Good morning ladies and gentlemen.

It is my pleasure to welcome you to the second day of our third annual conference of the Western Cape property development Forum.

Most of you will have been in attendance yesterday, but for those who were unable to attend, I wish to give a short review of the proceedings of first day.

Our keynote speaker was Mayor Patricia de Lille. The mayor remarked that the city has instituted a planning tribunal. We will be hearing more about that immediately after I've finished my roundup of yesterday.

The mayor commented that the SPLUMA process was designed to provide fairness and equity and to readdress previous past wrongs. The Mass transit strategy of the city is rolling out and that development corridors have been devised to make a compact urban environment which is well connected.

The objective is to reduce travel times and congestion.

The focus of development in the future will be to provide higher density housing with a good mix of commercial and housing to provide workspaces nearer to residences. Of particular is inauguration of e-camp which provides information on over 70 business development areas around the city. I did try to go on the web last night to have a look, but having filled in the registration form, I was advised that request has been sent to the administrator of the site. I await the outcome.

Mayor De Lille said that with the introduction of the DAMS system – more of that later – the value of plan approval had increased from 14.6 billion on introduction to 21.1 billion this year. Approximately 5500 applications for plan approval or land use are received by the city every month.

After the mayor's address we were delighted to welcome, yet again, Prof Brian Kantor. Those of you who have been fortunate enough to attend our previous conferences know Bryan quite well by now. He does not have the look of a radical, but that, he certainly is.

He commented that the minimum wage was a disaster for the unemployed and that crony capitalism was enriching the cronies at the expense of the poor. Likewise crony employment had a detrimental effect since connections were valued above skills. He commented that worldwide, fewer people fall into the poverty category of earning less than two dollars a day, than was the case 30 years ago -- in spite of the recession.

Billions have escaped from poverty in the Far East and that has been the result of creating economic freedom, the benefits of which still have to arrive at the African continent.

South Africa grew at approximately 5% between 2003 and 2008 but bank credit was growing at 30% per annum. This level of bank credit extension was unsustainable.

Prof Kantor remarked that the reserve bank has made serious errors in increasing interest rates and attempt to rein in inflation.
However, our current inflation is not caused by excess demand over supply but it is as a result the falling Rand resulting in the increase in imported costs and the drought. The raising of interest rates will do nothing to stem the inflationary increases but will inhibit economic growth.

He cited Pres Zuma, Minister Aaron Motsoaledi, Julius Malema and the Reserve bank governor Lesetja Kganyago as examples of persons impeding the growth of the economy.

He suggested that income tax on companies should be abandoned and the payroll tax should be implemented.

Effectively the company tax would be paid by the shareholders and owners upon distribution. This would allow companies to retain funds for further investment. He concluded that the most effective way of assisting the poor was to provide direct cash grants to those in need. Unfortunately, in his view, the government does not trust the poor to exercise good judgement.

Next was Prof Marius Ungerer a gave a very clear presentation of the National development plan. He commented although the plan was not perfect it is already being implemented and that it has been fully accepted by the government and the ruling party. He cited examples of the plan being implemented and also that it will have its first review this year.

Prof François Verily, again a popular presenter at our conferences, reiterated his view that the poor are still hemmed in by the 40 x 40 x 40 rule being 40 m² of housing 40 km from the job and 40% of the income being spent on travel.

He commented that it’s not only the highest and best use that should be considered on land development but factors such as the environment, social and heritage issues should also be considered. Property should be developed in accordance with user needs. There is also an investment market to be considered and those needs have to be catered for. Transportation is a major issue owing to the distances of the residents of the townships from their places of work. Regional shopping centres and work areas should be encouraged.

After lunch Meyer de Waal introduced us to a financing supplement system for funding housing for those earning between 3,500 and 15,000 per month. The system is known as Flisp. Essentially it provides a grant on a mortgage offered to lower income earners. The system is not well known and Meyer had met resistance even at the banks although they had an opportunity to reduce their risk on loans by taking advantage of the system.

Frank Cummings gave us a presentation development charges and housing affordability. The interesting statistics are that debt costs amount to 77.8% of the monthly income of South Africans.

We in South Africa are the most indebted people in the world. The average age when a South African can afford to buy a house is 37 years.

80% of the gross value added in the country is generated in the cities that occupy only 6% of the landmass. Julius – perhaps you better go and ask the government for the land!

What is imperative that public-private partnerships unlock the 2000 ha of land which is in the city and is owned and controlled by the city and province which could house 1.2 million.
Our last presentation of the afternoon was on the processing of development applications. Three panelists were in the discussion being Cheryl Walters from the city and Andy Miles and Jed Grimbeck from the property developers Forum.

Over the past months there has been in-depth consultations between the forum and the city planning officials to address the concerns of the development community over the speed of processing applications. The powerful message that came from this discussion was that there had been, at least in part, a misunderstanding and perhaps even distrust, between the parties.

It is now clear that there is a genuine desire by the city officials to improve the planning system as much as possible. The forum committee members have also begun to recognise the significant stumbling blocks in the organisation of the city, which is providing an impediment to speedy approvals. The impression was left that whilst in previous conferences there was a low intensity bush war between the planning officials and the development Forum we had now started our Codesa.

MY TUPPENCE WORTH

THE JITNEY AND OTHER PROBLEMS WITH REGULATION

In 1914, in Los Angeles, a certain Mr Draper at a transport idea.

He saw that there were long queues to get on the trolley buses and he thought that he might just put a sign on his car and take people anywhere that they want to go, for a Jitney. A Jitney was slang for a 5 cent coin.

So people jumped on board, and not only in Los Angeles, but all across the US. Within one year there were 50,000 rides per day in Seattle, 45,000 rides per day in Kansas and 150,000 rides per day in Los Angeles. To give you some perspective, Uber in Los Angeles is currently doing 157,000 rides per day and that is 100 years later.

The trolley guys had a de facto transportation monopoly at the time. They were clearly not happy about the Jitney's success. So they lobbied for regulations put in place to slow down the growth of the Jitney business.

There were all kinds of regulations. There were licences – and often those were pricey. In some cities, if you were a Jitney driver, you were required to be in the Jitney for 16 hours a day. In other cities, two Jitney drivers were required per vehicle.

But there was a really interesting regulation which was to install a backseat light – to stop a new pernicious innovation which they called spooning. – Imagine it, or look it up in the urban dictionary.

So what happened? Well, within a year the Jitney had taken off. But, by 1919, the Jitney was regulated completely out of existence.

And that's unfortunate ... because, when you can't share a car, then you have to own one. And car ownership skyrocketed and it's no wonder that by 2007, there was a car for every man, woman and child in the United States. There is a lesson in this for all regulation makers.