

We have completed 10 096 housing units through various housing programmes. Included in this number are houses built through special programmes such as Women and Youth contractors.

To further strengthen our technical capacity in the department, we have recruited six (6) Cuban Professionals and drafted the Provincial SA Cuban Technical Support Programme for the period 2007-2010 for promoting a community participation model to enhance the implementation of People's Housing Process Programme - a model based on the Cuban experience.

In intensifying the campaign of the 16 Days of No Violence against Women and Children, the Provincial Executive Council identified sixty needy women and children that have been traumatized and exposed to violent environments. To date 44 houses have been completed and the remaining houses are under construction.

Through our Housing institution, SERVCON, we have acquired strategically located and suitable land parcels in Bloemfontein, Bethlehem, Kroonstad and Welkom. Most of these land parcels are located within the proximity of the Central Business Districts (CBDs) and will be utilised for the Integrated Residential Development Programme (IRDP).

Honourable Speaker, security of tenure is the cornerstone of ownership and dignity for beneficiaries, and it can also be used as collateral for them to acquire other assets. To date, 28 000 sites have been registered and Title Deeds have been issued to deserving beneficiaries in terms of the Conversion of Leasehold and Ownership Act, 81 of 1988.



Following the signing of the Memorandum of Understanding (MOU) between the Minister of Housing and the Banking Council of South Africa, on 31 March 2005, we also signed an MOU with ABSA on 4th March 2008. We will continue to engage other financial institutions to enable us to tap on the remainder of the reserved R42 billion made available by the banking sector to facilitate access to housing finance by prospective beneficiaries earning between R3 500 and R7 000.

Honourable Speaker, in intensifying the implementation of the **5-Year Local Government Strategic Agenda** we made significant achievements

In spite of having the largest backlog of buckets in the country, we are pleased to announce that the buckets in the province have been reduced from 1 60 000 to 6 000. We are confident that we will remove the last of these buckets and free our people from this dehumanising situation.

In an effort to increase water supply in the Xhariep District, we have commenced with the construction of bulk water pipeline to the value of R52 million. Of the said amount we have used R29 million for a pipeline connecting Trompsburg to Jagersfontein.

We are working with municipalities on energy saving strategies and community awareness to mitigate the effects of load shedding. We are collaborating with Eskom in distributing energy saving bulbs to our communities and have assisted municipalities to develop Demand-side Management Plans.

In enhancing municipal transformation and organizational development we continue to support municipalities to reduce vacancy rate for municipal managers and Section 57 managers. I want to call on all municipalities to continue to observe Municipal Performance Regulations by ensuring that skilled personnel are appointed and performance agreements signed

Access to free basic services has improved due to the implementation of indigent policy by all municipalities. Indigent communities have 100% access to 50kWh free electricity and 98% access of 6kl free water.

In implementing an integrated approach to Local Economic Development, as part of the overall Provincial Growth and Development Strategy, we have adopted District Spatial Development Frameworks (SDFs), aligned with Local Municipalities' SDFs to speed up Local Economic Development.

Honourable Speaker, during the implementation of the **Breaking New Ground Plan**, we experienced numerous **challenges** that hampered the acceleration of service delivery within our province.

Our housing delivery continues to be threatened by the short supply of building materials such as cement and steel, contractor capacity constraints and technical skills due to rapid growth in construction mainly attributed to the 2010 Soccer World Cup host stadia, and supporting physical infrastructure. As a result, prices of materials and technical skills escalate leading to slow down in housing delivery.

Co-ordinated planning across the different spheres of government to inculcate the culture of integrated planning with sector departments responsible for socio-economic amenities is still insufficient.



The enrolment of housing projects with the National Home Builders Registration Council (NHBRC) to improve the quality of low cost housing is mandatory.

Protracted legal processes to deregister and trace beneficiaries who are registered on more than one site slow down the pace of delivery.

It is also sad to mention that the incessant mushrooming of shacks muffles the significant achievements made in housing delivery. The need to pass and enforce By-Laws by municipalities to prevent land invasions cannot be overemphasised.

Let me also indicate that there is a need for specific competencies in the housing environment to handle facilitation of the development and to involve stakeholders such as estate agents, property agents and economic development planners.

Despite the fact that we have purchased some land parcels, there is still an urgent need to acquire more suitable and well-located land for housing development.

In the same vein, **Honourable Speaker**, as we implemented the **5-Year Local Government Strategic Agenda**, we experienced various **challenges** that impeded the acceleration of service delivery within our province.

From the onset, let me inform the house that financial viability and administrative capacity of Xhariep District Municipality remains a primary challenge. There is also a need to increase our support with regard to Administrative and Executive ability of Local Municipalities such as Naledi and Mohokare to ensure service delivery. Furthermore, there is overall limited capacity, inadequate revenue base and internal conflicts that compromise service delivery in most of the municipalities.

Legislation requires municipalities to submit credible Annual Municipal Performance Reports (section 46). In 2005/2006 only 14 of the 25 municipalities complied with this provision. I would like to urge all Mayors to ensure that we have 100% compliance for 2006/2007.

Honourable Speaker, of paramount importance is the creation of conducive working environment in our municipalities, to prevent high staff turnover and retain appropriate skilled personnel, towards improving service delivery.

It is also vital for us and municipalities to actively engage other stakeholders in ensuring disaster preparedness for the 2009 Confederations Cup and the 2010 Soccer World Cup. Let me also encourage municipalities to seriously consider providing for disaster related matters in their budgets.

To continue to close the communication gap between municipalities and communities, it is imperative that Ward Committees and Community Development Workers provide our communities with relevant empowering information.

Honourable Speaker, **planned programmes and projects for 2008/2009** have been allocated a total budget of **R1, 022 billion**. This comprises Integrated Housing and the Human Settlement Grant of **R772, 4 million** and **R249, 6 million** for other departmental programmes.

Consistent with the Breaking New Ground Plan, Integrated Housing and Human Settlement Grant will mostly be utilised for the following programmes and projects:



The Integrated Residential Development Programme (IRDP)

Previously, the housing policy focused on the development of subsidised housing linked to the beneficiary. Through the Integrated Residential Development Programme, a wide settlement planning and the integration of a range of housing types and price categories, together with commercial and social amenities in a given project, is taken into account.

The new Housing Code introduces the new procedure which de-links housing construction process from beneficiary processing.

In Her State of the Province Address, the Premier said, **“Consistent with our vision of providing sustainable integrated human settlements, we have allocated 14 780 subsidies to various programmes. In view of housing not only as provision of shelter, but as a means to addressing other social needs such as employment, provision of skills, social upliftment and addressing inequalities of the past, some of these subsidies are allocated to projects that are meant for the empowerment of women and youth.”**

We take pride in announcing that we have allocated **23 400** housing subsidies this financial year. Within the spirit of Business Unusual, we have allocated housing subsidies (in January 2008) three months before the new financial year and have considered the multi-year phases of construction. Thus, we aim at creating **14 780** housing opportunities in this financial year and commit construction of **8 620** houses in the next financial year. Our intention is to plan ahead and avoid a stop-start mode of construction, which slows down the pace of housing delivery.

Finance-Linked Individual Subsidy Programme (FLISP)

May I take this opportunity to inform the house about the new subsidy scheme created by BNG called Finance-Linked Individual Subsidy Programme (FLISP). This subsidy programme is geared at enabling qualifying first time homebuyers to obtain housing finance from participating financial institutions. It is envisaged that this new scheme will complement government's efforts to meet its objective of providing access to housing as well as the move towards achieving a single residential market. To roll-out the FLISP, we have recently established an understanding with Pick 'n Pay to provide individual subsidies to its qualifying staff, benefiting **175** workers in its first phase of implementation. This project is a precursor to a joint housing development initiative between government and the private sector.

People's Housing Process (PHP)

This financial year we will allocate **1 400** PHP subsidies as follows:

- **500** to communities residing under the jurisdiction of Traditional Councils.
- **200** to Slum Dweller International (SDI) /Federation of the Urban and Rural Poor (FED-UP)
- **700** to various Support Organisations in the province.

Blocked Projects

To date, we have completed auditing of incomplete houses in the four outstanding districts: Motheo, Lejweleputswa, Fezile Dabi and Thabo Mofutsanyana. In terms of the identified Blocked Housing projects, we therefore commit 1000 housing units to be completed in Motheo, Lejweleputswa and Fezile Dabi in this financial year. The last District, Thabo Mofutsanyana, will be attended to in the next financial year.



Mixed Housing Development

As we proceed with the implementation of Mixed Housing Development, which refers to Mixed Tenure and Mixed Income, we aim to have more settlements developed in close proximity of the economic hub of our towns and cities. This policy will also entrench the idea of sharing settlement space regardless of class and social standing, thus promoting social integration. Closing buffer zones created by the apartheid Spatial Planning of townships remains the key focus area in the province. In our endeavour to rectify these spatial distortions, we have identified the following municipal areas to purchase existing land and structures for affordable housing in our six priority towns;

- **Mangaung Local Municipality:** Bloemfontein
- **Metsimaholo Local Municipality:** Sasolburg
- **Matjhabeng Local Municipality:** Welkom
- **Dihlabeng Local Municipality:** Bethlehem
- **Maluti-a-Phofung Local Municipality:** Harrismith
- **Moqhaka Local Municipality:** Kroonstad

In due course, we will be launching the Harrismith mixed housing project, within Intabazwe Development Corridor, which is a buffer zone between the erstwhile white and black residences. This housing project will have economic benefits thereby complementing the Harrismith Logistical Hub Development Initiative. We will work closely with Maluti-a-Phofung Municipality in implementing this project.

Progress has been made towards implementing the Phakisa Housing Project, a mixed housing project in the Matjhabeng Local Municipality. A Memorandum of Understanding has been signed between the department, Matjhabeng Local Municipality and the developer where we will provide low cost subsidies, while Matjhabeng Municipality will provide bulk infrastructure.

Consistent with NHBC's, Eric Molobi Innovation Hub, we will build show houses in various districts using alternative building materials and technologies in our six priority towns.

Rural Housing

It may be argued that the rapid urbanization is, among others, the result of the fact that the needs of the rural communities such as housing, overall economic, and social development, are not being addressed. In order to address housing development that has always been biased to the urban areas, the province has allocated **1 100** project linked subsidies to the rural Thaba-Nchu and Qwa-Qwa communities this year.

Farm Worker Housing Assistance

We are eager to make farming communities aware of existing opportunities for them to access housing assistance in their own environment. For this year, we have allocated **300** subsidies for an Off-Farm housing project in Viljoenskroon. We have also made funding for the infrastructure available for this project. Within the proximity of Bethlehem we have purchased land at Slabberts with the aim of implementing an On-Farm project, the first of its kind, for the community residing in this vicinity.



Restitution Programme

Since our signing of the Memorandum of Understanding with the Land Claims Commission, we are intensifying implementation of this programme by targeting the three projects ready for development i.e. Bethany, Marabastad and Dealesville. The community of Bethany in Edenburg has been allocated **100** rural subsidies.

Military Veterans

Honourable Speaker, the Housing MinMec approved the adjustment to housing subsidies scheme's qualification criteria to enable Military Veterans to access housing subsidies. Military Veterans were expected to register on the National database but very few Free State Military Veterans have registered. We are therefore making a call to all Military Veterans in the province who have not yet registered to come and register with the department. The department, through our District Offices and municipalities, will have a dedicated office and a liaison person to assist register our Military Veterans.

Special Housing Project

Honourable Speaker, it has been our policy to prioritise the elderly in housing provision however there has been serious inconsistency in municipalities' waiting lists. In partnership with the Department of Social Development, we have committed building 500 houses (100 per district) for the elderly in this financial year.

Acquisition of suitable land for housing development

In contribution towards social cohesion through correcting spatial distortion, we will continue to identify suitable land for housing development including undertaking land audits. Well-located and suitable land is primary to all human settlements development such as mixed housing, upgrading of informal settlements, inclusionary housing.

Land Tenure

In an attempt to make home ownership a reality and an asset, we will continue to issue title deeds to those beneficiaries who qualify according to the Conversion of Leasehold and Ownership Act, 81 of 1988. Our target this year is to transfer 2000 deeds to qualifying beneficiaries. Furthermore, title deeds of property built under the Enhanced Extended Discount Benefit Scheme (EEDBS) programme, as well as low cost houses already built, will also be issued.

Community Residential Units (CRU)

The Community Residential Units policy intends to facilitate the provision of secure and stable rental tenure for lower income persons and provides a coherent framework for managing the many different forms of existing public sector residential accommodation. This programme targets persons and households earning a gross income below R3 500 per month who cannot be accommodated in the formal private rental and social markets.



We have conducted physical audits at various Local Municipalities and we will be implementing this programme in the following priority Local Municipal areas:

- **Maluti-a- Phofung:** Intabazwe Hostel which will yield 250 family units
- **Metsimaholo:** Zamdela Hostel, which will yield 610 family units
- **Masilonyana:** Old Age Hostel, which will yield 100 family units
- **Mangaung:** White City Hostel, which will yield 350 family units.

We have also developed a Provincial Community Residential Units Strategy and established a Provincial Steering Committee as prescribed by the Community Residential Units (CRU) Programme

Material Supply

In response to increasing demand in material supply and technical skills, the Minister of Housing, Honourable Lindiwe Sisulu is in the process of developing a policy to promote public enterprise in warehousing of building materials, which will create jobs and stimulate housing market.

Honourable Speaker, as we implement the **5-Year Local Government Strategic Agenda,** we commit to intensify provision of hands-on support and intervention to municipalities to ensure effective governance.

We are confronted by the challenges of Electricity Load Shedding, the need to fast track the development of infrastructure, in particular, the provision of water and sanitation.

We will facilitate the implementation of bulk water projects with special focus on Tokologo to the value of R50 million and Tswelopele R6 million. The finalisation of the Kopanong project is budgeted for R16 million this financial year. We have been allocated R595, 031 million for MIG projects:

- R446, 273 million will be for Water and Sanitation; and
- R148, 758 million will be utilised for roads and other projects.

The 5-Year LGSA requires us to strengthen interaction between government and the communities through mayor-led Izimbizo programme. To this effect, in partnership with municipalities and SALGA, we will develop massive public participation programme through ward committees and the implementation of community based service delivery impact assessment.

Through our partnership with the Development Bank of Southern Africa (DBSA) we will continue to provide support to municipalities on financial management, municipal development and planning as well as support to appointed Municipal Infrastructure Grant contractors.

We need to intensify our critical support to the Institution of Traditional Leadership. We will provide special support to Marena a Maholo , the House of Traditional Leaders and Local Houses. We will also strengthen our partnership with the Local Government Sector Education and Training Authority (SETA), and provide targeted capacity building and training for traditional leaders.

We will start the process of engaging public comments on the Demarcation Board report regarding the status of municipalities' capacity to execute their functions. We will also



place in the public arena, the discussion on the intention of the Demarcation Board to re-determine Mangaung Local Municipality as a category A metropolitan municipality.

Honourable Speaker, we do recognize the fact that our department is no exception to the national challenge of skills shortage in various technical areas, therefore, we have prioritised reducing the skills gap in the civil and electrical engineering areas. To this end, bursaries to deserving students in these technical areas, including town and regional planning, have been awarded.

As a contribution to the provincial human resource development initiative, we will provide 20 learners and 37 interns with learnership and internship opportunities in our priority skills areas. Opportunities for experiential training will be made available for relevant tertiary students to gain practical experience.

In an attempt to intensify hands-on support to municipalities as well as to accelerate service delivery, the department has established District Services in order to bring services closer to the people. We continue to strengthen these offices by appointing appropriately skilled personnel and putting systems in place.

Honourable Speaker, let me announce that both Ministers for Housing and Provincial and Local Government respectively, decided to host the National Vuna and Govan Mbeki Housing Awards. Ceremonies for both Vuna and Govan Mbeki Housing Awards will be held separately first in the Province and Nationally. The provincial competitions will be conducted between May and July 2008 for Housing Awards.

Participation of municipalities in various service excellence awards in the last three years has been extremely disappointing. We urge all the municipalities to actively participate in these awards as part of improving service delivery to their communities.

"All development is ultimately about expanding human potential and enlarging human freedom. It is about people developing the capabilities that empower them to make choices and to lead lives that they value..." UNDP, Human Development Report 2007/2008

In the same vein, we urge our social partners in general to re-commit to partner us in improving the lives of the people of the province.

In conclusion, Honourable Speaker, I would like to thank the Premier for her leadership and guidance, the Members of the Executive Council, the Portfolio Committee on Local Government and Housing and the Legislature at large.

I also take this opportunity to thank the Head of the Department, Kopung Ralikontsane and the staff, for their diligence and dedication.

Special thanks to my wife Tshidi and my family for their constant support.

Let me then take the liberty to present the Department's budget vote for 2008/2009 financial year as reflected in **Annexure A**

Ke a leboha



Annexure A

BUDGET ALLOCATION 2008/2009

The total amount appropriated for the 2008/09 financial year for the Department of Local Government and Housing amounts to R1 022 024 000 which included the Integrated Housing and Human Settlement Development Grant to the amount of R772 410 000.

Programme	Amount	Percentage of Budget
Administration	84 640 000	8%
Housing	826 410 000	81%
Local Government	95 663 000	9%
Traditional Institutional Development	15 311 000	2%

Economic Classification	Amount	Percentage of Budget
Compensation of Employees	144 032 000	14%
Goods and Services	70 611 000	7%
Transfers and Subsidies	799 902 000	78%
Capital Assets	7 479 000	1%

The main elements in regard to the appropriation to Transfers and Subsidies are:

Transfers and Subsidies	Amount	Percentage of Budget
Province and Municipalities:		
Municipal Infrastructure	9 660 000	
Planning and Surveying	7 153 000	
Integrated Development and Planning	3 300 000	
	20 113 000	3%
Universities and Technikons	1 100 000	1%
Non-profit Institutions	3 175 000	1%
Households	775 514 000	95%



