



GAUTENG PROVINCE

HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

SPEECH BY GAUTENG MEC FOR HUMAN SETTLEMENTS, URBAN PLANNING, COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, LEOGANG MAILE, ON THE OCCASION OF THE 2022/23 GAUTENG DEPARTMENT OF HUMAN SETTLEMENTS BUDGET VOTE, GAUTENG LEGISLATURE, 25 MAY 2022.

THEME: Accelerated delivery of housing opportunities, enhanced access to land and housing ownership

Madam Speaker

Deputy Speaker

Honourable Premier

Honourable Members of the Executive Council

Honourable Members

Members of the media

The people of Gauteng

1. INTRODUCTION

Despite the uncertainties that were caused by the Covid-19 induced lockdown, the South African residential property market showed its resilience, with the growth in the housing market last year being fuelled by first-time buyers in response to the aggressive interest rate cuts by the South African Reserve Bank.

With the country having a relatively young population, housing demand will always be at a high level, even as most people are faced with affordability challenges due to living in an unequal society. Unlike in the previous year, in 2022, the housing market has been experiencing a steep decline, as interest rates have been on the rise and household income has been under increasing pressure from steep prices in an economy that is still in recovery mode.

Honourable Members

Within Gauteng City Region (GCR), the annual influx of roughly 300 000 people continues to place a huge burden on the Gauteng Department of Human Settlements and the entire housing sector, with the 1.2 million people that are seeking housing in the province not being able to be catered for, within a limited human settlements budget and the other competing priorities that government is perpetually confronted with. This growing housing backlog also contributes to rising informality within our city region and all the socio-economic challenges that are a direct result of that.

In spite of all these challenges, the provincial government continues to work at refining its internal processes and approach to human settlements delivery as well as implementing change management in order to be more effective and expeditious in delivering houses to the people of Gauteng.

We are implementing a revised housing allocations policy as well as a re-engineered beneficiary management plan, as part of our efforts to reduce the housing backlog and accelerate the delivery of completed houses along with title deeds to an increasingly impatient and agitated citizenry.

2. Governance and Financial Management

Madam Speaker

The department has completed a review of its organisational structure, in line with the six-pillar turnaround strategy that we embarked upon at the beginning of this term of office in 2019. The new structure has been costed and submitted to the Department of Public Service and Administration for approval, with the Office of the Premier working in tandem with us to fast-track this process.

The finalisation of the organisational structure, which we plan to conclude during the 2022/23 financial year, will assist the department to align its functions and service delivery model to the Infrastructure Delivery Management System. It is important that we complete this exercise to be able to create an optimal structure that will accelerate delivery and create the capacity that is required for core programme delivery.

Our multi-year objective of improving the department's audit outcomes has seen a large percentage of material misstatements of the current audit report being addressed, towards an unqualified audit opinion. There was a seventy percent reduction in material

misstatements when comparing the 2020/21 financial year's audit to the 2019/20 financial year's audit.

Eighty percent in misstatements were addressed, towards an unqualified audit opinion for the 2021/22 financial year, with a target of no material misstatements for the 2022/23 financial year. The department has commenced with monitoring controls by adapting and implementing a system of key controls provided by the Auditor-General of South Africa, which are monitored and verified on a quarterly basis.

Honourable Members

Checklists and preparation of the Quarterly Compliance Risk Register are assessed by the Gauteng Treasury on a quarterly basis and combined assurance meetings are convened on a quarterly basis to address strategic risks and material misstatements. Furthermore, the department has an approved Compliance Policy and Compliance Framework in place. The Head of Department has taken a stance in ensuring management comments are reviewed and agreed to by process owners for full implementation of audit recommendations, which is monitored weekly in a meeting convened with Deputy Director Generals in the department.

3. Mega Projects and Housing Delivery

In line with the mega human settlements vision and our spatial transformation agenda, the departments' construction projects have been spatially indicated in terms of their relationship with the Gauteng Spatial Development Framework guidelines as well as infrastructure, accessibility, socio-economic and environmental factors.

Since the beginning of term, the department has delivered over 59 000 housing opportunities, despite being faced with persistent challenges such as: accruals which negatively impacted on our ability to reach targets; budget reductions in the Human Settlements Development Grant (HSDG) and the equitable share; local business forums that block departmental projects, legacy projects that are hampered by non-proclamation of townships and historical planning backlog milestones that hamper title deeds issuance.

Going forward Madam Speaker, the department plans to deliver a total of 11 423 housing units in the 2022/23 financial year, 11 646 housing units in the 2023/24 financial year and 12 302 housing units in the 2024/25 financial year. The Gauteng Human Settlements Spatial Master Plan has been reviewed and is to be finalised in the current financial year and the Gauteng Multi-year Project Pipeline/Project Bank has been updated, all of which augurs well

for the alignment of planning of all developments within the province, which should produce improved mega project and housing delivery in the medium-to-long term.

4. Rapid Land Release

We want to leverage land that is available, both state-owned and privately-owned land, to fast-track the implementation of our rapid land release programme. Detailed planning has commenced and is in progress (engineering, town planning etc.) on 36 938 sites, so as to enable the release of the identified land parcels with the potential yield of serviced stands, within the next two years.

Serviced stands that we have acquired to date are 13 041 in total and we have had engagements with the commercial banks, who have expressed an interest in funding beneficiaries for our Ikageleng Rapid Land Release self-build programme. We have entered into an agreement with the Housing Development Agency to act as an implementing entity in order to help us fast-track our rapid land release programme. Our improved beneficiary management processes should enable us to allocate serviced stands more rapidly, so that qualifying beneficiaries can build for themselves, without waiting on government to deliver housing units to them.

We want to accelerate the implementation of the rapid land release programme, ensuring that the land we acquire is adequately zoned or rezoned, so that land release opportunities are implemented. We will be entering into off-take agreements with prospective developers to bring serviced stands so that we can release them to qualifying beneficiaries.

5. Bulk infrastructure

Honourable Members

One of the major bottlenecks to the completion and delivery of houses to the people of Gauteng has been the challenge of bulk infrastructure provision. With that in mind, we have developed a business case to be taken to the Provincial Budget Committee (PBC) to solicit bulk funding for a Medium-Term Expenditure Framework (MTEF) period, in order to support existing and new developments. The department is also looking at the Informal Settlement Upgrading Partnership Grant to assist with some of the bulk requirements within local municipalities in the province.

In the 2021/22 financial year, we managed to facilitate just over R134 million worth of funding for bulk infrastructure purposes and in the 2022/23 financial year we plan to invest R227.5 million in order to ensure that our housing projects are not delayed due to bulk infrastructure

shortages. This year's bulk funding has increased from 2% to 5% of the grant which comes after an intervention by the national minister who motivated to National Treasury for additional bulk funding for the province.

6. Informal Settlements Upgrading

Fifty-four (54) informal settlements received interim support services in the previous financial year. We have initiated assessment and town planning processes on seventy-one (71) informal settlements, and we will be undertaking the relocation of some informal settlements, due to their geotechnical conditions. We will be spending R1.1 billion on the Informal Settlements Upgrading Programme.

The department will continue to provide interim basic services in all informal settlements whilst processes to formalise them continue. In this financial year, we plan to implement alternative sanitation, water provision and solar solutions for a number of informal settlements. These alternative solutions are more sustainable and do not rely on the municipal engineering infrastructure but can be connected to the municipal services once the settlements have been formalised.

7. Urban Renewal Programme (URP)

Madam Speaker

During the 2022/23 financial year, the focus will be on four (4) URP nodes: Evaton, with a storm water infrastructure upgrade; Bekkersdal with a storm water and waste management infrastructure upgrade; Alexandra where the Housing Development Agency will be implementing projects and in Winterveldt with infrastructure upgrades.

The Greater Alexandra Development Plan has been completed pending adoption by the City of Joburg Council. Infrastructure improvements for Alexandra are at assessment level for bulk (water, sewer, storm water and roads). These are envisaged for completion by June 2022.

At Winterveld, a review of the masterplan in consultation with the community is currently underway and to date, the department has constructed more than five hundred housing units. At Bekkersdal, work is underway on resuscitating the improvement of the internal infrastructure upgrade, which had not been completed by the previous contractor, and at Evaton, the 2nd Phase of the sewer outfall network upgrade is in process.

The Gauteng City Region Urban Renewal Programme Technical team has developed the Gauteng Urban Renewal Policy, a milestone, given the fact that no national policy exists for urban renewal. To ensure proper monitoring and evaluation of the implementation of the urban renewal programme within Gauteng City Region, within the identified urban renewal nodes, a reporting matrix has been developed.

One of the objectives of our urban renewal programme within the urban renewal nodes, is the upgrading of dilapidated infrastructure, ensuring alignment with Municipal Integrated Development Plans, using Municipal Infrastructure Grant Funding and the Urban Settlement Development Grant within urban renewal programmes areas.

8. Title Deeds

Honourable Members

The formalisation process is one of the most important within the housing delivery value chain, as it is one of the pre-requisites for title deeds registration, which guarantees ownership to qualifying beneficiaries. It is for this reason that the department has taken a number of pro-active steps to try and assist with the fast-tracking and facilitation of this process, even though some parts of the process are outside the scope of the department's responsibilities within the various spheres of government. These are some of the measures undertaken by the department so far:

- Finalisation of outstanding township establishment milestones towards township registration and proclamation
- Municipalities to issue service certificates for filing with the Deeds Office
- Municipalities to waiver or relax some conditions to enable registration of title deeds whilst planning for installation of outstanding conditions
- Municipalities to reduce their turnaround time for confirming beneficiaries, signing the Power of Attorney, and providing Section 118 towards lodgement of draft deeds with the Deeds Office

Despite these interventions, one of the major problems remains the fact that we have around 35 000 applicants who have not been approved through the Housing Subsidy System (HSS). From an occupancy audit that we conducted, these 35 000 people are not HSS approved and as a result they could not be registered. We have approved a regularisation policy which will address this identified challenge towards eradication of the title deeds backlog.

9. Hostel Redevelopment

Madam Speaker

The Gauteng Hostel Redevelopment Strategy was approved by the Provincial EXCO in the previous financial year. Engineering planning work is underway on three (3) hostels while bulk assessments are to start on all inner-city hostels. Construction has commenced on two (2) hostels and is planned to be finalised in the coming financial year.

Alternative land has been found to decant some of the inner-city hostels and planning will commence soon on these land parcels. Hostel redevelopment will take place in the following three (3) hostels, namely: Kagiso, Rethabile and Jabulani for the 2022/23 financial year. The number of family units to be built in hostels will increase gradually from 135 to 920 in the 2023/24 financial year, right up to 4560 in the last financial year of the current MTEF period.

10. Gauteng Partnership Fund (GPF)

The GPF has embarked on an analysis of its loan book, which has an impact on its sustainability and has put an implementation plan in place, monitored monthly, with the aim of improving loan collections from 65% to 80%.

In order to enhance the capital base so that GPF can achieve its mandate, we have created funding and collaborative partnerships, and our goal is to raise R300 million from these over the 2022/23 financial year. We are in the process of developing a recapitalisation plan to strengthen GPF's investment capital base and are also developing a commercialisation plan to increase the investment fund base.

Honourable Members

We will be implementing the revised capital raising strategy, which includes plans to establish a private equity fund, social fund and the consolidation of all non-interest income and are looking to use the GPF to be the implementing agent of choice for our Rapid Land Release Programme and the Upgrading of Informal Settlements Programme.

11. Conclusion

Madam Speaker

As a provincial government, our aim is to build integrated, smart human settlements that ensure access to economic opportunities, transport nodes, and social amenities as well as

expand access to and ownership of land in order to contribute to the building of a more inclusive and equitable city region.

Our plans for the next three financial years include the completion of all abandoned and blocked projects, the redevelopment of hostels to family units, implementation of the upgrading of informal settlements programme (UISP) with a focus on basic services and social facilities, the resuscitation of the Urban Renewal Programmes (URPs), the upscaling of Mega Projects and accelerated implementation of the Rapid Land Release Programme (RLRP).

Honourable Members, our budget allocation for the 2022/23 financial year is R6.141 billion, made up of: R5.141 billion conditional grant and R1 billion equitable share. The conditional grant increases from R4.942 billion in the 2021/22 financial year to R5.141 billion in the 2022/23 financial year. The continuous increase of the conditional grant will assist in decreasing the housing backlog, in the implementation of mega projects and also in expediting the rapid land release programme.

We now table this budget for your consideration. We want to thank the Honourable Premier and colleagues in Exco for their hard work and dedication during very trying times, the HOD and Executive Management Team of the department, including that of the GPF and its board for their commitment to accelerating housing delivery in Gauteng.

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