

DIRECTOR GENERAL FOR THE DEPARTMENT OF PUBLIC
SERVICE AND ADMINISTRATION

Mr Mashwahle Diphofa



SPEECH:

Breakfast Launch Celebrating Partnership on the
Government Employees Housing Scheme

Hyatt Regency Hotel
Rosebank

13 July 2016

Protocols

The right to adequate housing is one of the most important of all basic human rights. It speaks to the restoration of dignity to the millions of South Africans who have been marginalised for centuries and who still suffer from the legacy of apartheid's selective development.

We launch today a milestone partnership, significant in that it supports the public service as a caring employer as we seek to increase home-ownership across our ranks. This is in line with the Constitutional imperative of providing access to adequate housing for all.

As the public service, we highly welcome the partnership between the Department of Public Service and Administration (DPSA) and Public Investment Corporation (PIC) in terms of which the PIC, through its "Developmental Investment Policy" has invested in support of the Government Employee Housing Scheme (GEHS) Housing Finance Access Service.

I am fully aware that it is through the rigorous engagements in which government and public sector unions discussed the matter of housing for employees at the Public Service Coordinating Bargaining Council (PSCBC) that we celebrate this partnership today.

These engagements were undertaken with the common priority to find synergy, agreement and appreciate the good intentions of both parties in the improvement of the housing circumstances for employees.

The Collective Agreement to establish the Government Employees Housing Scheme provides an important vehicle to ensure that the dignity and job satisfaction of public servants are preserved through improved access to adequate housing opportunities.

Prior to the signing of the PSCBC agreement on the Government Employees Housing Scheme, over 954 000 employees received housing allowance of R900 per month, which increased to R1200 with effect from 1 July 2015.

Of the 954 000 employees that received the housing allowance, only 30% owned houses. This is the primary underlying motivation for the establishment of the Government Employees Housing Scheme, to promote and increase home-ownership among public service employees.

One of the factors that contribute to the low percentage of home-ownership by public servants are the challenges faced by public service employees in accessing affordable housing.

We know that the national housing subsidy programme caters mainly for households with a monthly income of less than R3500, with households with monthly income between R3500 and R15000 only qualifying for partial assistance because they have means to meet their housing needs.

The Government Employees Housing Scheme was therefore established in response to the housing finance and access gap that exists with households in the monthly bracket of R3500 and R15000, who continue to remain under-serviced and excluded from accessing home-loans in spite of their regular income and relatively secure employment.

We acknowledge that the long-term implications arising from lack of home-ownership among employees point to serious social and economic dis-functionality. It is government's firm belief that better housed public service employees will lead to improved productivity levels in public services delivered to the broader community.

We are therefore delighted that the PIC investment of R11 billion towards affordable housing for government employees will increase prospects for public service employees to acquire homes.

This partnership is poised to improve the socio-economic conditions of many public service employees by increasing home-ownership, reduce asset poverty, increase supply of affordable housing stock and advance the national human settlements policy objectives on affordable and gap housing.

Our shared goal for the Housing Scheme is to see more than 520 000 employees who are currently receiving the housing allowance as tenants change their status to become home-owners. It is therefore in this context that the PIC investment aligned to the GEHS Housing Finance Access Service is welcome.

I am pleased to note that the PIC investment is also geared to support non-mortgage housing finance products which will be rolled out before end of 2016. The need for such short-term housing loans, is sadly, misunderstood if not under-supplied. It is important in this regard to point out that there is more than an estimated 350 000 government employees who live and work in rural and peri-urban areas. It is these employees who also need to access affordable housing finance to build and improve their homes **in rural and peri-urban areas**.

I must also emphasise that the majority of public service officials who are over the age of 45 years and nearing pension,

do not want to see themselves using their hard earned pension to build a house. It therefore gives sense that such employees should be able to access such a facility now and use their pension wisely later when then they retire.

Through the GEHS, we remain open to welcome other investors, commercial banks and partners in the advancement of the drive to increase better housing and home-ownership among government employees.

There is ample opportunity for many participants to shape innovative but responsible housing finance products for the sector. We must do so mindful of the fact that the housing challenge is wider than just government employees. As such, housing for government employees is undertaken within the overall national housing and human settlements policy priority as outlined in the National Development Plan.

Our ideal is to lead the Public Service towards higher productivity. As a responsible and as a caring employer, government will ensure that the agreement reached with Unions through the PSCBC with the goal of increasing home ownership and asset security among public-service employees, is achieved.

I thank you!