



**Ministry of Human
Settlements and Public
Works**

**PROVINCE OF KWAZULU-
NATAL**

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ADDRESS BY THE MEC FOR HUMAN SETTLEMENTS AND PUBLIC WORKS, MS MAGGIE GOVENDER AT THE 2010 PROPERTY INDABA

The representative of the Ethekwini Municipality, Cllr Freddie Maistry

The Chairperson of the KZN Portfolio Committee on Public Works: Ms M Fraser

Our esteemed speakers

Officials of local and Provincial Government

Stakeholders in the Industry

All others present

Introduction

South Africa is slowly emerging from its apartheid history. Apart from the well-documented violation of people's rights based on race, class, gender and political opinion, the implementation of apartheid also entailed black people being deprived of the right to own property and land. This was governed by a battery of legislation, with the most notorious being the Land Act of 1913 that decreed that 87% of the population could only own 13% of the land. The enforcement of taxes such as the Poll Tax and the Hut Tax ensured that many black people were forced off their land to seek employment in urban areas.

This deprivation of the right to own land and property has resulted in many Black people not owning property in cities and the like and consequently not being able to engage in property-related business activities. Today 16 years into our democracy the situation is substantially unchanged. There has been insufficient transformation in the ownership of land and property in South Africa.

The Property Charter has been developed in order to look at addressing the transformation of the property sector. The KZN Department of Public Works has called this Indaba as part of its response to the Property Charter. The theme of this Indaba is *'TOWARDS TRANSFORMATION OF THE PROPERTY SECTOR'*

The main purpose of this Indaba is to have a dialogue on issues of transformation of the property sector. In addition, the Department wants to consult with its stakeholders and partners in the property industry the development of a transformation strategy that will help meet the objectives of the Property Charter. The idea is to develop something that can work for us.

We want to create an enabling environment where we have more people sufficiently empowered to become property owners and property developers. This is not happening at a rate that Government would like it to be. Since 1994 there has been a slow increase in the number of property owners that come from the previously disadvantaged sectors that Government engages with.

This Indaba has been structured to ensure that all of you are given an opportunity to engage with the Department to voice your concerns, share your aspirations and identify opportunities that are present within Public Works. As the MEC, I am committed to transforming the property sector to be one where there is equitable distribution of opportunities for advancement and progress.

We would like to see more black property owners leasing their properties to government for use in service delivery. We would like to see more Black Economic Empowerment companies providing facility management services to government.

How have we created an enabling environment? What strategies and policies have we put in place? How can you harness the potential that is there to succeed in the Property Management industry?

At last year's summit, I launched the Property Incubator Program (PIP) commonly known as Ungasali in response to the Property Transformation Charter. Black people in general and women in particular appear to have an extremely limited role and involvement in the business of real estate and property. This is part of the apartheid legacy wherein black people were disenfranchised and denied the right to own land and property. A consequence of this was that black people were precluded from entering the property market both as owners and entrepreneurs. This resulted to a skewed pattern of property ownership which left millions of black people as a landless class.

The Property Incubator Program was launched in August 2009 to broaden the property industry skills base amongst previously disadvantaged communities. The training incorporates property management, property development, real estate, property valuation

and property ownership. Participants will be afforded access to business development opportunities in the property development and management sector.

In line with the Department's commitment to contributing to the national and provincial priorities through meaningful skills development, the Property Incubator Programme participants will be awarded the New Venture Creation, Level 4 (SMME) on successful completion of the programme.

A total number of 63 PIP participants drawn from youth, women, non-statutory military veterans and the disabled have trained on Business Build-Up which is one of the modules that will lead towards the completion of the New Venture Creation - NQF level 4. These 63 people received their certificates at the Youth in Property and Construction Summit in June this year for phase 1. I am monitoring this program very closely to ensure that the skills learnt will be put to good use. These beneficiaries will soon embark on Phase 2 training over a period of thirty one (31) weeks in the fields of Business Management, Property Development and Supervision. The Assessors module has been included as a key module to address the issues of valuation and the shortage of skilled property evaluators in our country. On completion of the classroom training, the learners will be placed in the private sector for experiential training. The implementation of the third and final phase is planned for 2011/2012. The training of the participants under this programme is the contribution of the Department to the shortage of skilled black people in the Property Management sector.

What are the policies that have been put in place to transform the sector?

Property Disposals

Government disposes of properties that it no longer requires or that are a drain on its resources. This is done by way of public bid through the use of preference points, guided by the Preferential Procurement Policy Framework Act which makes provision for the disposal of land to previously disadvantaged groups as well as youth and women.

Public Private Partnerships (PPP)

The Public Private Partnership (PPP) is where a private company acquires the use of State-owned property for commercial use and simultaneously assumes financial, technical and operational risk in connection with the use of the asset. The ownership of the property remains with the Provincial Government. This agreement may be entered into subject to Treasury approval in line with the policy guidelines and procedures governing PPP

agreements. This is beneficial to both government and the private sector. An example of PPP is the Inkosi Albert Luthuli Memorial Hospital where some of the functions of the hospital have been extended to the private sector.

The Hiring and Leasing of property

The hiring of private buildings by Government bears a direct impact on the transformation of the property sector. To date, the Department has, from a zero baseline in 2006 increased its black African landlord profile to 15.75%. In order to add value to the transformation of the landlord profile within this Province, the hiring bid document was improved to provide for the transformation of this sector. Furthermore, we have included a clause where the prospective landlord must utilize youth in the reconfiguration of the buildings when we lease them for use by our client departments. This helps to provide our youth with gainful employment.

The Department has also set out very clear contract participation goals.

Izandla Ziyagezana Program

Finally I want to talk about the Izandla Ziyagezana Program. Launched in 2008, this is a poverty alleviation program that employs youth and women to clear vacant government owned land. It is an Expanded Public Works Programme (EPWP) property sector initiative. The beneficiaries of the program are indigent people who are contracted to clear vacant state properties over an initial one-year period at EPWP defined rates of payment. One of the positive features of this programme is that its beneficiaries enjoy employment for a period of 12 months.

The Program has been rolled out through out the Province of KwaZulu-Natal and has been extended to the clearance of sites in the office environment

Currently there are 86 contractors, 53 of whom are women. One such beneficiary has expressed her appreciation to the Department. In her words “ I was unemployed and have seven dependants to feed, I now have a job where I can walk to work, and know that for the next 12 months, I will be able to feed my family.”

So in many ways, however small, we as a Department are making a difference and contributing positively towards government's goals of poverty eradication, skills development and the creation of decent work opportunities.

Thank you.