**MINISTRY FOR HUMAN SETTLEMENTS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 3521**

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**Mr M Bagraim (DA) to ask the Minister of Human Settlements:**

(1) With reference to her reply to question 1651 on 29 August 2017, how did the Ekurhuleni Metropolitan Council spend R24,714,000 on affordable and social housing during the 2015-16 financial year and yet no units were built;

(2) (a) what are the reasons that the Ekurhuleni Metropolitan Council’s ability to spend its housing budget declined from 83% in the 2014-15 financial year to 30,5% in the 2016-17 financial year and (b) what amount has been allocated to the Ekurhuleni Metropolitan Municipality for the 2017-18 financial year;

(3) what are the reasons that the cost per unit dropped of each RDP house that was constructed during the 2016-17 financial year, to R66 000, whilst it cost R111 000 per unit during the 2015-16 financial year? **NW3948E**

 **REPLY:**

(1) I have been informed by Ekurhuleni Metropolitan Municipality that the reported expenditure of R24 714 000 was for work in progress. The social housing projects are multi-year projects and the housing units are reported when the block of social housing units are complete, handed over and a completion certificate is issued. The projects have since been completed with 256 units delivered, in Germiston Fire station phase 1(144 units) and Delville (112 units) respectively, at the end of the 2016/17 financial year.

(2) (a) The contract of the appointed service providers had expired on 30 June 2016, therefore no construction could commence until new service providers were appointed. The appointment of the new service provider was finalised on 18 November 2016 and appointment letters from the Tender Office were issued on 15 December 2016. There was a period of six months where the Municipality had no service providers for the construction of houses. In addition, the late gazetting of the Human Settlements Development Grant (HSDG) funds by the Province to Ekurhuleni Metropolitan Municipality also contributed to the poor expenditure of 2016/17. The Metropolitan Municipality received this part of HDSG in March 2017.

1. The Municipality received an Urban Settlements Development Grant (USDG) allocation of R1, 985 billion for the 2017/2018 financial year.

(3) The approved National Subsidy Quantum is R111 000. The Provincial Subsidy Quantum on the other hand is capped at R102 953.55. The unit cost did not reduce as the National Subsidy Quantum stands at R111 000. Further, the Metropolitan Municipality reported that there were certain houses under the category of work in progress, as they were at various phases of construction. In addition, there were expenses for completed houses which were not included as they were subject to internal payment approval process at the time of reporting.