



HOUSING FINANCE PUBLIC HEARINGS

Mr. Bongani Khumalo, Acting Chairperson/Chief Executive

Venue: Protea Hotel, Waterfront, Centurion, South Africa

Date: 07-08 Nov 2012

On behalf of the Commission, it is my pleasure to welcome all of you to the second housing finance public hearings. Let me further express the Commission's appreciation to Finmark Trust who provided financial support to the project and Shisaka who provided technical assistance with the modelling work. A further welcome back to the representatives from all spheres of government, the Banking Association, individual bank representatives, private developers, NGOs, researchers and private Consultants.

By calling this public hearing on housing challenges and finance, we are fulfilling a promise that we made in October 2011 on the first ever housing hearing organised by the Commission, which was held at Ekurhuleni. This also is a demonstration that the Commission is committed to working with all stakeholders to try to find concrete, implementable and sustainable solutions to the financial and housing delivery challenges affecting our country.

The Commission has convened this hearing in an economic environment that is full of uncertainties, especially considering what is happening in the Euro zone (which unfortunately may take time to normalise). This has placed the public finances of global economies, including South Africa under immense pressures. The Minister of Finance during his speech in the last few weeks noted that "The Global Economy is slowing down" and that recovery after deep recessions takes years. Slow economic growth of about 2.5 per cent this year, and expected revenue to be collected this year which is R5 Billion less than February estimates, are just some of the indications that the South African economy is still recovering from the severe impact of the global economic crisis. A cursory assessment of the census statistics shows that of just under nine million households in 2001, 18% were not formally housed and of just over fourteen million households in 2011, 15% were not formally housed. At face value, this represents significant strides in accessibility. However, this says nothing about sustainability and also nothing about the quality of housing matters that become important when access approaches optimality. The issues that were identified through the 2011 hearings remain a challenge going forward.

Under these conditions and in order to ensure that South African citizens, especially the poor have shelter over their heads, there is still a strong need to rethink our housing financing and delivery systems. We need to think of innovative ways in which we can continue to deliver housing, especially for those who cannot afford under these challenging conditions while ensuring that those who can contribute in the process of meeting their own housing needs are encouraged/incentivised to do so.

As a Commission we do not want to claim that we have solutions to all challenges within the housing sector at this point as we still have to formally consider the report and inputs from stakeholders. The aim of this second hearing is to share the preliminary options analysis report with you and get your inputs as to which options are feasible in informing the Commission's recommendations. The second hearing also offers stakeholders the platform, once again, to share some of their proposed options to solve the problems within the housing sector.

We are confident as a Commission that the solutions can easily be found in a collective, where we all participate and exchange views. Therefore, as we are gathered here today, the intention is not to close, but rather to start the debate on housing finance reforms that are likely to lead to optimal results and impact.

We therefore need to debate these issues and come up with some solutions to our current and foreseeable future challenges as well as those challenges that were raised during the last housing finance public hearings. As we debate these issues, we should keep in mind our fiscus capacity, capacity of the private sector and for different households themselves. This will ensure that what we will propose as possible solutions is implementable and sustainable.

I also hope that this conversation will not end after these two days, but will continue even after these hearings as I believe that is the only way we can achieve optimal solutions. I also hope that this set of housing finance public hearings will be as productive as the ones that the Commission hosted last year October at Ekurhuleni. In this regard, I commit the Commission and its Secretariat to be available to accept all inputs and suggestions from all stakeholders with a view to giving them due consideration in finalising its report on this subject.

I thank you