



**SOCIAL CLUSTER BRIEFING
PARLIAMENT, CAPE TOWN, 7 FEBRUARY 2006**

***THEME: SECOND ECONOMY INTERVENTIONS AND POVERTY
ALLEVIATION***

CHAIR: DR ZOLA SKWEIYA, MINISTER OF SOCIAL DEVELOPMENT

Ladies and gentlemen,

Welcome to the Social Cluster briefing session which focuses on Second Economy Interventions and Poverty Alleviation.

In the State of the Nation Address on the 3rd of February the President directed us to move faster to address the challenges of poverty, underdevelopment and marginalization confronting those caught within the Second Economy.

We will in this session elaborate on the programmes that the Cluster will focus on to contribute to the achievement of accelerated and shared growth and the alleviation of poverty among the poorest of the poor.

1. COMPREHENSIVE SOCIAL SECURITY

We will in line with the President's directive focus on improving the efficiency and effectiveness of social grants spending, and reduce the risk of the abuse of social grants.

These measures include the continued implementation of the Comprehensive Anti-Fraud Detection and Prevention Plan, application of the means test as well as the review of the eligibility of all beneficiaries as a result of changes in their circumstances.

A total of 516 cases of social grants fraud were brought to court by 22 December 2005, with 128 convictions. We will over the next year, expedite the investigations of the 12 000 public servants who have been found to be defrauding the system. We intend to prosecute at least half of them by the end of March 2007, and the remainder by 2008.

We will continue probing the anecdotes of perverse incentives of social grants, which include allegations of an increase in teenage pregnancies because of the Child Support Grant. Further research is being undertaken and the final report will be presented to Cabinet.

Meanwhile, the process of establishing the South African Social Security Agency is at an advanced stage. Social assistance components of provincial Departments of Social Development are completing the separation from the provincial welfare services. A staff migration strategy has been developed, and discussions are underway with organised labour regarding the transfer of staff, to be undertaken while ensuring service delivery continuity.

During this financial year, the Agency should be able to take over the social assistance function from provinces in a phased manner, beginning with three provinces.

2. MEETING THE CHALLENGE OF HOUSING AND HUMAN SETTLEMENT

Steps are being taken to transform SERVCON to become the special purpose vehicle that will play the leading role of identifying well-located land for use for housing in conjunction with Municipalities. Progress is also being made in discussions with government departments and parastatals for the identification and the release of well-located land for housing. More details in this regard will be made available during the housing budget vote for 2006/07.

The process for the expansion of the mandate of the National Housing Finance Corporation (NHFC) that will enable the institution to deepen and broaden housing finance to the lower and middle income groupings is at an advanced stage.

By the beginning of 2007, as a bank, the institution will directly be delivering the first batch of consumer related products to both low income and middle income earners.

In addition, interventions will be made to ensure that the state of market information and facilities enables role players to make increasingly objective judgments in the evaluation and supply of housing credit to the lower income groups for it to provide a sustainable flow of funds to the poor who cannot access housing finance. Furthermore, negotiations with banks on the commitment to expend R42 billion by December 2008 on low-cost housing are still continuing.

Lastly, a plenary meeting on the Social Contract is taking place on 16 March. The meeting will look into the detailed research that has just been completed on the proposal for the private sector to contribute a 20% of their developments into affordable housing. In accordance with the spirit of the Social Contract the research was commissioned by both government and the private sector.

3. INTEGRATED FOOD SECURITY AND LAND REFORM

The President highlighted that the Accelerated and Shared Growth Initiative of South Africa (ASGISA) has confirmed the need for us to expand our small, medium and micro enterprise sector, paying particular attention in this regard to Broad Based Black Economic Empowerment, and the development of women and the youth.

During the past year the discussion within the agricultural sector has focused on the conclusion of the AGRIBEE framework. Central to this, is how the agricultural sector can open up opportunities for ownership and participation within the entire agricultural value chain.

The development of agricultural cooperatives as well as rural financial services through the finance scheme, MAFISA, has enabled a majority of rural farmers, particularly women, to have access to finance for their agricultural enterprises. The scheme has been launched in the Limpopo, Eastern Cape and KwaZulu-Natal.

Through this programme it has become clear that the needs of rural poor farmers and rural entrepreneurs can be best addressed if the state entities, civil society and the private sector work together. It is for this reason that we have now set up working relationships with Seda, Independent Development Trust, Khula, Apex fund and other clusters in order for us to collectively address the various needs of our small and medium enterprise sector.

Land is one of the best measures of inequity in any society. As a Country and a people we are fully conscious that for us, land reform is a “shared destiny”. Its success will depend on our collective responsibility.

During the National Land Summit last year, we critically examined our Land Reform programme. We agreed that we needed a new trajectory if we had to ensure that land inequity becomes history. The majority of our people at the Summit called on the government to explore new ways in which this programme can be fast-tracked. Central to this was the need to review the current approach of acquisition which depends largely on willing buyer-willing seller, to the exclusion of other mechanisms.

At the Summit, our people called on government to fully implement Section 25 of our Constitution, which amongst other things calls for expropriation in the public interest. The matter of pro-active acquisition by the State was also mooted, as well as the Land Tax. Following these discussions prior to, and during the Summit, as the President indicated, we will review the “willing buyer, willing seller” approach. This will be done in line with international experience.

Following the Summit, government has been in discussion with the land owners, the potential beneficiaries as well as civil society organisations active in the land sector to dialogue on the recommendations of the Summit and way forward.

In addition, a Post Land Summit Steering Committee and Technical Task Teams have been set up. We will continue to work with all relevant stakeholders including those that may not be part of the steering committee, in the implementation of the issues raised by the President in his State of the Nation Address.

The Ministry will shortly receive a report on research conducted by a Panel of Experts, which was looking into the matter of the regulation of ownership of land by foreigners.

4. EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The President emphasised that we would continue to pay attention to the Expanded Public Works Programme as an important bridge between the two economies and a significant part of our poverty alleviation programme.

The programme is also a key pillar in the implementation of ASGISA, as public sector investment projects create much-needed jobs, while improving the infrastructure in under-serviced areas, particularly rural areas.

To date the EPWP has been surpassing all employment creation targets with more than 220 000 work opportunities created in the first year, and an additional 60 000 in the first quarter of the second year.

The State of the Nation Address indicated that resources for the public works programmes would be pooled to ensure maximum impact both in terms of products delivered and employment and skills-training opportunities.

This will be done in both infrastructure development programmes as well as skills development. A total of 31 provincial departments and municipalities have signed Memoranda of Understanding with the Department of Public Works and the Construction Education and Training Authority resulting in the growth of the Vuk'uphile Learnership Programme from the initial target of 500 learnerships to 1971.

A total of 3000 learnerships are planned for the next four to five years. In the process, the learners will execute approximately R3 billion worth of provincial and municipal EPWP infrastructure projects as their training projects, creating approximately 150 000 work opportunities. Government is also to increase the number of labour intensive programmes, especially through the implementation of road construction and maintenance programmes.

An amount of R4.48 billion is to be allocated to provinces and municipalities for this purpose. The additional funds will result in the construction of 3000 km of new low volume roads, and the maintenance of approximately 50 000 km of existing roads, a boost for the ASGISA initiative.

Under the social aspects of the EPWP, we will strengthen our integrated plan for comprehensive Early Childhood Development (ECD) with additional funding to allow expansion.

There are currently 5 103 registered ECD sites which are receiving subsidies, with a total of 330 036 children. We will focus on establishing the ECD units in at least 30 municipalities, and increase the numbers of subsidised sites by 30%, while also accelerating the registration of unregistered sites in nodal areas.

5. INTEGRATED SUSTAINABLE RURAL DEVELOPMENT PROGRAMME AND THE URBAN RENEWAL PROGRAMME

Government will speed up the process of finalising sanitation as well as waste and refuse removal policies.

This will be done on the basis of the indigent policy framework approved last year as part of the social wage package. The total number of indigent households in the country is estimated at 5 682 272 out of national households of 12 701 572.

In the period up to 2010, we will consolidate the progress made so far and put more emphasis on the economic potential of the nodal regions. In the context of Project Consolidate, we have developed a framework which allows for a new emphasis on direct hands-on support to local government to accelerate the pace of delivery.

Partnerships have been secured with the private sector and the donor community for various projects. The new Khayelitsha CBD whose first phase costs R451.6million, represents the largest public-private sector investment in a township.

In collaboration with the Business Trust, the Department of Provincial and Local Government will conduct a national research and strategy development project to produce detailed economic profiles of all the nodes as well as proposals for economic development.

In further collaboration with Business Trust, we will launch a pilot community investment programme at a cost of R25 million in the former Bohlabela Node: Bushbuckridge and Maruleng Local Municipalities. We have also received funding from the European Union for project management and monitoring and evaluation support to the nodes.

CONCLUSION

The challenges remain enormous for the Cluster given the levels of poverty and marginalisation. However we remain optimistic that we will make progress in achieving the goals outlined in the new Programme of Action, to deliver on the aspirations of the poorest of the poor that we serve.

Thank you