

BUDGET VOTE SPEECH FOR THE 2018-2019 FINANCIAL YEAR

VOTE 13: HUMAN SETTLEMENTS

VOTE 8: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

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ACTING MEMBER OF THE EXECUTIVE COUNCIL FOR COOPERATIVE
GOVERNANCE, TRADITIONAL AFFAIRS AND HUMAN SETTLEMENTS
24 APRIL 2018, TSHESENG, QWAQWA**

Honourable Speaker

Honourable Premier

Members of the Executive Council

Honourable Members of the Legislature

Executive Mayors, Mayors, Honourable Speakers, Chief Whips and
Councillors

Chairperson of SALGA and the Executive Committee

Director General of the Province

Heads of Department

Marena le Dikgosi

Veterans and Stalwarts of our Liberation Struggle

Comrades and Friends

Ladies and Gentlemen

Madame Speaker, our budget vote speech is hinged on the theme for this month; Freedom Month. Our freedom was earned through sacrifice, commitment, commonly shared vision and purpose, and achieved through hard work. These are principles we aim to live by as we seek to make this

democracy a reality to all, especially those who solely depend on us, government, to better their lives. This is a promise, and a right as highlighted through Human Rights month we recently celebrated. The work of these two departments is about Constitutional Rights; the right to a home, the right to services and good governance. Our work is about ensuring that all Free State citizens live in decent conditions in suitable human settlements as per national priorities.

Madame Speaker, almost two weeks ago we laid to rest our struggle icon and mother of the nation mme Winnie Madikizela-Mandela. She was an example of determination and persistence in seeking justice, and a better life for our people.

In this month we also commemorate the death of Chris Hani, a relentless fighter. To these we dedicate our work this year – to be unwavering and undeterred in our pursuit of this common goal. The struggle was won through rallying constructively behind shared purpose and common vision. By drawing on their strengths and determination, we will, with singleness of purpose make our people proud by building quality houses that address their fundamental need of a home.

Solomon Mahlangu whose sacrificed young life was dedicated to nurturing the tree of freedom, is also duly remembered. We acknowledge these stalwarts and in their spirit, we draw our own strength to keep running the race towards fulfilling the pledge of the Freedom Charter, 'There shall be

houses, security and comfort,' the right to homes and the right to good governance through the adage, 'The people shall govern'.

We anchor our commitment on the spirits of Nelson Mandela and Albertina Sisulu whose revered centenary we celebrate this year. To these undying spirits and to the people of the Free State, we commit our work as we run to proceed with the race they started. For as Nelson Mandela said, this is not about the end is nigh, the battle for democracy continues long after its attainment, there is more work after attaining freedom: "After climbing a great hill, one only finds that there are many more hills to climb."

We too realize that our work grows daily as more of our people need to be housed decently and with dignity against the backdrop of extensive urbanization, growing unemployment and social changes that affect the bottom line, forcing many of our people to depend on the state's dwindling resources as they are stretched to the maximum.

His message remains our source of strength and his legacy and vision, our guide to action towards achieving the goal of freedom and unity. In the context of human settlements, this means to achieve socially integrated human settlements that enhance the spirit of freedom and unity, to a better South Africa.

On these footsteps we walk; and do so certain of attaining our goal of a united South Africa that lives together in spatially integrated settlements devoid of class or racial segregation. We run the race of equality and social integration to achieve settlements that no longer have racially motivated

buffer zones; which relegate our people to places far from cities and employment opportunities, with little or no services.

We have, to this effect, plans for a sustainable and racially integrated approach in our human settlements developments which are closer to cities, will have amenities and infrastructure for services. As an example, our current programme has started in Ventersburg where together with Matjhabeng Local Municipality we identified suitable vacant land and subdivided the area to accommodate a mixed-race development. Plans are underway to install internal infrastructure services.

Targeted for completion in this financial year, Hillside view integrated development in Bloemfontein also addresses social integration, and so does our Nic Ferreira homes in Sasolburg, which have clearly achieved development within the Central Business District.

Madame Speaker, our work is not devoid of challenges. Some of these though, are inherited challenges that have been multiplied by apartheid spatial engineering, shortage of land and urbanisation to name a few of the courses.

Baahi ba Free State ka ho otloloha, mona re bua ka bodulo. Ke mang a kileng a dula mokhukhung kapa ntlong ya 2-room kapa mokgorong wa kamore e le nngwe le 6 kapa ho feta? The challenges are varied and the list is endless. Collectively, our sustainable integrated human settlements programmes seek to address these factors through providing homes that meet various needs and critically that have basic services installed.

Through this Madame Speaker, I am painting a picture of human settlements challenges that our people face. These are but the tip of an iceberg within the space of human settlements characterised by extreme shortage of houses, sites and minimum resources; especially limited financial resources while the need grows daily.

Our work addresses these challenges in a variety of programmes. The greatest challenge however is that not all of our people can be reached at once and adequately. You just need to see the shacks built alongside our beautiful houses as backyard dwellers also make themselves homes. Our challenges are diverse and complex as illustrated recently in a variety of circumstances throughout the province – illegal renting and occupation of our houses, illegal selling and ownership, are some of the challenges we face.

Let me reiterate Madame Speaker that despite our challenges, our homes have given our people renewed hope in our government. Our homes are the face of government; and we are working relentlessly to ensure that in the Free State province, *our people are at home*.

Madame Speaker there is hope, there is determination to make the hopeless hopeful, and the seemingly impossible situations, possible through human settlements. In brief Madame Speaker, let me point out that we have managed to achieve most of our commitments made in the past financial year despite steep challenges such as dwindling budgets, and subsidy quantum that has not increased since 2014 while addressing increased targets!

In total Madame Speaker, to date, we have provided 14 697 (fourteen thousand, six hundred and ninety-seven) homes through various programmes in the (2014-2019) Medium Term Strategic Framework period. Of this, **3477 homes and 6661 serviced sites were provided in the past financial year.**

Our numbers deprive us of an illustration of the extent of the impact made by our achievement, which spans generations, well into the future. Our homes will house generation after generation of families, laying a foundation for a better life for a nation housed in dignity. The impact of our homes may be seen on child headed households in Freedom Square and elsewhere in the province; on the aged such as Nkgono Maphokwane in Kroonstad who at 93 received a home, and many others whose fruit of freedom finally got savoured as they took occupation of their new homes and now live in comfort.

We have undeniably changed the lives of our people for the better, and continue to do so. This is what Winnie Madikizela Mandela, Zola Skweyiya, Chris Hani, Solomon Mahlangu and others whose lives were sacrificed for the struggle would be proud of.

Madame Speaker, South Africa requires all stakeholders to take ownership of the development of its people. On this note let me thank Standard Bank for houses completed in Heidedal and Parys. They truly illustrate patriotism through ploughing back to communities in the most meaningful manner – providing a foundation to a better life, a home.

Through this partnership Madame Speaker, we have commenced with construction of 5 additional houses in Luckhoff and will also build 3 houses in Brandford during this financial year; all to a total of 15 in the province.

In the past financial year, we focused on a number of areas meant to bring about significant progress in our work. I will now elaborate on these programmes and planned work for the coming financial year.

INFORMAL SETTLEMENTS UPGRADING

Informal settlements slow our growth as a country and as a nation. These are continuously growing, resulting in our people living in undignified and retarding conditions. Loss of employment due to poor economic conditions in especially mining and the agriculture sectors, and urbanisation with the hope of a better life, remain causes of the unpleasant sprawl of informal settlements. Urbanisation Madame Speaker, is a factor that we must live with and must plan for, holistically and in an integrated manner.

Madame Speaker, as a province we have developed, and are currently implementing the Free State Provincial Informal Settlements Strategy to address this challenge. We also established the Provincial Informal Settlements Upgrading Forum to profile these informal settlements in terms of household enumeration, municipal services and geo-spatial data. This strategy provides a coherent approach to addressing challenges of informal settlements.

The reality is that the majority of the 143 enumerated informal settlements in the province are not yet significantly developed or fully upgraded i.e.

relocation to green-field housing projects nor the provision of significant interim interventions to mitigate living conditions.

Progress made thus far includes, 6 upgraded informal settlements, 26 completed township establishment, 13 township establishments in progress; 8 informal settlements with completed installation of water and sanitation and 12 informal settlements where installation of water and sanitation is in progress.

Honourable Premier, infrastructure is essentially a key factor in upgrading informal settlements. As such, all our projects include installation of basic infrastructure as part of developing sustainable human settlements. We will continue to upgrade our informal settlements with access to basic municipal services, provide security of tenure and continue to build in a manner that addresses spatial disparities of the past. On the whole, we will use human settlements development to address other sustainability issues viz. environmental challenges, generate economic empowerment, enhance social capital and build institutional capacity.

In this financial year, we have planned the following number of sites per district; Fezile Dabi: 3668, Lejweleputswa: 5886, Thabo Mofutsanyana: 2420, Mangaung: 860 tallying to a total of 12834 sites. These are almost twice more than in the past financial year.

Our integrated approach in eradicating informal settlements and development of new settlements is also addressed through our other programmes such as catalytic or mega projects.

MEGA OR CATALYTIC PROJECTS

Honourable Premier, catalytic projects are by definition meant to restructure settlements patterns and make positive changes on the environment while achieving sustainability and integration through human settlements development. The Human Settlements Catalytic Programme ranges from mega scale inclusionary neighbourhoods to small but high impact spatially targeted interventions, with high returns on the human settlements value chain and final products.

In line with the country's priorities as outlined in the National Development Plan, through these programmes, we are also ensuring land acquisition for further development closer to places of work, thus addressing the effects of apartheid spatial planning.

Madame Speaker, I am happy to report that as part of the first implementation phase of these projects, we have identified and approved the following catalytic projects in the Free State:

Sasolburg Properties, in Metsimaholo, was announced in the past financial year. For this project, urban design was completed and detailed planning has commenced. These properties have the potential of yielding in excess of 7000 housing opportunities

Baken Park Extensions in Dihlabeng: This is a key Informal Settlements Upgrading project to be developed in 3 phases i.e. Extensions 5,6,7. These 3 extensions have the potential to yield in excess of 5000 housing opportunities.

All qualifying households from the current Silahlwe and Phola Park informal settlements have been relocated to completed housing units on Extension 5. Connection of services is underway in Extension 5 to replace temporary services currently used.

In order to speed up development and ensure occupation of the houses in this area, the department completed construction of bulk sewer line and the pump station. For the next phase, Extensions 6 and 7, urban design and detailed planning have been completed. Municipal basic infrastructure designs have also been completed and we will commence with construction of services in this financial year.

Estoire/Airport Node Development in Mangaung

We have commenced with revision of the urban design to reflect spatial transformation principles. Detailed planning will commence as soon as the urban design has been completed. This property has the potential of yielding in excess of 3800 housing opportunities.

Madame Speaker, in addition to the three prioritised projects, the province has identified 2 more catalytic projects, and requested the Minister of Human Settlements to approve these. The said projects are:

- **Caleb Motshabi – Kgotsong** mixed development which is expected to yield in excess of 7500 housing opportunities.
- **Vista Park extension 2 and 3** which are expected to yield 5092 units on completion.

Our mega projects will make significant impact on the lives of our people in their implementation value chain through job creation and economic

development, and once completed, they will, as homes, provide stability and shelter.

LAND, A NATIONAL PRIORITY

Land ownership is a critical factor for radical economic transformation and for a definite sense of ownership. In line with national priorities, we have prioritised land ownership through acquisition or release of suitable land for human settlements development.

Let it be noted Madame Speaker, that the processes for land acquisition and township establishment leading to finally having an area declared ready for human settlements development form part of our reporting. This is a part that often goes unnoticed however remains critical to the final product and service delivery. Batho ba rona ba tsebe hore re ntse re sebetsa ho eketsa ditsha tse teng, ho etsa hore bodulo bo hantle bo be teng mme re kopa hore bas eke ba ipeha hob a ho ipeha ho diehisa tswelopele le phumantsho ya bodulo.

Madame Speaker, at times, as in Moqhaka, Kroonstad and Viljoenskroon, we have potential sites that due to unavailability or insufficient bulk infrastructure, we cannot develop further. In these instances, also, the municipality cannot afford to provide bulk infrastructure. Kroonstad in particular, is an area in extreme distress as many elderly people are renting shacks, mainly in backyards, due to lack of sites. This depletes their meagre earning as it forces them to share their pension with landlords, leaving them poorer.

Honourable Premier, many of these have worked on farms or as domestic workers and gardeners; thus contributed to development of the economy of

this country. They however have little or nothing to show for it and still do not have homes. The problem has gone on for too long at the detriment of this community and others throughout the province; depriving them of a sense of ownership, sense of self and family roots. The impact hereof is felt generation after generation where in some households, there are at least 3 - 4 generations of renting families.

Madame Speaker, this being a wider problem in most municipalities, we need to pay special attention to addressing it through adopting an integrated, and intergovernmental approach to its resolution. We also plead with municipalities to issue sites to those who can afford to build for themselves and not only for government subsidised houses.

ADDRESSING THE DIRE NEED FOR TITLE DEEDS

Madame Speaker our mandate includes ensuring security of tenure for our people. This is also the message of the Manifesto of the ruling party and government's key priority as it forms part of land allocation and ownership. We are resolute in our plans to accelerate the programme of issuing title deeds to our people for both the old stock and the current Breaking New Ground (BNG) houses. Our ideal is to issue title deeds as we complete each house.

Title deeds place ownership and security of tenure in the hands of our beneficiaries. We have registered 4386 title deeds for the 2017/2018 financial year. Our target for 2018/ 2019 on the backlog is 15 835 title deeds. There are 2923 title deeds ready to be registered on running projects currently.

As part of these commitments, and as mentioned in SOPA 2018/2019, we have also prioritised pre-1994 government housing stock formally owned by the North West Housing Corporation in Thaba-Nchu, to be transferred to beneficiaries; a process we have already started with a symbolic handing over last year.

Let me indicate Madame Speaker that our current performance on this important priority has been slow. This is due to a number of challenges, some beyond our capacity. Challenges impeding progress are mainly in systems and processes of creating and finally issuing title deeds. Examples of these are: townships that have not been proclaimed, site numbers that do not correspond with information at the Deeds Office such as sites changed irregularly without registering this change and informing the department. While this is a long term problem that covers vast areas of our province, we have devised strategies to speed up registration and issuing of title deeds.

Some of these being appointment of dedicated Project Manager to speed up municipal signing of deeds documents and delivery of registered title deeds at Deeds Office.

The department has also sought to remove non-performing conveyancers from the allocation of 2018/19 financial year, and re-allocate it to best performers. We also capitalise on the commitment from Deeds Office that targets registration of title deeds for RDP houses in 5 days from the date of lodgement.

In other instances, closer to home, disputes over ownership of sites, illegal sales, beneficiaries occupying wrong sites, deceased beneficiaries whose estates have not been registered with the Master's Office, family disputes over ownership and more, much retard our progress.

Madame Speaker, to address these, we conducted consumer education in our outreach activities; and continue to do so. We also appeal to our communities to draw up wills in order to avoid disputes that at times leave young children homeless and vulnerable. Where there is no will, we appeal to our beneficiaries and the public generally, to have the estate registered at the Master of High Court upon bereavement so that ownership of the estate could be reallocated accordingly. Many of our orphans are left homeless due to parents and families overlooking such critical issues.

DEVELOPMENT OF MINING TOWNS

Our mining towns are of grave concern to this government hence the programme for revitalisation of mining towns was conceptualised and implemented. The overall integrated approach to this development aims to redevelop mining towns like Virginia, whose economy has deteriorated due to closure of mines and resulted in slow economic activity and notably high unemployment. Kroonstad in Moqhaka and Matjhabeng in Welkom have been identified for development as part of Presidential Mining Towns Interventions.

We will continue to implement and support Presidential intervention in these mining. All the informal settlements in the Matjhabeng and Moqhaka Local Municipalities have been included in the National Upgrading Support Programme (NUSP). We will further assist Matjhabeng Local Municipality

with the development of their Infrastructure Master Plan which will assist with identifying infrastructure requirement and investments.

Aligned to this is the development of former mining and other hostels into Community Residential Units. These have been successfully completed in Virginia, Merriespruit Hostel and in Bloemfontein, Mangaung, the Silver and Dark City are in progress and targeted for completion by the end of this financial year. The G hostel in Welkom which was unduly delayed, now has a contractor on site. The project will be closely monitored to ensure faster progress and timely completion. Batho ba rona ba hloka bodulo bo ba loketseng.

BENEFICIARY MANAGEMENT AND THE NATIONAL HOUSING NEEDS REGISTER

Beneficiary management Madame Speaker, is one of the critical areas of our work, and also one that at times hampers progress. The role of beneficiary management is to ensure that we have correct, qualifying approved beneficiaries for correct sites.

We have identified several challenges in this area, which we also have sought solutions for. The National Housing Needs Register was introduced as an overall solution to these problems. This in a nutshell, is an electronic national database of all individuals who have registered their housing needs with the Department of Human Settlements. It is used as a data base and will help the department and other spheres of government, particularly municipalities, to determine different housing needs of individuals, ranging from a need for serviced sites, BNG houses, FLISP,

rental

housing

etc.

The department has embarked on a process of compiling this Housing Needs Register for the province as per national specifications. This register operates nationally and enables citizens to register their needs for houses anywhere in the country. It is also linked to the Housing Subsidy System (HSS) and could be used to guide in planning projects according to identified needs and for different housing needs not only Breaking New Ground houses.

As an added advantage, the NHNR will eliminate allegations of corruption and tempering of waiting lists where any; and also create a transparent system of allocation of houses that will provide houses on a first come first serve basis.

This process of creating a Housing Need Register is being phased per region and size of municipalities in the province. While the department had targeted completing this process during the 2017/18 financial year, implementation challenges has seen us revise our phased process for establishment of this critical aspect of our work to 2020.

The NHNR gives the public an opportunity to update their details and housing preferences as and when they deem necessary throughout the year. Those registered also get confirmation of their registration and confirmation of updates made on the system, making this easily manageable. Updates may also be submitted at the local municipal offices.

For efficiency and decentralisation, the province will train municipal officials sufficiently on the system. All municipalities will operate and use this uniform system for their housing allocations henceforth.

RENTAL HOUSING TRIBUNAL

Madame Speaker this year the department will for the first time regulate the rental housing market in the province. We are in the process of establishing the Rental Housing Tribunal in line with the Rental Housing Act 50 of 1999.

This tribunal is the authority that will manage relations and disputes between landlords and tenants in the province. It will be of great benefit particularly to the tenants who are mostly the victims of unscrupulous landlords, who are exploiting desperate tenants through exorbitant rental prices and inhabitable living conditions in their properties.

Although incidents of tenants' abuse are mostly experienced in major towns, especially by the students, the tribunal functions also extend to the ordinary backyard dwellers irrespective of the size and location of the rental establishment.

This is the authority which has equivalent powers to that of a magistrate court and it therefore a cost free mechanism that ensure access to justice speedily and without any payment.

Our communities will be educated about their rights and responsibilities when they enter into rental housing relationships in order to ensure that rental housing is efficiently and effectively managed to ensure that the

sector contribute meaningfully to mandate of provision of adequate housing to our people.

COMPLETION OF INCOMPLETE HOUSES

Madame Speaker I have to highlight this priority as it has denied many of our people homes. This is a priority we are carrying through in the current financial year and giving it much attention to ensure that our people are housed in dignity. We will demand quality and commitment from our contractors to complete the work they are given within stipulated time frames. We also have a retainer clause in our contracts and stringent conditions for contractors to adhere to stipulated time frames.

A sad fact this is Madame Speaker. What is critical however is that we have strategically planned for the completion of these. Certain of our challenges, and what we need to do to overcome these, we have embarked on an ongoing audit, and have plans for various towns. We assure those that have been waiting that we are aware of their long wait, and we will fulfil our promises.

YOUTH AND WOMEN DEVELOPMENT THROUGH HUMAN SETTLEMENTS

As per national prerequisite for women empowerment, to date the department has 30% of its budget allocated to women contractors. This is in line with government's women empowerment and development policies and overall redressing the imbalances of the past. Most women contractors in our employ have more than 10 years of continuous experience in

construction of our houses - making this a significant achievement in development of women contractors.

We are committed to making human settlements development an active partner in radical economic transformation. In our endeavour to meet this commitment, we will explore the human settlements value chain to exploit economic opportunities at each level of the process towards empowerment of the previously marginalised. Our contractors are already employing locals for construction and are consciously biased towards youth and women development.

As part of ensuring this development the department has gone into partnership with the National Home Builders Registration Council (NHBRC) to roll out training that will particularly focus on construction industry, and provide skills for unemployed youth who are interested in construction. Furthermore, the department will, where possible, make arrangements with contractors to provide employment to these NHBRC trained youth.

SPREADING THE SPIRIT OF CARING - INSTITUTIONAL HOUSING

Madame Speaker, we are proud to mention that Bokahosane ba bana, a home for abandoned children in Gelukwats, Kroonstad, was handed over to Social Development in the past financial year and is fully functional. It is now fully operational.

FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME

Honourable Premier, the Finance Linked Individual Subsidy Programme is government's effort to address housing needs for the gap market. This is the market that does not qualify for fully subsidised government houses

and struggles to qualify for bonds or loans at financial institutions. The first term of implementation of FLISP has provided us with insights into its limitations. Since its inception in 2014, we have managed to support 121 beneficiaries due to challenges such as shortage of housing stock within the then limited price range, limited qualifying individuals due to among others, salaries higher than the limit although still within the gap market, and overall bad credit records.

Motsamaisi wa dipuisano, this has resulted in a gap within a gap market particularly due to salary brackets that are still low enough to qualify for FLISP, but are too low to obtain mortgage loans. **The implications Madame Speaker, is the creation of a generation of young adults who will rent for the rest of their lives;** this being an ensured cycle of POVERTY! We must attend to this problem with urgency.

Let me indicate also that this generation fails to qualify for our government subsidised Community Residential Units and Social Housing Units as they earn too much to qualify for these. This results in this market renting at exorbitant prices, having very little left for their living expenses and relying on loans to live. Alternatively, in order to get cheaper accommodation, they live far from places of work and in return spend more on transport. This Madame Speaker is no way to attaining radical economic transformation and is a definite creation of an endless cycle of poverty and dependence, which we MUST break!

On a brighter side Honourable Premier, the department is happy to announce that even though this is a hard to break market, we have managed to fund 91 families through FLISP in the last financial year.

We are also going on a rigorous marketing drive to create awareness, inform and educate the public about this programme.

However, the majority of those in the gap market, starting with our own officials such as junior official within government departments, police, nurses, teachers fire fighters etc, fall outside the R15 000 household income while financial institutions gap market is defined up to R23 000 monthly income. This situation is ballooning and needs attention if one aims to decrease the backlog in the gap market.

As we relentlessly seek to address this problem, we are exploring partnerships with other financial institutions that would be more accommodating to potential mortgagees, and would substantially support implementing this programme in the province.

For 2018/ 2019 financial year we plan to provide FLISP subsidies to 225 beneficiaries. As part of our efforts to speed up this process and solve the problem, we will use Hillside view integrated residential project in Mangaung as a pilot project for FLISP.

HOUSING FOR MILITARY VETERANS

Madame Speaker, despite many challenges, we have, to an extent, achieved our goals on this programme. In this medium term we have already built 30 houses in Lourier Park (Mangaung Metro). More houses are in progress in various parts of the province such as in Mangaung Metro (Hillside view), Moqhaka, Matjhabeng, Masilonyana, Mantsopa, Ngwathe, Tokologo and Maluti a Phofung.

We will speed up this process to cater for most of our remaining beneficiaries in this programme. For this financial year, we have planned to build 107 houses.

LAND RESTITUTION PROGRAMME

Land is key for radical transformation and overall restitution of land to rightful owners. In partnership with the department of Land Affairs and Rural Development we have built houses in various parts of the province. We completed 226 houses in Schoonplaas, near Harrismith, and beneficiaries are being relocated to their new homes. The Marabastad project is in progress with 139 of 170 houses complete. Additional land restitution houses are being built as part of the Hillside view project.

Challenges in this programme which result in slow progress are among others family and site disputes. Critically, shortage of serviced sites is one of the causes of slow progress in this programme.

MUNICIPAL ACCREDITATION FOR HUMAN SETTLEMENTS DEVELOPMENT

Motsamaisi wa dipuisano, we will continue to support Matjhabeng, Metsimaholo, Moqhaka, Metsimaholo and Dihlabeng municipalities to achieve Level 1 accreditation and Level 3 accreditation for Mangaung Metropolitan Municipality.

We will continue to support these municipalities to address the gaps identified in the development of the accreditation level 1 in order to ensure that they are compliant and ready for level 1 accreditation: Mangaung

Metropolitan Municipality should be able to conduct human settlements development processes when accredited at level 3.

BUDGET DISTRIBUTION

Madame Speaker, in the ruling party's Election Manifesto of 2014, which became a guide for government priorities for the 2014-2019 MTSF, Human Settlements commitment states: '[We will] ensure all South Africans have access to adequate human settlements and quality living conditions through programmes that provide one million housing opportunities for qualifying households over the next five years, and provide basic services and infrastructure in all informal settlements.'

For this financial year, with a total national Human Settlements Development Grant allocation of R1 072 422 000, and additional funding from the province for programmes such as Military Veterans, 2-room and incomplete housing projects, we have planned our budget to meet human settlements commitments as follows:

THE OVERALL BUDGET FOR THE PROVINCE IS: R1 113 422 000

- Sites (12 834) R329 932 705
- Housing Units (4 605) R654 266 577
- Title Deeds: Current (2 950) R3 105 300
- Title Deeds: Backlog (15 835) R50 187 000
- Prov. Mil Vets Top up funding: R10 000 000
- Provincial funding (Two – Room and Incompletes): R31 000 000
- Expanded Public Works Programme (EPWP): R2 036 000

Expenditure for each region is as follows:

The Human Settlements Development Grant for 2018/2019 amounting to a total of R1 072 422 000 will be invested in various districts as detailed below.

- **Thabo Mofutsanyana:** A budget of R 221 907 520 million has been allocated to this district meant to provide 1190 units, 2420 sites and 741 title deeds.
- **Fezile Dabi** gets a budget of R233 273 853 million for 750 units, 3668 sites and 764 title deeds
- **Lejweleputswa:** At a budget of R264 243 661 millions, the district will build 591 units, develop 5886 sites and 795 title deeds will be registered.
- **Mangaung Metropolitan Municipality** receives a budget of 268 447 043 million for construction of 1587 units, 860 sites and 600 title deeds.
- **Xhariep District Municipality** gets a budget allocation of R84 549 923 million for construction of 487 units, 0 sites and 50 title deeds.

Madame Speaker, with this budget, we will work diligently and economically to ensure that our people are housed in quality houses and are truly at home. This we will achieve as we seek to add our voice to **Thuma Mina** towards fulfilling the hopes of Nelson Mandela, Albertina Sisulu, Winnie Madikizela Mandela and all those who departed. These left in our hands the responsibility of making democracy a reality.

VOTE 8: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

Honourable Speaker, 2018 is the 17th year of democratic local government in our country, and June this year represents 41 years since the 1976 uprising, where the youth took a stand against apartheid draconian laws.

Madame Speaker, Local government, is the sphere of government where all of government work converges; where our people are and where our services are needed most. It the Department of CoGTA's responsibility to ensure that this work is well coordinated for achievement of the desired impact. Due to a range of structural disadvantages created by apartheid, local government in South Africa is still in the process of transformation, and rural areas still require a high level of government intervention to promote development.

The outcome of our 4th democratic local government elections on the 3rd of August 2016, clearly showed that the majority of South African citizens still believe that South Africa remains a better place to be than it was before 1994, despite numerous challenges.

Speaker, in order to effectively and efficiently implement our system of ward committees. The department finalized the induction of ward committees, except in Mangaung and one ward in Maluti-A-Phofung.

We also supported all municipalities, except Mangaung, with the development and implementation of ward operational plans, as well as development of ward level database of community concern. These, together with real time system of complaints management, augurs well with our strategic agenda of creating a responsive system of local governance, and directly serve as a mitigating factor for community protests.

Speaker 2019 is a year of national elections and elections euphoria with concomitant social uprising have started earnestly.

The NDP directs us to never turn a blind eye on what appears small concerns raised by communities, things like dysfunctional streetlights, potholes, sewage spillage and water leakages, etc.

- These endeavors will yield positive results to enable municipalities to capture all memorandums received within a reasonable time frame
- We will also expect all memorandums received by municipalities to be captured in the complaints management system and be responded to within reasonable timeframes.
- We will through quarterly reports from speaker's council expect ward councillors to hold regular community report back meetings, with clear indication of the involvement of the vulnerable groups.

Speaker one of the 54th National Conference's resolutions of the ruling party, we will continue to 'Reignite growth" by assisting the municipalities to unite the government, labour, business and communities by having viable Business Forums in all our municipalities and to have proper public participation in such municipalities.

During 2017/2018 financial year, the department has reported on the workshops facilitated by the department to enhance integration amongst all the departments in the planning process. The department has continued to support municipalities to meet the legally compliant integrated development plan. An affirmative move has been made by the department to develop an Integrated Planning and Accountability Model for the 4th Generation of IDPs

(2017-2022), which has been implemented to support municipalities to develop and assess their IDPs on a quarterly basis instead of once after it has been adopted by the respective Councils. During the current year, the department will continue to:

- To enhance integration amongst all spheres of government
- To encourage maximum participation and accountability of the IDP stakeholders during IDP processes
- To strengthen legality of the IDP
- To ensure the credibility of the IDP
- To assist municipalities in improving the quality of the IDP document.

Honourable Speaker, the economic trajectory pronounced by the Honourable President Ramaphosa and the former Premier Magashule remains the fundamental area of focus for all of us in the Free State Province.

It is important for municipalities to:

- Have proper infrastructure which will enable the investors to have an appetite to invest within a particular municipality.
- To separate the social welfare projects (i.e. brick-making projects) from sustainable economic projects.

The department will continue to promote intergovernmental processes between municipalities with the following institutions/departments:

- SALGA
- DESTEA

- Statistics South Africa (collection of data to be used during planning)
- PREMIERS DEPARTMENT (guidance on reference to the Free State Growth and Development Strategy)
- HIGHER LEARNING INSTITUTION (Promote research capacity)

Following the process of the intergovernmental indicated above, the department will support municipalities to:

- Develop credible Local Economic Strategies as part of the IDPs. These strategies should indicate the potential areas and fundamental areas for growth and development.
- Make use of the Provincial Local Economic Development Strategy

The department will therefore anticipate to have LED Strategies that will address the economic challenges and create enabling environment for business and towns to grow. Furthermore, such strategies should outline issues such as rural development, informal economy, Green economy, local procurement, Spatial Development Framework as per Spatial Planning and Land Management Use Act.

As the status of signed Performance Agreements and Employment Contracts within municipalities needed to be improved, the department undertook to strengthen its support to municipalities towards complying with provisions of Local Government Regulations on the appointment and conditions of employment of senior managers (gazetted in 2014). We also indicated that the support provided by the department during the 2017/2018 financial year will include support on filling top critical posts within

municipalities and ensuring successful implementation of a functional performance management system.

The Provincial Forum continues to meet on a 6-monthly basis towards ensuring that all municipalities comply with legislative requirements.

Speaker, we shall continue to intensify implementation of the Back to Basics programme to ensure local government structures serve our communities better. Phase 2 of the B2B programme will henceforth be rolled out by the District Crack Teams.

Honourable Speaker, while celebrating the success stories in local government, it is to be acknowledged that municipalities still face major service delivery, financial viability and liquidity constraints, which require urgent attention. The Department was obliged to assist struggling Municipalities financially with forty-two million, five hundred thousand rand (R42, 5m) during 2017/2018.

Municipalities that required financial assistance include Xhariep, Masilonyana, Nala, Mafube, Matjhabeng, Moqhaka, Ngwathe, Metsimaholo, Phumelela, Thabo Mofutsanyana District and Maluti-a-Phofung.

The Department has allocated an amount of twenty-one million, five hundred and sixty-three thousand rand (R21,563m) to continue with the provision of support (and more specifically through financial turn-around programs) to the Metsimaholo, Maluti a Phofung and Ngwathe municipalities during 2017. During 2017, support of this nature will also be given to the following identified municipalities in order to supplement and

enhance their internal audit capacity: Mafube, Mantsopa, Matjhabeng, Moqhaka and Setsoto.

The successful implementation of the Management Support Program and other initiatives with Provincial Treasury and other strategic partners yield significant positive results. During the 2017/2018 financial year the Department appropriated an amount of R 28,1 million in deploying companies to the Municipalities of Mafube and Masilonyana for the compilation of the 2016/2017 Annual Financial Statements and the Fixed Asset Registers. The majority of Municipalities demonstrated ability to sustain good Audit Opinions from prior years and the Audit Opinions of 6 Municipalities regressed. The Audits of the Mafube and Masilonyana Local Municipalities is still to commence. The Audit of the Maluti a Phofung Local Municipality is still underway.

While celebrating the success stories in Local Government it is to be acknowledged that Municipalities still face major service delivery, financial viability and liquidity constraints which require urgent attention. The Department was obliged to assist struggling Municipalities financially with R 39,45 million during 2017/2018. Municipalities that required financial assistance during this time include Xhariep, Masilonyana, Matjhabeng, Nala, Maluti a Phofung, Phumelela, Moqhaka, Ngwathe, Metsimaholo and Mafube. Hence the Department will continue to harness the resources, skills and expertise of its strategic partners to maintain support of this nature to turn-around the financial fortunes of Municipalities and to keep up and consolidate progress made.

In 2018/2019 the Department will continue to support Financial Turn-around programmes in:

Mafube Local Municipality

Masilonyana Local Municipality

Maluti a Phofung Local Municipality

CHALLENGES

The requests and needs for assistance by Municipalities are usually bigger than the funds and capacity available by the Department.

Honourable Speaker, during the past financial year the Department noted that Masilonyana and Mafube local municipalities experienced serious service delivery challenges; The Free State Provincial Executive Council (PEC) took a resolution to intervene at those local municipalities in terms of section 139(1)(b) of the Constitution. Presently National Treasury have compiled a Financial Recovery Plan that has been adopted by both Councils to guide them on how to get them functional again.

Honourable Speaker, the Municipal Infrastructure Grant (MIG) continued to contribute towards municipal service delivery in the Province during the past year. In respect of the 2017/2018 municipal financial year, which only ends by the 30th of June 2018, a total of three hundred and forty-seven million (R347m) (47%) out of an allocation of seven hundred and seventy-two million (R772m) was spent at the end of January 2018.

An amount of seven hundred and fifty-seven million (R757m) is allocated towards the Municipal Infrastructure Programme (MIG) in the 2018/2019 municipal financial year.

In providing (pre-2004) households with access to potable water, six hundred and ten thousand and fifty-four households (610 054), which represents 99% of the planned target of six hundred and fifteen thousand nine hundred and nine (615,909) households were serviced by the end of January 2018 during the 2017/2018 municipal financial year. Maluti-a-Phofung Local Municipality is the only Municipality with outstanding backlogs on potable water (pre-2004) due to the challenges on the availability of bulk water.

All six hundred and fifteen thousand, nine hundred and nine (615,909) pre-2004 households were already serviced with on-site sanitation by the end of January 2016 in the previous financial year.

Tefello ya ditshebelotso tsa masepala ke boikarabelo ba batho bohle. Bomasepala ba lokela ho fana ka ditshebelotso tse maemong a hodimo. Sena, se hloka ho phethala ka ho:

- **Kgothalletsa batho bohle ho lefella ditshebeletso**
Batho ba dikojwana di mahetleng, maqheku le ba sa kgoneng ho lefella ditshebeletso, ba kgothalletswa ho etsa dikopo tseo ka ho ngodisa (Indigent Registration) dikantorong tsa Mmasepala. Batho ba

ingodisitseng batla kgona ho fumana ditshebeletso tsa mahala bakeng sa Motlakakase, ho tloswa ha dikgwerekgwere le metsi.

Honourable Speaker, all municipalities in the Province are providing free basic services to qualifying households, the number of indigent households provided with free basic services is as follows:

- Free Basic Water: 210 256 households
- Free Basic Electricity: 121 131 households
- Free Basic Refuse removal: 141 265 households
- Free Basic Sanitation: 130,566 households

Honourable Speaker, the department has allocated funds for Municipal Infrastructure during 2017/2018 financial year. The Department had also transferred R8 million in the appropriation to the Department of Police, Roads and Transport for the Ring Road in Rammulotsi (Moqhaka), project is currently at 90% complete.

The department also made funds available for the planning and development of a Water Laboratory in the Maluti a Phofung Local Municipality to assist Water Service Authorities within the district to monitor and improve the quality of drinking water and effluent.

Speaker, the department will continue to support municipalities as per the Constitution. Funds has been set aside as part of the Water Sanitation Intervention for the development of Master Plans for Nala and Maluti-a-Phofung municipalities are due to be completed by the end of June 2018.

The Spatial Planning and Land Use Management Act(SPLUMA), amongst other things provides for facilitation of land use and development

measures. This ensures that development is fast tracked and new economic opportunities are created.

The department is assisting municipalities realise this objective by ensuring that correct systems are in place to implement the objectives of the act in all municipalities except three. These municipalities will be in a position to implement and approve developments within their areas of jurisdiction before the end of this financial year.

In an effort to speed up the development objectives the department is providing support to all municipalities to develop the Spatial Development Frameworks. The purpose of a Spatial Development Framework (SDF) is to guide overall spatial distribution of current and desirable land uses within a municipality in order to give spatial expression to the social, economic and environmental aims of the Municipality. An SDF also intends to guide decision making; promote sustainable, functional and integrated human settlements; maximise resource efficiency and enhance regional identity and unique character of a place.

In addition to the above, the department is also assisting municipalities in developing Land Use Schemes (LUS) towards the realisation of sustainable, orderly and controlled development. These two planning tools (LUS and SDF) will assist the municipalities to make sound development decisions that will result in creation of sustainable development opportunities.

In the previous financial year, the department established a committee to put logistics in order as a preparation to have awards for cleanest town in

all the municipalities in the province. The implementation will take place in the financial year 2019/2020

Madame Speaker disaster management is an integral part of the prosperity and the welfare of the society taking into cognizance the province wants to enhance its capacity of dealing with disasters in an appropriate manner. In keeping with the Provincial Disaster Management Plan we will continue to support and strengthen the management of disasters at both local and district municipal level.

Madame Speaker, it is our responsibility to ensure that the role of traditional leaders and the interest of traditional communities are protected. Before the process of the reconstitution of Traditional Councils in 2007, there were 105 recognized traditional leadership positions. After the reconstitution process, the total number of traditional leaders is 135, comprised as follows:

- 2 Principal Traditional Leaders (since the passing on of the 2 Kings)
- 13 Senior Traditional Leaders
- 120 Headmen

In our quest to support the Traditional Leadership and enhance their work in the respective traditional leadership areas I undertake to do the following in 2018/19 financial year:

Facilitate the purchase of land for Batlokoa Ba Mokgalong in the Phumelela Municipal area.

We will build the palace for the Principal Traditional Leader of BaKwena Ba Mopeli traditional leadership through the Department of Public Works.

Speaker, we will reconstitute all thirteen Traditional Councils during this financial year.

We will establish two Local Houses of Traditional Leaders in Thabo Mofutsanyana District and Mangaung Local municipality respectively as envisaged in the Free State Provincial and Local Houses Act. Speaker will also establish two principal traditional councils for Bakoena baMopeli and Batlokwa baMota.

Speaker we will facilitate the Inauguration of the Newly Appointed Principal Traditional Leader of Bakwena Morena Moremoholo Mopeli

Honourable Speaker, let me take this opportunity to thank the Premier and Members of the Executive Council for their continued support. I would also like to thank Members of the Portfolio Committees and the Legislature, the House of Traditional Leaders and the entire Traditional Leadership, both Head of the Departments and staff, all municipalities, SALGA Free State, contractors, housing support organisations, and my organisation the African National Congress, for their inexorable support and guidance.

On this note, Madame Speaker, I hereby present the budgets for Budget Vote 8, the Department of Cooperative Governance and Traditional Affairs and Budget Vote 13, Department of Human Settlements as appended.

Ke a leboha.

Annexure A: Vote 8

2018- 2019

Cooperative Governance & Traditional Affairs

Programme	Amount	Percentage of Budget
Administration	139 703	34%
Local Governance	122 653	30%
Development and Planning	91 706	23%
Traditional Institutional Development	42 818	11%
House of Traditional Leaders	10 307	3%
	407 187	100%

Economic Classification	Amount	Percentage of Budget
Compensation of Employees	213 234	52%
Goods and Services	129 150	32%
Transfers and Subsidies	54 646	13%
Capital Assets	10 157	2%
	407 187	100%

Transfers and Subsidies		Amount	Percentage of Budget
Province and Municipalities:			
Municipal Infrastructure	8 472		
Financial Assistance: Municipalities	42 135	50 607	93%
Households: Other		1 214	2%
Non-Profit Institutions: Traditional Affairs	2 825	2 825	5%
		54 646	100%

PROVINCIAL FUNDING		Percentage of Budget
Equitable Share and Departmental Receipts		407 187
of which earmarked for Operation Clean Audit	20 381	21%
of which earmarked for Water laboratory municipal support	5 000	5%
of which earmarked for Firefighting equipment	5 000	5%
Earmarked funds		30 381
of which other priorities earmarked for Municipal Financial Intervention	24 285	25%
of which other priorities for Municipal Financial Intervention Xhariep	17 850	19%
of which other priorities for Bulk Infrastructure and Basic Services	8 472	9%
of which other priorities d for Water and sanitation intervention	15 000	16%
Other priorities		65 607
Total earmarked and other priority funds		95 988
		100%

ANNEXURE B: VOTE 13 - HUMAN SETTLEMENTS		
VOTE 13		2018-2019
Department of Human Settlements		
Programme	Amount	Percentage of Budget
ADMINISTRATION	131 461	9,45%
HOUSING NEEDS, RESEARCH AND PLANNING	23 808	1,71%
HOUSING DEVELOPMENT	1 235 108	88,74%
HOUSING ASSET MANAGEMENT, PROPERTY MANAGEMENT	1 401	0,10%
TOTAL	1 391 778	100,00%
Economic Classification	Amount	Percentage of Budget
Compensation of employees	168 970	12,14%
Goods and services	68 283	4,91%
Interest and rent on land	-	0,00%
Transfers and subsidies to:	1 143 866	82,18%
Payments for capital assets	10 659	0,77%
Total	1 391 778	100,00%
Transfers and Subsidies	Amount	Percentage of Budget
Capital Transfer and Subsidies	1 141 599	99,80%
Earmarked Funds (Demolition and building of 2 room houses)	31 000	2,71%
Human Settlements Development Grant (R 1,072,422 + R 26,141)	1 098 563	96,04%
Expanded Public Works Programme	2 036	0,18%
Military Veterans Top Up Funding	10 000	0,87%
Current Transfer and Subsidies	2 267	0,20%
Higher Education Institution	-	0,00%
Households	2 267	0,20%
Total	1 143 866	100,00%