

Hon. Saki Mokoena Human Settlements (Vote 13)



Sustainable Human Settlements and Improved Quality of Household Life





THE PARTY OF THE P

Honourable Speaker

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Marena le Dikgosi

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Director General of the Province

Heads of Departments

Veterans and Stalwarts of our Liberation Struggle

Stakeholders in the Human Settlements Value Chain

Ladies and Gentlemen

Citizens of the Free State



Speaker, for the province and the rest of the country, 2024 marks a very important and historical milestone. The 30th year of democracy and freedom as ushered in 1994 by generation of giants and galant fighters of freedom. Here we talk about men and women who gave up everything to lay the foundation for freedoms we enjoy today.

It is in this month of august where we also celebrate gallant heroics of women who stood up against the apartheid system and patriarchy (to them we say malibongwe). These women and all founders of democracy spoke to us through the dream of a South Africa that will not know discrimination, segregation, patriarchy and the general economic exclusion that condemns majority to unimaginable poverty.

Speaker, in their dream they not only wished for a better life all but began to lay foundations and build critical layers of this future. They gave the country a progressive constitution together with a set of laws that will allow us to continue with the building of a truly democratic and caring state. In their earlier years they led in confronting social contradictions inherited from our apartheid past including the need to confront them with the sole intention to build a new inclusive nation that prospers together.



Speaker they were not oblivious of the resistance (mostly sophisticated) to change. In fact, they left us a legacy that was reaffirmed by the last elections that we must at all times unite the majority of our people to resolve even the most stubborn challenges facing the nation.

Speaker the persisting historical problems have now been compounded by the ever-increasing high cost of living driven by inflationary pressures driven by geo-political developments around the globe. This is not assisted by the jobless low economic growth rate experienced in recent years. These economic challenges and the attendant contradictions from our past resulted in many serious difficulties confronting our people.

Whilst the democratic state is doing its best to mitigate these through the social wage, alone this intervention can never be enough. We need a combined efforts of all social and economic role players to resolve the country's problems. We can never succeed if we seek to build for some section and to the exclusion of others, and this is by no means undermining the sections that were subjected to the most brutalisation of the apartheid past.



Speaker our historical and current challenges call on all of us from the state to act with the required urgence to resolve these challenges and ensure better living for our people. For us in the human settlement the challenges are even more pronounced for a Mmamotaung who lives in phase 7 in Mangaung and has to travel several kilometres and take 3 different modes of transport to reach her work.

Remember her history condemned her to poor or no education, provided her children with difficulties that made it difficult for them to survive and eventually succumbed to her challenges. With Mmamotaung now left to take care of grandchildren, government intervenes through grants but 40% is spent on transport leaving her with very little to survive. The above calls on human settlement architecture to help make life easier for average south Africans.

We need to start now and arrest this apartheid settlement pattern, where mostly Africans and blacks in general lives far away from places of work, leisure and commerce in general. We must now reimagine and begin to build settlements that are good for safe living under conditions of safety, leisure and productivity. For Mamotaung she dreams of the day the government will rezone areas next to her settlement for industrial development that can employ her closer to her home.



For this she can spend more time and her saved money with her children.

Like millions of South Africans, she knows that government has made serious strides and housing millions of our people by building settlements that never existed prior to 1994. We have built communities and settlements that gave millions of a place to belong to and call home. Today all those areas that were built after 1994 now have schools, sports facilities, clinics, police stations etc. we must build on this foundation towards more integrated and productive settlements.

We have made significant strides in housing the nation by providing decent housing structures that restored the dignity of our people.

Speaker we also admit that our work is not yet done as indicated in our opening statements. At times we were not able to deliver as per the plans due to number of reasons. Our dream was nearly derailed by the history of the state capture that has essentially broken the housing construction sector in the province, this we must rebuild and rebuild now if we are to succeed.



Construction sector is also a key driver of economic growth and job creator for or people. Development and construction of new settlements has an upward pressure on the manufacturing of all construction related materials and we must use this build the local industry and manufacturing. Speaker we must continue to ensure meaningful participation of all stakeholders and pursue an integrated approach in addressing developmental challenges in areas of spatial, urban, and human settlements development.

Our approach is a developmental agenda that must benefit and prioritize the people of Free State if we are to make a meaningful contribution in our communities. By doing so, we are laying a good foundation for sustainable human settlements for generations to come.

As we mark the beginning of the 7th administration and through this budget vote, we seek to utilize our largest grant - the Human Settlements Development Grant (HSDG), to address the following.

- Upgrade of Informal Settlements.
- Eradication of mud houses.
- Increased delivery of affordable housing through First Home Finance (formerly known as FLISP).



- Increased delivery of rental stock through social housing.
- Acquisition of well-located land for human settlements and development that brings them closer to commerce and general industry as places of work.
- Implement catalytic Human Settlements Development projects in areas identified for spatial transformation and exploitation of empty pockets of land.
- Title deeds programme to ensure Security of Tenure.

One of our key initiatives is the **Contractor Development Programme (CDP)**. This programme is aimed at developing and nurturing young and emerging contractors. We want to build local capacity, create jobs and open up opportunities for them to thrive from housing projects within their communities. The CDP will provide training and mentorship opportunities, fostering a new generation of skilled professionals in the construction industry.

To this effect we will improve our intervention on women contractor development similar that of SAWIC women. We are also introducing a future Developer/Contractor programme targeting ten young people (2 per district) who will be provided with incubator support to be develop into fully functional contractors. In the process they will be allocated small amounts of houses to build, and this number will be gradually increased.



The approach and basket of instruments to support and ensure success of this will be announced soon.

The department will also spearhead the contractor sustainability programme aimed at relatively midsized contractors to focus on the much-needed skill and know how to ensure profitability and avoid collapse as seen before. Issues of material management, labour and construction period as it relates to profit margins per unit will be key here.

DEVELOPING THE LOCAL CONSTRUCTION SECTOR

Speaker, as part of our commitment and to foster local economic growth through human settlement measures, the department will prioritize local contractors and manufactured material in all projects to undertaken in this financial year. This must help rebuild the expertise and capacity the province had, and in the same vein harness job opportunities through economic benefits retained within the province. The conscious empowerment of local contractors must enhance the quality and relevance of our project's contribution towards building sustainable local economies.



SMART CITY INITIATIVE IN HARRISMITH

The concept of Smart City as launched in Harrismith by my predecessor during March 2023 is intended to give traction to the dream of modern, integrated and environmentally friendly settlements that are also green energy dependent. The above together with improved infrastructure, better utilities and improved road and transport networks are essentially what makes a smart city.

The Harrismith development must strive to achieve all of the above if we are to realise the type of a smart city we wish to see here. Done the right way this will not only undermine apartheid settlement patterns but will indeed represents a significant step forward in our vision for modern, integrated, and sustainable human settlements. Areas of Linda Mkhonto and Silahliwe are pilot projects as identified.

ENERGY EFFICIENCY AND CONNECTIVITY

In pursuit of modernised and energy efficient settlements the department will drive establishment of connected communities. This will be done through the installation of solar back-up systems and fibre optic networks in all new developments. In connecting communities, we will seek to integrate water and sewer plants, remote/accurate electricity and water meter



readings which should enhance municipal billing capabilities including energy management and security issues.

The fibre connectivity will also benefit communities, particularly low-income families through low-cost and affordable and unlimited high-speed internet, enabling them to participate in the digital economy. it will also open doors to educational resources, remote work opportunities, and access to government services, thereby enhancing their quality of life. Cost of Internet Packages will be from R7/day, R42/week and R144/month, all uncapped. All Schools, Clinics and Police Stations can be connected for free.

As part of our commitment to energy efficiency, the national Department of Electricity and Energy is engaged to pilot the installation of solar backup systems in 5,000 housing units in Matjhabeng and MAP. This initiative will reduce energy costs for residents and increase resilience during power outages.

BUDGET PRIORITIES FOR THE 2024-2025 FINANCIAL YEAR

Honourable Speaker, in preparation for the 2024 - 2029 medium term period, the Department is aligning its five-year plan to the National Development Plan through the Medium-Term Development Plan (MTDP) which replaces what was known as

the Medium-Term Strategic Framework (MTSF). Our focus would mainly be on:

- Increasing access to adequate housing through various programmes.
- Developing liveable neighbourhoods in both rural and urban environments and achieve spatial transformation.
- Transformation of human settlements sector.

Speaker, our key interventions in achieving these would be:

- Repositioning Human Settlements towards integrated areas of work: Integration of various service delivery mechanisms to create cohesive and sustainable communities.
- Addressing Bulk Infrastructure Challenges: Ensure that essential bulk services such as water, sewer, and electricity are adequately provided to support new and existing housing developments.
- RDP Houses Retrospective: Address challenges faced by RDP houses constructed over the past 15 years, ensuring they meet current standards and needs.
- Recovery and Future Planning: Focus on recovery strategies and forward planning to address housing demands effectively.

- Appealing to the Younger Market: Reimagine housing solutions that appeal to the younger generation through modern amenities and innovative designs.
- Dealing with informal settlements: Strategies to address and formalize informal settlements to ensuring dignified living.
- Catching Up with Housing Demands: Streamlining construction processes to meet growing housing demand.
- Building Local Capacity: Enhance capacity through training and development to ensuring sustainability of our projects.
- Social Service Delivery Facilitators: social service delivery facilitators to support access to full Dept and delivery information and services.
- Stakeholder Engagements: Ensure collaboration that seeks to streamline and harness the collective efforts and insights of all parties involved.

BENEFICIARY MANAGEMENT AND THE NATIONAL HOUSING NEEDS REGISTER (NHNR)

Honourable Speaker, public awareness is required in-order to inform citizens that the department has a register of individuals who have already applied for housing. This will eliminate reports of fraud, where changing applicant's names is concerned. Applicants who are already on the register are encouraged to



continuously update their details. Municipal employees have been trained to work with this program.

To date, a total of 310 956 beneficiaries have been captured on the register of these 230 350 have been approved on the Housing Subsidy System (HSS). The segregated data collected, shows that more people are interested in acquiring serviced sites than houses. These data has been able to determine that 174 550 people would rather have serviced sites allocated to them hence the department's focus on the land release programme.

Secondly information acquired from National Housing Needs Register guides the Department in determining the type of housing typologies that our beneficiaries prefer.

ERADICATING MUD HOUSES

Speaker we will eradicate mud houses which are primarily in districts such as Thabo Mofutsanyana and Mangaung Metropolitan Municipality. The area of MAP includes Matsieng, Qholaqhwe and Matebeleng.



ASBESTOS REMOVAL

The province has identified approximately 36,000 asbestos roofed units across the province, and this requires urgent attention. Our commitment to this project underscores the importance we place on public health and safety of our people.

To date, 220 units have successfully been revitalized as part of a proof-of-concept phase. This phase has been instrumental in demonstrating the viability of our approach and has allowed a refining of a processes that ensures that, the removal of asbestos is both effective and streamlined. Lessons learned during this initial phase have strengthened the strategies to scale up the project and cover all identified units.

We need financial resources to be able to achieve the eradication of asbestos in the Free State. Together with the National department, the provincial government will have to find ways and means to raise resources towards resolving this challenge. The R 25 million (5 per district) in the current financial year is nowhere near the resources needed to resolve this within a short space of time.



UNFINISHED HOUSES

Unfinished houses in the province are part of the current ongoing project of 2,000 housing units. In its elements the project is meant to deliver 200 houses per month commencing December 2023. Discounting the December period the project should have delivered at least 1400 as opposed to mere 400 units reported. With its scheduled completion of June 2025, we are unlikely to achieve the set target.

The department has been directed to engage with the contractor to ensure adherence to contractual obligations and this should check possibilities of involving established Free state contractors who have the capacity to deliver on projects like this one. The province must as a matter of principle and policy utilise the free state contractors to do this kind of projects.

CURRENTLY RUNNING PROJECTS

Speaker I can report that the department is currently undertaking projects across the province, which are aimed to deliver 2,049 housing units and 3,655 sites. These projects are not just about providing shelter; they are catalysts for economic growth, job creation, and community development. The construction activities associated with these projects are creating numerous jobs, stimulating local economies, and



providing opportunities for skill development within our communities. By engaging local contractors and suppliers, we ensure that the economic benefits are retained within the province, fostering sustainable economic growth.

EMERGENCY HOUSES

The province continues to experience different emergencies from time to time. Amongst others, these emergencies include adverse weather conditions as in the storms recently seen in the free state. In our space and during these emergencies what get most affected is houses in poor areas. In our response we mostly collaborate with the National Department of Human Settlements and sister Department of COGTA to manage crisis that emerge. Working with National Human Settlements we will also manage any outstanding damages that occurred from last year storms.

CONTINUED INTERVENTIONS

We continue to intervene and provide housing opportunities through our individual housing subsidy programme to members of the community that are identified through the Presidential Hotline, Premier's Intervention Programme as well as MEC's special programmes.



INCREASING DELIVERY OF AFFORDABLE HOUSING THROUGH FIRST HOME FINANCE (FORMERLY KNOWN AS FLISP)

Data from National Housing Needs Register (NHNR) indicates that majority of applicants registering on this system are young people who are first time entrants in the housing market. The Department will use this opportunity to avail products that are aimed at the youth and First Home Finance (FHF) will then be vigorously marketed to this category of individuals. We will push partnerships with various institutions to market FHF as a Housing Subsidy and other interventions that are responsive towards this market. the current financial year will see 200 beneficiaries assisted through this financial intervention.

INCREASING DELIVERY OF RENTAL STOCK THROUGH SOCIAL HOUSING

Honourable Speaker, migratory pressures from rural to urban areas by our people in pursuit better job opportunities, has directed the department to focus on provision of Social Housing as a preferred housing programme in urban areas.

In creating a conducive environment for the development of rental stock, the National Minister of Human Settlements has approved restructuring zones in three areas (Mangaung, Matjhabeng and Maluti a Phofung). Furthermore, two



applications for Dihlabeng and Metsimaholo as restructuring zones have been submitted for approval.

Declaration of restructuring zones enables the Department and other stakeholders to properly package Social Housing projects and equally create platform to the rightful beneficiaries for access to affordable housing.

Social Housing units will be unlocked in various areas, and these are Hill Side View, vista park 3 and Raceway, with hillside view yielding 437 units. Vista Park 3 will yield 859 units and Phakisa Raceway will yield 912 units over a five-year period. The Department continues to spearhead the Provincial Steering Committee where all issues pertaining to social housing are canvassed.

Together with Mangaung Metro, Social Housing Regulatory Authority (SHRA) and National Housing Corporation (NHC) will work to ensure that Brandwag Complex is restored and meets the initial intended purpose of housing needy people. The current work to regularize tenants of Brandwag Flats has given rise to the development of a turn-around strategy and its implementation plan.



The department continues to provide alternative dispute resolution mechanisms through its Rental Tribunal where disputes between landlords and tenants are mediated and/or arbitrated. The term of office for the Rental Tribunal is ending now in August 2024 and we have extended their term for 3 months to allow the appointment of the new board.

MILITARY VETERANS

The Department continues to provide houses for Military Veterans in line with the Military Veterans Act 18 of 2011. In the past financial year, the department has completed 30 Military Veteran Housing Units in Vista Park. After the required cleaning and verification of the list, houses will be handed over in the current financial year.

ON JOB CREATION

Women and Youth are often the most vulnerable groups when it comes to unemployment, and this remains our duty to ensure that these groups are not excluded from participating in the economy. The department will in this financial year create employment opportunities from planned projects, which will see 1 028 women and youth benefitting. The rapid land release programme targeted at this group will be used to make land



available to those amongst them Free State residents who can provide for their own housing needs.

ECONOMIC IMPACT ON THE FREE STATE

The construction sector plays a critical role in driving economic activity, and our housing projects are no exception. They generate demand for building materials, create jobs, and boost local businesses. As a result, they contribute significantly to the province's GDP and help alleviate unemployment.

Moreover, these projects serve as a platform for developing the skills and capacities of local contractors, thus enhancing their competitiveness in the market. By investing in our local construction sector, we are building a foundation for long-term economic resilience and prosperity.

ON SERVICED SITES

Speaker, our performance in providing serviced stands to beneficiaries has progressed significantly in the previous MTSF period. The overall performance of the province with regards to serviced sites delivered up to December 2023 is 18,418 against the target of 20,756, which represents 88.7% of the total target.



The projected delivery of this target in the 2024/2025 financial year, both from informal settlements and green-field projects, is 5,394.

Speaker, in partnership with the Housing Development Agency, we have acquired 31 strategically located land parcels in various Municipalities. These parcels are currently undergoing development phases to promote Rapid Land Release Programme such as the one in Kroonstad (Maokeng with the release of ext, 10, 12 & 13 land parcels).

ON UPGRADING OF INFORMAL SETTLEMENTS

The Informal Settlements Upgrading Programme was established to improve the living conditions of many citizens who reside in unsafe and inhabitable environments. The Department utilizes the Informal Settlements Upgrading Partnership Grant (ISUPG) to upgrade informal settlements.

At the beginning of the previous (MTSF) period, the province had earmarked 161 informal settlements to be upgraded. This number increased to 171 by the end of the 2023/24 MTSF period and of the 171 informal settlements, 32 were upgraded with municipal engineering services.



Upgrading of informal settlements is an effort between the three spheres of government to ensure identification, classification, categorization, planning, implementation, and funding. In This financial year, we will focus on 37 informal settlements and ensure establishment and installation of water and sewer.

To mitigate unauthorized land occupations, we are implementing several interventions:

- Identification and allocation of suitable land is key to ensure intensification of forward planning to deliver serviced sites through rapid land release programme.
- Mobilisation of communities to become ambassadors of preventing illegal occupation.
- Implementation of Strategy on the Prevention of Unauthorized Land Occupation.

Last year we committed to prioritize the upgrading of Phambili informal settlement in the Letsemeng Local Municipality. We commit to fast-track the process of completion by the end of this financial year. The department will assist the municipality with the installation of municipal engineering services, building of top structures, and provision of title deeds to qualifying beneficiaries.



The area of Majwemasweu Ext 5 in Brandford will get 1943 serviced sites, Winburg Ext 17; 18; 19 will get 581 serviced sites and Manyatseng Ext 5 in Ladybrand, will also get 209 serviced sites.

ON PARTNERSHIPS

Honourable Speaker, we will continue to foster and formalize our partnerships with key and strategic stakeholders:

Traditional Leaders have an important role of administering tribal land in their own communities and ensure that communities receive necessary development and services offered by government. We have a success story of collaboration with Makgolokweng in the Maluti-A-Phofung, where the Department funded a water project as they had been without water for many years. It was through the intervention of Morena Moloi that government allocated funds for this project.

We have also identified LESEDIFM as a strategic partner in communicating key departmental programmes and achievements. The focus will be on information dissemination aimed at empowering citizens on where and how to access help/services from the department.



The Office of the Master continues to participate in our Consumer Education Programmes. This empowered communities on legal rights and responsibilities, through an easy guide to important legal know-how and when.

Whilst the National Home Builders Registration Council (NHBRC) has its mandate in the enrolment of houses and registration of contractors, they have been active in Consumer education awareness programmes and offering valuable technical skills training programmes for the unemployed, e.g., Plumbing, roofing, Bricklaying and Construction management.

Our sound integrated government relationship with **SALGA** is creating a positive spinoff to enhance the institutional capacity of Municipalities to expedite the Accreditation programme. SALGA participates in the Accreditation Forum at both a national level and provincial level. They are also supporting identified Municipalities to develop Accreditation Business Plans and Human settlements sector Plans.

The Department is currently in discussion with the **National** Housing Finance Corporation (NHFC). The discussions are centred around a number of initiatives such as collaborative efforts on how to accelerate access to First Home Finance,



Contractor Development Programme (CDP) to mention just a few.

CATALYTIC PROJECTS

The Department has concluded the Medium-Term Operation Support Programme with the **Housing Development Agency (HDA) in 2020/21**. This agreement will expire at the end of the current financial year, however through this partnership the following targets were achieved:

- Categorised all 171 informal settlements.
- Acquired 31 strategically located land parcels in various municipalities.

The development of mega mixed-use developments in the province will be fast tracked through the HDA, which will continue to acquire and release strategically located land within the declared Priority Development Areas.

The implementation of Bakenpark project in Bethlehem as one of the Catalytic projects will deliver 1,400 sites which will be completed at the end of this financial year. The project will produce approximately 3 000 housing structures. This will see BNG – low-income groups, FLISP, Bonded units including high rise units.



We will accelerate the integrated housing development programme through the revival of the Phakisa Mega Project in Matjhabeng and ensure the completion of the Vista Park Presidential project in partnership with Mangaung Metro. The Department has to date completed 30 houses in Vista Park III for qualifying Military Veterans and their occupation is imminent.

Honourable Speaker we can confirm that the Minister of Human Settlements has to date declared Mangaung Metro, Maluti-A Phofung and Matjhabeng Local Municipality as restructuring zones. Metsimaholo and Dihlabeng Local Municipalities have also been submitted for the Minister's consideration as restructuring zones.

OTHER CATALYTIC PROJECTS

Together with Matjhabeng Municipality, we are developing the Phakisa Raceway Development, which is set to transform the area into a hub of economic activity and modern living. This initiative will create numerous job opportunities, stimulate local businesses, and attract tourism, thereby boosting the regional economy.

In MAP, a new development to replace the Qwaqwa Gateway Development which faced challenges with the developer is being worked on. This new project will focus on creating



sustainable communities that are well-integrated with local economic activities, ensuring residents have access to jobs and essential services nearby.

PROVISION OF TITLE DEEDS

Speaker, the registration of title deeds remains a challenge due to reasons such as unresolved estates, opening of township registers etc. We are working in partnership with stakeholders to unlock these bottlenecks. Our communities will receive their title deeds to have security of tenure. To accelerate this, we will work with municipalities during our "*Title Deed Fridays*".

We are imploring on all ward councillors in the municipalities to have on their agenda, the importance of reporting the estate of the deceased within fourteen days of their death. This way, we will be taking a step towards ensuring that the processes of transfers of properties to the legal heirs is not delayed because of the estates not being reported.

BUDGET ALLOCATION

The Department's Final Budget Allocation amounts to R 1.268 billion for the 2024/25 financial year, which is a 7.7 percent decrease from the 2023/24 financial year allocation, which amounted to R 1.374 billion.



The allocation for the Human Settlement Development Grant (HSDG), which is the main conditional grant, has been reduced from R 848.099 million to R 800.430 million in the 2024/25 financial year. This decrease of 5.6 percent is due to the reduced allocation from the National Department of Human Settlements. The allocation increases slightly from the 2025/26 financial year by 3.6 percent and 1.3 percent during the 2026/27 financial year.

The allocation for the Informal Settlements Upgrading and Programme Grant (ISUPG) for the 2024/25 financial year amounts to R 190.561 million, which has decreased by 15,2 percent from the allocation of R 252.209 million. The Informal settlement upgrading programme grant (ISUPG) for the 2025/26 financial year is estimated at R162.5 million. In 2026/27 financial year the allocation is estimated to be R54.5 million. The total amount impact in the 2026/27 financial year will be a 66% decrease which is a serious challenge.

The department's total allocation has decreased by 7.7 percent, and this decrease mostly has a negative impact on the allocation of Goods and Services within the Equitable Share Allocation of the departmental budget. A total of R 42.862 million has been allocated for Goods and Services for the 2024/25 financial year, which is a decrease of 25.1 percent from the



previous year's allocation, which results in the Department having budget pressures. (Refer to Departmental Budget attached as Annexure A)

IN CONCLUSION

Speaker, as I table before this house the Human Settlement budget vote number 13, we concede that there are no easy solutions to any of the challenges that we are facing as a department. This calls for every one of us in the Free State to work together decisively to resolve our challenges. We have also strengthened our relations with sector-specific entities such as the HDA, NHBRC, Agreement SA, CIDB, and the DBSA to enhance performance and ensure compliance.

As free state has not done well in recent years in terms of the construction of housing units for our people. To return to the good old days and house our people we will refocus all our senior managers and staff to the task ahead us. Ours is to build communities that are integrated, modernised and allows productivity in terms of proximity to learning, commerce and industry centres as places of work.

In line with the dream of our founders we must strive to build settlements that breaks the apartheid spatial patterns and create new society.



In conclusion, I would like to thank the Premier, members of the Executive Council, the Provincial Legislature, HOD, Executive Management, my office team, and the broader staff in the department, my family (wife and kids).

Speaker I hereby present the 2024-25 Budget Vote for the Department of Human Settlements.

KE YA LEBOHA