

REPORT OF THE AUDITOR-GENERAL

ON A PERFORMANCE AUDIT OF THE ALLOCATION OF HOUSING SUBSIDIES TO

MUNICIPAL EMPLOYEES AND THE ADMINISTRATION OF LOW-COST HOUSING

PROJECTS BY CERTAIN PROVINCIAL HOUSING DEPARTMENTS

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON A PERFORMANCE AUDIT OF THE ALLOCATION OF HOUSING SUBSIDIES TO MUNICIPAL EMPLOYEES AND THE ADMINISTRATION OF LOW-COST HOUSING PROJECTS BY CERTAIN PROVINCIAL HOUSING DEPARTMENTS

1. PURPOSE AND CONTENT OF THE REPORT

- 1.1 A performance audit was conducted on the allocation of housing subsidies to municipal employees and the administration of low-cost housing projects by the provincial housing departments as per section 188(4) of the Constitution of the Republic of South Africa, 1996 read in conjunction with sections 5(3) and 20(3) of the Public Audit Act, 2004 (Act No. 25 of 2004). The purpose of this report is to facilitate public accountability by bringing the findings in respect of the performance audit to the attention of the executive authority and Parliament.
- 1.2 Audit work was performed to provide sufficient audit evidence for all the findings set out herein.
- 1.3 In addition to this report, separate reports on audits finalised at provincial housing departments will be submitted to the respective provincial legislatures. It is expected that this report which reflects comments from various provincial housing departments, as well as the national Department of Housing, would contribute constructively to the establishment and implementation of appropriate management measures and controls, and consequently to improved value for money.
- 1.4 The responsibility for instituting these management measures rests with management. The primary objective of performance auditing is to confirm independently the level of effectiveness of these measures and to provide the executive and legislative bodies with information that facilitates the implementation of corrective measures.

2. AUDITING SCOPE

- 2.1 This transversal performance audit focused on the following aspects:
 - 2.1.1 Subsidies awarded by the following six provincial housing departments to employees of certain municipalities who should not have received a subsidy or should have received a reduced subsidy as a result of their employment and income status:
 - Free State
 - Gauteng
 - KwaZulu-Natal
 - Limpopo
 - Mpumalanga
 - Western Cape

Only the payroll data of certain municipalities in each of the above-mentioned provinces were used in the audit to identify potential instances of subsidy approvals to beneficiaries with a

combined annual income in excess of the subsidy threshold as a result of local government employment (refer par. 6.1 for detail).

- 2.1.2 The administration of low-cost housing projects by the following six provincial housing departments:
- Free State
 - Gauteng
 - Limpopo
 - Mpumalanga
 - Northern Cape
 - Western Cape

3. AUDIT COVERAGE AND PROCESS

- 3.1 The performance audit was conducted in accordance with the internal guideline for the planning, execution, reporting and follow-up of performance audits conducted in the public sector.
- 3.2 The period under review was from January 1995 to November 2005, unless stated otherwise.
- 3.3 Computer assisted audit techniques were used to identify potential instances of subsidy approvals to beneficiaries with a combined annual income in excess of the subsidy threshold of R42 000 as a result of local government employment. Municipal payroll data from various municipalities and the provincial housing applicant data, as extracted from the Housing Subsidy System (HSS), were used in the execution of this test. The audit did not, however, verify the information contained in the databases for correctness, completeness and accuracy, as this audit was intended to evaluate the effectiveness of the management processes rather than to confirm the integrity of the information thus extracted.
- 3.4 Furthermore, as mentioned in paragraph 2.1.2, the performance audit also focused on the administration of housing projects by six of the nine provincial housing departments. A sample of housing projects was selected for auditing purposes to determine if the provincial housing departments adhered to the regulations of the Implementation Manual and the National Housing Code (the Code) with regard to the administration of housing projects (annexure A refers in this regard).
- 3.5 After the performance audit of each provincial housing department was finalised, management reports were submitted to the relevant provincial housing departments for their comments. The comments received from the provincial housing departments as well as the response received from the Director-General of the national Department of Housing on 3 December 2007 were incorporated into this report.
- 3.6 This report underwent a consistency review process in order to confirm that transversal findings in the audits conducted at the provincial housing departments regarding the allocation of housing subsidies to municipal employees and the administration of low-cost housing projects were dealt with consistently.

4. OVERVIEW

4.1 The National Housing Programme is being implemented through a structured institutional dispensation. In terms of the provisions of the Housing Act, 1997 (Act No. 107 of 1997) (Housing Act) the nine provincial governments, acting through the nine Members of the Executive Councils responsible for Housing (MEC), are responsible for the implementation of the National Housing Programmes. The National Housing Programmes have been instituted by the Minister of Housing after consultation with the nine MECs and the South African Local Government Association. These National Housing Programmes represent the policy and guidelines for the spending of annual funding allocations to the provincial governments by the Minister of Housing. The national Department of Housing's responsibility regarding the National Housing Programme implementation remains one of monitoring and evaluation and policy maintenance and enhancement as and when required. The national Department of Housing is thus not accountable for any maladministration, fraud and/or corruption that may occur at provincial and/or local government spheres.

4.2 The Housing Act defines housing development in section 1 of the act as follows: *housing development means the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities in which all citizens and permanent residents of the Republic will, on a progressive basis, have access to:*

- *permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against the elements; and*
- *potable water, adequate sanitary facilities and domestic energy supply.*

4.3 **Qualification criteria for applicants to qualify for a housing subsidy**

The National Housing Programmes are contained in the Code, published by the Minister of Housing on 10 October 2000. The Code also sets out the qualification criteria to which applicants must adhere to qualify for the subsidies as described in part 3 of the Code. The following is a summary of the qualification criteria:

- 4.3.1 **Married:** The applicant must be married (in terms of civil law or in terms of a customary union) or co-habit habitually with any other person, or have proven financial dependants. A spouse includes any partner with whom a prospective beneficiary under the scheme habitually co-habits.
- 4.3.2 **Resident:** The applicant must lawfully reside in South Africa, i.e. he/she must be a citizen of the Republic of South Africa or in possession of a permanent residence permit.
- 4.3.3 **Competent to contract:** The applicant must be legally competent to contract, meaning, be over 21 years of age or married or divorced, and of sound mind.

4.3.4 **Monthly household income:** The gross monthly household income of the applicant's household should not exceed R3 500 or R42 000 per annum. A prospective beneficiary will be required to submit adequate proof of income and, in the case of income received through self-employment, must sign an affidavit stating the amount earned.

4.3.5 **Not yet benefited from government funding:** Neither the applicant nor his/her spouse may previously have derived benefits from the housing subsidy scheme, or any other state-funded or assisted housing subsidy scheme, which conferred benefits of ownership, leasehold or deed of grant, or the right to convert the title obtained to ownership, leasehold or deed of grant, with the exception of the consolidation subsidy and relocation grant. A person who received only a vacant serviced site under the previous dispensation on the basis of ownership, leasehold or deed of grant, however, qualifies for a consolidation subsidy. This exclusion criterion is also not applicable to persons who qualify for relocation assistance or disabled persons. In the event of a divorce, the terms of the divorce order will determine a beneficiary's eligibility.

4.3.6 **First-time property owner:** He/she is acquiring property for the first time, except in the case of a consolidation subsidy and relocation assistance. This criterion does not apply to disabled persons.

4.4 The value of the subsidy

4.4.1 The following table shows the subsidy amounts for which households of the different income categories were eligible, depending on the subsidy mechanism and the years the subsidy amounts have been increased by the national Department of Housing:

Subsidy amounts increased by the national Department of Housing								
Category and income class	April 1994 R	April 1995 R	February 1998 R	April 1999 R	April 2002 R	April 2003 R	April 2004 R	April 2005 R
1. Project-linked, individual and rural subsidies								
R0 – R800	12 500	15 000	15 000	16 000	20 300	23 100	25 800	31 929
R801 – R1 500	12 500	12 500	15 000	16 000	20 300	23 100	25 800	31 929
R1 501 – R2 500	9 500	9 500	9 500	10 000	12 700	14 200	15 700	29 450
R 2 501 – R3 500	5 000	5 000	5 000	5 500	7 000	7 800	8 600	29 450
2. Consolidation subsidies								
R0 – R800	7 500	7 500	8 000	8 500	13 400	15 000	16 581	18 792
R800 – R1 500	7 500	7 500	8 000	8 500	10 900	12 521	14 102	18 792
Aged, disabled, indigent	-	-	-	8 500	13 400	15 000	16 581	18 792
3. Institutional subsidies								
R0 – R3 500	12 500	15 000	15 000	16 000	20 300	23 100	25 800	29 450

4.4.2 The subsidy amount may be increased by an amount not exceeding 15 per cent to compensate for abnormal development costs arising from locational, geotechnical or topographical conditions.

4.4.3 In addition, an increased amount may be awarded to a household where a member of that

household is disabled. The Provincial Housing Development Board (PHDB) decides whether an increase will be allowed.

4.5 Regulatory framework for the administration of housing subsidies

4.5.1 The regulatory framework pertaining to housing project administration is to be found in one of two policy documents, depending on the period under review. The Implementation Manual was issued by the national Department of Housing in November 1995. This document dealt with the eligibility criteria for government assistance, and provided the regulatory framework for the administration of the subsidised housing process. The Implementation Manual was replaced by the National Housing Code (the Code) in March 2000. The following sections of these documents deal specifically with the administration of housing projects:

- Implementation Manual: Part 3 of volume A
- National Housing Code: Chapter 3 of part 3

4.5.2 The following is a brief summary of the administration process as derived from the regulatory frameworks:

- (a) Developers will identify and initiate a project. A developer is required to satisfy the PHDB that it has sufficient access to financial resources, technical and managerial competence in order to undertake projects successfully.
- (b) Apart from developers, community-based organisations, referred to as community-based partners, may themselves act as developers and apply for approval or may identify a suitable developer and enter into a project agreement with that developer.
- (c) The developer will submit a formal project application to the provincial housing department.
- (d) Once the project application has been submitted, the PHDB must assess the application against a predetermined set of criteria contained in the regulatory frameworks. If the PHDB has satisfied itself that the relevant evaluation criteria have been met, the project must be formally approved. At this stage the PHDB will determine the "total subsidy" for the specific project based upon the social economic profile of the beneficiary community.
- (e) After the approval of the project, the developer and the PHDB will enter into a formal project agreement. The amounts for the various stages of project development are fixed in this agreement as follows:
 - Engineering design fees
 - Town planning and survey fees
 - Total serviced site costs per property
 - Transfer costs
 - Costs pertaining to the completion of houses

4.5.3 After this agreement has been entered into, the developer will commence with the execution of the project on the basis of the agreed progress payment structure.

4.5.4 The development process has been broken down into five separate phases for the purposes of payment administration and there are defined criteria that must be met before payment can be made for any one of these phases. Phases 1 to 3 apply to the project as a whole and do not specifically relate to individual applicants. Individual applicants must have been approved and allocated to specific properties in the project by the PHDB before payment for phases 4 and 5 can be made. In addition to the payment criteria, norms for the maximum amounts that may be paid out under every payment milestone are also published.

5. EXECUTIVE SUMMARY

5.1 The following shortcomings were identified with regard to the administration of subsidy applications of municipal employees by the provincial housing departments which resulted in subsidies being awarded to municipal employees who should have received reduced subsidies or no subsidies at all as their income at the date of submitting their subsidy application was in excess of the subsidy threshold of R42 000 per annum:

5.1.1 Municipal employees misrepresented their income on the application forms and supplied outdated information to the provincial housing departments on their subsidy application forms.

5.1.2 The subsidy application forms could not always be supplied by the provincial housing departments and therefore not all the envisaged audit procedures could be performed. The provincial housing departments did not have adequate management measures to ensure the safe keeping of completed subsidy application forms.

5.2 The following shortcomings were identified with regard to the administration of housing projects at the six provincial housing departments where the performance audits have been completed:

5.2.1 Building defects were identified in 737 of the 970 houses inspected by the audit teams which included, inter alia, the following:

- (i) Walls and foundations of houses were severely cracked.
- (ii) Roofs of houses were leaking.
- (iii) There were gaps between the outside walls and the roofs.
- (iv) Outside doors and window frames did not close properly.
- (v) Leaking toilets and/or toilets that did not function.
- (vi) The general basic services (water, electricity and/or sewerage) were either not installed or were not connected to the bulk supply.

5.2.2 Various instances were identified where the ownership of houses was not transferred to the beneficiaries although payments had been made to developers for completing the top structures, which was not in line with the stipulations of the Code.

- 5.2.3 Instances were identified where the location of projects did not provide the residents with easy access to schools and centres of economic activity, which was in contradiction with the stipulations of the Code.
- 5.3 The financial control over the payments made on the Basic Accounting System (BAS) was insufficient. The amounts spent according to the HSS and the BAS did not reconcile on the projects selected for testing.
- 5.4 The provincial housing departments could not provide the Auditor-General with all the supporting documentation indicating payments made to developers for the construction of low-cost houses and therefore the correctness of payments made to developers could not always be verified.

6. FINDINGS, RECOMMENDATIONS BY THE AUDITOR-GENERAL AND THE RESPONSE FROM THE NATIONAL DEPARTMENT OF HOUSING AS WELL AS THE RESPONSES FROM THE PROVINCIAL HOUSING DEPARTMENTS

6.1 Subsidy approvals to municipal employees earning salaries in excess of the housing subsidy threshold

6.1.1 Findings

- (a) The following table indicates the names of the municipalities per province and the number of exceptions identified where municipal employees earned more than R42 000 per year, based on the payroll data, and were employed by a municipality prior to the submission of their applications:

Province	Municipality	Number of exceptions identified
Free State	Matjhabeng	246
	Mangaung	340
	Moqhaka	187
	Metsimaholo	12
Total – Free State		785
Gauteng	Ekurhuleni	1 879
Total – Gauteng		1 879
KwaZulu-Natal	eThekwini	1 361
Total – KwaZulu-Natal		1 361
Limpopo	Thabazimbi Local Municipality	56
	Capricorn District Municipality	4
	Mookgopong Local Municipality	17
	Mogalakwena Local Municipality	25
	Polokwane Local Municipality	70
	Lephalale Local Municipality	42
Total – Limpopo		214
Mpumalanga	Emalahleni	152
	Govin Mbeki	106
	Steve Tshwete	172
	Gert Sibande	1
	Albert Luthuli	12

Province	Municipality	Number of exceptions identified
	Greater Tubaase	3
	Highlands	32
	Mkhondo	8
	Pixley Ka Seme	39
Total – Mpumalanga		525
Western Cape	City of Cape Town	1 507
	Overstrand	215
	George	156
	Knysna	117
	Drakenstein	114
	Breede Valley	29
	Cederberg	38
	Winelands	34
Total – Western Cape		2 210
Total exceptions identified		6 974

- (b) The exceptions were audited for correctness on a random sample basis at the various municipalities. The number of exceptions audited as well as the number of municipal employees who should have received reduced subsidies or no subsidies when taking their actual income at the date of applying into account is set out below:

Municipal employees earning salaries in excess of the housing subsidy threshold					
Province	Number of municipalities investigated	Number of exceptions listed on the exception reports	Number of exceptions tested	Number of municipal employees who should have received reduced subsidies or no subsidies after taking their actual income at the date of applying into account	Monetary value of subsidies approved in this regard R
Free State	4	785	49	35	292 601
Gauteng	1	1 879	280	127	1 366 012
KwaZulu-Natal	1	1 361	116	69	538 482
Limpopo	6	214	115	30	222 400
Mpumalanga	9	525	69	54	546 351
Western Cape	8	2 210	Note 1	n/a	n/a
Total	29	6 974	629	315	2 965 846

Note 1 The number of exceptions identified in the Western Cape province were forwarded to the department for follow-up.

- (c) The reasons for subsidies awarded to applicants who earned an income in excess of the housing subsidy threshold are set out below:
- (i) Various instances were identified where municipal employees gave false affidavits on the subsidy application forms by not declaring that they received a salary from municipalities. Taking into account the actual income of the applicant and his/her spouse, the applicants should either have received a reduced subsidy or should not have received subsidies at all.
- (d) Adequate management measures were not in place at the provincial housing departments to ensure the safe keeping of subsidy application forms. In various instances the provincial housing departments could not supply the subsidy application forms requested for audit

purposes and therefore, it could not be determined if the applicants declared any income on the subsidy application forms. If the information was correctly captured on the HSS, the possibility existed that these applicants did not provide an accurate representation of income on the subsidy application forms. As the completed subsidy application forms are the only physical documentation pertaining to the applicants' declaration, the failure to institute such measures could result in an environment that is conducive to the concealment of fraudulent activities. The following table indicates the percentage of application forms that could not be presented to the Auditor-General by the relevant provincial housing departments:

Province	Percentage of application forms that was not submitted by the provincial housing department
Free State	53%
Gauteng	11%
KwaZulu-Natal	14%
Limpopo	88%
Mpumalanga	40%
Western Cape	Note

Note: Exception report has been provided to the provincial housing department and the department has been requested to follow up the information and furnish the Auditor-General with the outcome thereof.

6.1.2 Recommendations by the Auditor-General

- (a) Provincial housing departments should introduce improved measures to comply with the Code to ensure, inter alia, that:
- applicants submit adequate proof of income and updated payslips
 - applicants submit supporting documentation regarding spouses and dependants
 - affidavits accompany application forms.
- (b) Management measures should be in place to ensure that information is captured correctly on the HSS.
- (c) Provincial housing departments should collaborate with municipalities where applicants are currently employed with a view to instituting disciplinary actions against municipal employees who made false affidavits. Legal action should also be considered against municipal employees who did not declare their correct income.
- (d) Provincial housing departments should institute measures to ensure the safe keeping of completed subsidy application forms. As the completed subsidy application forms are the only physical documentation pertaining to applicant declarations, the failure to institute such measures could result in the creation of an environment that is conducive to the concealment of fraudulent activities.

- (e) Where properties were allocated to individuals who should have been completely disqualified from government assistance as a result of their actual household income, the provincial housing departments should consider actions to reallocate these properties to qualifying applicants.
- (f) Due to the high percentage of irregularities identified (53 per cent) in the sample tested the provincial housing departments should investigate all 6 974 exceptions identified and report on the outcome of such investigations to the Auditor-General.
- (g) The viability/possibility of comparing applicant details, including income, with the payroll data of municipalities should be followed up via the national Department of Housing.

6.1.3 Response from the provincial housing departments

- (a) The main reason for the allocation of housing subsidies to municipal employees was that the HSS was not linked to the payroll systems of the municipalities and the provincial housing departments therefore had to rely on the affidavits completed by applicants to verify their income.
- (b) A request has been forwarded to the national Department of Housing through the HSS steering committee, which has representatives from all nine provinces, for the HSS to be linked to the Department of Labour's Unemployment Insurance Fund (UIF) database in order for the system to detect an applicant's employment status. Discussions between the Department of Labour and the national Department of Housing started in 2005 and the national Department of Housing will report back to the committee on the progress.
- (c) Corrective actions have already been taken to obviate the recurrence of errors regarding the submission of proper proof of household income in future. The provincial housing departments have implemented further control measures such as cross-referencing employment status, pension fund information and other database information. Where such cases have been found by the Auditor-General, processes of recovery and/or regularisation in this regard will be implemented in accordance with the approved recommendations from the joint steering committee.
- (d) The national Department of Housing and the provincial housing departments are currently considering implementation of a common filing system. The provincial housing departments have instituted a process of tracking the missing files. The processes are such that no approval of subsidies could have taken place without application forms.

6.1.4 Response from the national Department of Housing

- (a) The national Department of Housing agrees with the recommendation that each case that has been detected must be investigated and that the required legal processes be deployed where the occurrence of fraud and corruption are confirmed.

(b) The national Department of Housing instituted the following measures to address the problems identified:

- The national Department of Housing provided provincial departments with guidelines to assist them with requirements for obtaining the latest proof of income.
- Capturing of application forms on the HSS is now based on the separation of roles and responsibilities. These pertain to the capturing, editing and verification of housing subsidy applications on the HSS. Three different individuals operate at each level to minimise capturing mistakes and/or fraud.
- Measures have been put in place to prevent the allocation of subsidies to municipal employees who do not qualify according to the income requirements of the Code. The measures pertain to the verification of income against the UIF database. The national Department of Housing implemented daily searches against the UIF database to verify the household income declared on the application forms. This feature was made available to the provinces in May 2007.
- Provincial housing departments received guidelines on effective records management procedures.

6.2 Physical inspection of housing projects

6.2.1 Findings

(a) **Physical inspections:** Houses were physically inspected on a random basis at 57 selected projects indicated in annexure A, to verify if the houses constructed by the provincial housing departments were built in line with the Code and the Housing Act. The following table indicates the number of houses per project per province that were inspected as well as the number of houses where defects were identified (the detailed findings identified per province are attached as annexure B):

Province	Number of projects	Number of houses inspected	Number of houses identified with defects
Free State	12	277	226
Gauteng	2	41	25
Limpopo	3	18	11
Mpumalanga	9	238	155
Northern Cape	16	286	253
Western Cape	15	110	67
Total	57	970	737

(b) The following building defects were identified at the majority of the houses inspected which included, inter alia, the following (the detailed findings per project are attached as annexure B):

- Walls and foundations of houses were severely cracked.
- Roofs of houses were leaking.
- There were gaps between the outside walls and the roofs.

- (iv) Outside doors and windows did not close properly.
 - (v) Leaking toilets and/or toilets that did not function.
 - (vi) The general basic services (water, electricity and/or sewerage) were either not installed or were not connected to the bulk supply.
- (c) **Transfer of ownership to beneficiaries:** At the majority of the projects visited in the Free State and Northern Cape provinces, some of the residents of the houses could not provide the Auditor-General with the deed of transfer to confirm that the ownership of their houses had been transferred to them. The audit team, therefore, performed deed searches to determine if the houses were registered in the names of the residents and identified cases at all the inspected sites where the houses had not been registered in the names of the beneficiaries. Furthermore, in various instances the final payments had been made to developers for completing the top structures (Progress Payment 5), which was not in line with the stipulations of the Code. The following table indicates the names of the projects where the ownership of more than 50 per cent of the houses tested had not been transferred in the names of the beneficiaries:

Province	Project name	Percentage of houses tested not registered
Free State	Qwa2 1000 G T Molefe Rural (F03080004/1)	100%
	Qwa2 1000 G T Molefe Rural (F03080004/2)	100%
	Qwa2 1000 G T Molefe Rural (F03080004/4)	100%
Northern Cape	Sol Plaatjie: Kimberley Tswaragano 45	67%
	Sol Plaatjie: Kimberley Millenium Builders 100	90%
	Sol Plaatjie: Kimberley Chris Hani Park 100	90%
	Sol Plaatjie: Kimberley Solly Legodi Square 50	100%
	Sol Plaatjie: Kimberley Hull Street 500	100%
	Thembelihle: Hopetown: Steynville: 193	67%
	Warrenton: Magareng: Pizarro Inhill Areas: 400	60%
	Kakamas 100	100%
	Keimoes 70	100%
	Siyancuma: Douglas: Breiapaal: 515	53%
	Khara Hais: Benede Oranje: 130	100%
	De Aar: Komanisie: 400	100%
Phokwane: Jan Kempdorp: Tshireletso 661	58%	

6.2.2 Recommendations by the Auditor-General

- (a) Measures should be implemented to ensure that:
- the quality of houses is inspected and is of an acceptable standard before payment for the houses is made to the developer
 - the beneficiaries have access to basic services (water, electricity and sewerage) and the services available have been properly installed and are in working order
 - the conditions of the contract regarding the installation and connection of water and sewerage systems are adhered to before the payment to the developer is made
 - the properties are registered in the names of the beneficiaries before payments are made for Progress Payment 5 in order to adhere to the requirements laid down in the Code. Deed searches should also be conducted before the Progress Payment 5 payments are made.

- (b) Disciplinary action should be taken against inspectors who certified on inspection certificates that top structures had been successfully completed by developers when the general condition of the houses was poor/unsatisfactory.
- (c) Contracts with developers should include retention and penalty clauses to ensure that contractors will forfeit money for bad workmanship.

6.2.3 Response from the provincial housing departments

- (a) Access to basic services is the responsibility of the municipalities and not the provincial housing departments according to the legal requirements and provisions. The provincial housing department through its municipal infrastructure grant fund assists municipalities with the installation of bulk infrastructure as contained in the municipalities' integrated development plans.
- (b) The provincial housing departments have appointed various conveyancers to ensure that houses are registered in the names of beneficiaries. The HSS will in future not authorise the last milestone payment if the house is not registered in the beneficiary's name.
- (c) The provincial housing departments will investigate if any inspectors certified on inspection certificates that top structures had been successfully completed by developers when the general condition of the houses was poor/unsatisfactory. Where negligence is found the appropriate action will be taken.
- (d) Quality assurance teams, together with service providers, have been assigned to conduct technical inspections and remedial work is undertaken based on the technical report and the causes of the defects or damages.
- (e) Disciplinary action will be taken against employees who certified fraudulent claims. Sound control measures have been implemented by provincial housing departments whereby inspections and quality assurance are implemented in conjunction with the municipal inspection unit as well as the National Home Builder's Registration Council before such technical certification is provided to the provincial housing departments for payment.

6.2.4 Response from the national Department of Housing

Transfer of ownership to beneficiaries: It is the considered view of the national Department of Housing that the findings of the Auditor-General confirm that there is general and blatant disregard for the policy prescripts instituted by the Minister of Housing. All the cases identified in the report will be investigated by the Special Investigation Unit of the national Department of Housing and all cases found where fraud, corruption or misconduct occurred will be further pursued through due process of law.

6.3 Administration of low-cost housing subsidy projects

6.3.1 Findings

- (a) **Geotechnical and disability variations:** The contracts entered into with the developers on the projects listed below included variances for both geotechnical and disability on all sites. According to part 3, chapter 2, paragraph 2.4.1 of the Code, the normal subsidy amount may be increased by a reasonable amount, not exceeding 15 per cent, in the sole discretion of the Provincial Housing Development Board, in order to compensate for abnormal development costs arising from locational, geotechnical¹ and topographical² conditions. The subsidies on certain of the following projects were increased by adding the disability variation in addition to the geographical allowance, resulting in an increase of more than the allowable 15 per cent geographical variation. It was identified during the visits to the projects that certain beneficiaries did not qualify for disability grants. Furthermore, based on the contract files perused and enquiries made, no evidence could be obtained to indicate that geotechnical studies had been performed to determine the geotechnical and topographical condition of the soil in the areas where these houses were built. The budgets of the projects were not reduced in this regard and therefore, the risk exists that overpayments could be made by provincial housing departments on projects without overspending of the total project budget as approved. The following table refers:

Project description	Approved project budget R	Geotechnical allowance awarded above norm R	Disability grants awarded to beneficiaries not qualifying for disability grants R	Recalculated project budget if reduced for beneficiaries not qualifying for disability grants and geotechnical allowances in excess of 15 per cent R	Possible overpayments due to the original budgets not being reduced R
Free State					
Welkom 100 (Matjhabeng Municipality)	2 622 000	37 500	52 500	2 532 000	90 000
Koffiefontein - 100	2 622 000	37 500	98 258	2 486 242	135 758
Sasolburg 100	2 622 000	37 500	227 500	2 357 000	265 000
Lindley 50	1 311 000	18 750	17 500	1 274 750	36 250
Allanridge Housing Project	7 030 663	88 908	171 120	6 770 635	260 028
Tweeling 100	2 941 700	37 200	203 360	2 701 140	240 560
Kroonstad 400	11 766 800	148 800	252 960	11 365 040	401 760
Total	30 916 163	406 158	1 023 198	29 486 807	1 429 356
Mpumalanga					
E03100025/1	1 155 000	18 418	n/a	1 136 582	18 418
E03010339/1	577 500	45 738	n/a	531 762	45 738
E03010280/1	577 500	57 555	n/a	519 945	57 555
E03010237/1	577 500	51 975	n/a	525 525	51 975
E03010072/1	10 395 000	381 718	n/a	10 013 282	381 718
E03010444/1	577 500	24 948	n/a	552 552	24 948
E03010073/1	10 395 000	439 008	n/a	9 955 992	439 008
E03010328/1	577 500	57 555	n/a	519 945	57 555
E03010395/1	577 500	51 975	n/a	525 525	51 975
E03010075/1	10 395 000	396 523	n/a	9 998 477	396 523

¹ Geotechnical conditions: Underlying condition of the soil.

² Topographical conditions: Steep terrain or terrain with a wavy form or outline.

Project description	Approved project budget R	Geotechnical allowance awarded above norm R	Disability grants awarded to beneficiaries not qualifying for disability grants R	Recalculated project budget if reduced for beneficiaries not qualifying for disability grants and geotechnical allowances in excess of 15 per cent R	Possible overpayments due to the original budgets not being reduced R
E06010001/1	10 395 000	413 953	n/a	9 981 047	413 953
Total	46 200 000	1 939 366	n/a	44 260 634	1 939 366

- (b) **Reconciliations between the Housing Subsidy System and the Basic Accounting System:** The financial control over the payments made on the BAS was insufficient. The amounts spent according to the HSS and the BAS did not reconcile on the projects listed below. The provincial housing departments could not provide the Auditor-General with all the supporting documentation indicating payments made to developers for the construction of low-cost houses and the correctness of payments made to developers could not always be verified. Therefore it was not possible to determine the reasons for the following differences or reconcile the payments made on BAS with the payments made on HSS:

Province	Project description	Amount paid according to the HSS R	Amount paid according to BAS R	Difference R
Free State	Welkom 100 (Matjhabeng Municipality)	1 090 455	1 096 455	(6 000)
	Sasolburg 100	2 342 940	2 368 280	(25 340)
	Allanridge Housing Project	4 262 928	4 619 996	(357 068)
	Tweeling 100	2 603 019	2 716 020	(113 001)
Total – Free State	10 299 342	10 800 751	(501 409)	
Limpopo	Capricorn/ Blouberg Muni/ Morgan Creek (400)	7 339 513	9 423 095	(2 083 582)
	Makhu/ Manhuduthamaga/ JCABD Constr (233)	903 920	3 420 376	(2 516 456)
	Bush/ Bushbuckridge/ PDI Dev (300)	3 499 208	6 615 477	(3 116 269)
Total - Limpopo	11 742 641	19 458 948	(7 716 307)	
Northern Cape	Sol Plaatjie: Kimberley Tswaragano 45	1 476 608	1 485 608	(9 000)
	Sol Plaatjie: Kimberley Millenium Builders 100	2 601 311	2 589 099	12 212
	Sol Plaatjie: Kimberley Chris Hani Park 100	2 546 198	115 000	2 431 198
	Sol Plaatjie: Kimberley Solly Legodi Square 50	1 842 273	1 312 776	529 497
	Sol Plaatjie: Kimberley Hull Street 500	12 068 500	0	12 068 500
	Thembelihle: Hopetown: Steynville: 193	2 905 555	1 785 075	1 120 480
	Dikgatlong: Delpoortshoop: Rooikoppies: 383	9 376 107	8 599 978	776 129
	Barkley West: Rooirand: New Way 80	2 707 631	2 158 271	549 360
	Warrenton: Magareng: Pizarro Inhill Areas: 400	11 821 075	9 483 852	2 337 223
	Kakamas 100	3 030 885	2 973 885	57 000
	Keimoes 70	2 127 790	0	2 127 790
	Postmasburg: Tsantsabane: Pizzaro Trading Com 560	16 835 632	3 065 400	13 770 232
	Siyancuma: Douglas: Breipaal: 515	9 935 540	4 082 089	5 853 451
	Khara Hais: Benede Oranje: 130	2 516 404	0	2 516 404
	De Aar: Komanisie: 400	6 801 925	730 000	6 071 925
	Phokwane: Jan Kempdorp: Tshireletso 661	4 866 728	2 441 700	2 425 028
Total – Northern Cape	93 460 162	40 822 733	52 637 429	
Western Cape	George: Maraiskamp	6 768 425	2 380 500	4 387 925
	Swellendam: Railton	11 414 534	2 228 923	9 185 611
	Kliprand	830 188	0	830 188

Province	Project description	Amount paid according to the HSS R	Amount paid according to BAS R	Difference R
	Drakenstein: Fairyland	9 439 310	5 622 653	3 816 657
	Saldanha: Laingville	29 223 648	20 094 413	9 129 234
	Gansbaai	12 707 340	9 542 283	3 165 057
	Stellenbosch: Kayamandi	6 840 188	5 843 115	997 072
	Swartland: Riebeeck West	2 641 845	2 492 260	149 585
	Knysna: Colarossi	0	5 859 572	(5 859 572)
	Worcester: Avian Park	0	3 284 320	(3 284 320)
	South Peninsula: Masiphumelele	0	3 284 320	(3 284 320)
	Tygerberg: Echo Road	740 222	1 166 647	(426 425)
	Khayelitsha: Mandela Park	7 870 634	10 247 382	(2 376 748)
	Swellendam: Barrydale	2 387 861	2 898 243	(510 382)
	Theewaterskloof: Caledon and Middleton	3 801 618	3 856 288	(54 670)
Total - Western Cape		94 665 813	78 800 919	15 864 894
Total difference for above provinces		210 167 958	149 883 351	60 284 607

- (c) **Access to economic opportunities, and to health, educational and social amenities:** The Housing Act defines housing development in section 1 of the act as follows: *housing development means the establishment and maintenance of habitable stable and sustainable public and private residential environments to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities.* However, during the visits to the projects the following were noted regarding the access to schools and centres of economic activity:

Province	Project description	Findings
Free State	Qwa2 1000 G T Molefe Rural (F03080004/1)	The project location and infrastructure do not provide easy access to schools and centres of economic activity. Roads are also almost inaccessible for normal sedan vehicles and buses.
	Qwa2 1000 G T Molefe Rural (F03080004/2)	
	Qwa2 1000 G T Molefe Rural (F03080004/4)	
	Lindley 50	The project location and infrastructure do not provide easy access to schools and centres of economic activity. Roads are also almost inaccessible for normal sedan vehicles and buses. However, currently roads are under construction that will resolve this problem.
Northern Cape	Dikgatlong: Delpoortshoop; Rooikoppies: 383	Although the project location provides access to schools and centres of economic activity, the roads are in an extremely bad condition and almost inaccessible.
	Barkley West: Rooirand: New Way 80	

- (d) **Delay in the approval of the beneficiaries for a project – Free State:** Although the last payment for the services on the Bella 600 project sites in the Free State province was made on 20 May 1999, no sites were transferred to the names of beneficiaries qualifying for subsidies in terms of the Code and no houses had been erected on these sites by February 2007. Therefore, an amount of R5 249 031 was paid by the department for services on sites but no houses were built and transferred to beneficiaries. It was confirmed by the national Department of Housing that no applicants/beneficiaries applied for low-cost houses up to 11 February 2008.
- (e) **Payment for stands not serviced – Mpumalanga:** Measures to ensure that developers are only paid for services actually rendered were not always effective, resulting in payments made for services not rendered. The following instances were identified where developers were paid for stands not serviced:

No.	District council	Project	No. of stands approved	No. of stands verified during physical inspection	No. of stands verified during physical inspection that were not serviced	Amount paid for stands not serviced as per BAS report R
1	Nkangala	Emalahleni, Klarinet Phase 2	1 000	1 000	9	169 519,32
2	Nkangala	Ekangala F	569	569	36	584 191,19
3	Nkangala	Ekangala F	569	569	49	261 606,28
4	Nkangala	Emalahleni, Hlalanikahle & Kwaguqa	1 000	816	69	1 571 233,50
5	Nkangala	Grobbersdal, Machipe	49	49	1	1 536,15
6.	Nkangala	Chromeville	135	84	51	1 035 300,00
Total			3 322	3 087	215	3 623 386,44

6.3.2 Recommendations by the Auditor-General

- (a) Provincial housing departments should institute measures to ensure that the geotechnical amount approved per project is in line with the prescripts of part 3, chapter 2, paragraph 2.4.1 of the Code.
- (b) Provincial housing departments should institute measures to ensure that the HSS and the BAS are reconciled for all projects on a continuous basis.
- (c) Provincial housing departments should institute measures to ensure adherence to the Code that stipulates that the project location and infrastructure will provide easy access to schools and centres of economic activities for the beneficiaries of the project.
- (d) Provincial housing departments should institute measures to ensure that beneficiaries are available and willing to occupy the houses developed by a project before the project is approved and proceeded with.

6.3.3 Response from the provincial housing departments

- (a) The provincial housing departments will ensure that the geotechnical amounts approved per project are in line with the prescripts of the Code.
- (b) A request has been submitted to the provincial treasury for system modification in order to link the HSS and BAS.
- (c) The maintenance of access roads is not the responsibility of provincial housing departments but that of the relevant municipality. The provincial housing departments will take up the matter with the relevant municipalities. Furthermore, the municipalities have been requested to include social amenities in their planning of human settlements as this is their area of responsibility. However, the provincial housing departments are coordinating with each other to ensure that such amenities are put in place.

- (d) It was the responsibility of the municipalities to identify and compile their respective lists of beneficiaries for the Bella 600 project sites. The management of the lists of beneficiaries is the responsibility of the individual municipalities and the Free State Department of Local Government and Housing provides administrative support where necessary, such as attending meetings with beneficiaries, introducing contractors to beneficiaries and assisting with the paperwork.

6.3.4 Response from the national Department of Housing

- (a) **The variation of the housing subsidy amount:** (i) The findings of your audit regarding the application of the policy prescripts pertaining to the variation of the housing subsidy amount by provinces confirmed the national Department of Housing's suspicions that the measure has by and large been abused by provinces. These cases will also be further investigated to determine whether misconduct and/or maladministration were the order of the day.
- (ii) It should, however, be noted that the variation of the subsidy amount for the special housing needs of disabled persons is not subject to the previous maximum limit of 15 per cent. In certain cases where geotechnical conditions are adverse and a disabled person receives a subsidy, the total variation may therefore exceed 15 per cent of the applicable subsidy amount.
- (iii) In an attempt to curtail the misuse of the measure, the national Department of Housing has recently enhanced the geotechnical and disability variances through introduction of a comprehensive manual on the adjustment of the subsidy amount to cater for extraordinary development.
- (iv) The purpose of the manual is to provide a sound basis for decision-making regarding the adjustment of the subsidy amount. It addresses all the extraordinary development conditions that might require special precautionary measures in the country. It further specifies the precautionary measures applicable in each case and the cost thereof is automatically calculated to facilitate accurate and streamlined decision-making processes. The manual also caters for the variation of the subsidy amount to cater for disabled persons' special housing needs.
- (b) **Reconciliations between the Housing Subsidy System and the Basic Accounting System:** (i) The national Department of Housing is aware of the problems associated with the non-alignment of the BAS and the HSS regarding the payment of housing subsidy funding.
- (ii) As an interim measure, a process of reconciliation of the two systems was initiated in 2006. Information is extracted from the BAS and compared with payments on the HSS on a monthly basis. Any differences identified are brought to the attention of the provincial departments for correction. In addition, manual reconciliations are running concurrently with this interface initiative. This methodology has the inherent risk of insufficient records as the BAS payments are initiated first and then verified against information loaded onto the HSS at a later stage.

- (iii) A proper interface between the HSS and BAS has been developed and is currently in the roll-out phase.
- (c) **Access to economic and social opportunities:** (i) The national Department of Housing would like to confirm that it is aware of the non-compliance by provincial governments and municipalities with the provisions of the National Housing Policy pertaining to the creation of sustainable human settlements that are well located and that provide all the required social amenities and economic opportunities.
- (ii) In an effort to address these practices, the national Department of Housing deployed two new strategies. The first strategy pertains to the new comprehensive multi-year provincial and municipal planning dispensation. This instrument introduced a scientific planning tool aligned with the provisions of the comprehensive plan for the creation of sustainable human settlements to ensure that housing development planning is done in a holistic manner, linked to social and economic development priorities.
- (iii) The second strategy pertains to the National Housing Programme for the provision of basic social and economic amenities that was introduced in 2005. The programme provides funding for the construction of basic facilities such as:
- Community halls (including using a portion thereof as a clinic and/or crèche)
 - Sport fields
 - Playgrounds and equipment
 - Informal trading areas facilities
 - Taxi rank facilities.
- (iv) This programme may be applied to provide these basic facilities in informal settlement upgrading projects, new "Greenfield" projects as well as townships recently developed where such facilities were not provided.
- (v) It must be accepted that backlog regarding the provision of the required facilities was accumulated over time and that the eradication thereof will take considerable time especially in view of the funding and capacity limitations.
- (d) **Delay in the approval of the beneficiaries for a project:** (i) The undertaking of projects where only serviced stands are provided is not catered for in the Code. Therefore projects that were undertaken on this basis must be regarded as contradicting policy prescripts. It must be accepted that each project will require individual assessment as a variety of reasons exist why projects did not provide registered ownership and houses. It is acknowledged that by and large the underlying reasons could be attributed to a lack of proper planning and a lack of proper project management.

- (ii) The transfer of the serviced stand to the beneficiary was a fundamental policy principle of the new National Housing Programme launched in 1994. The delay in the allocation and transfer of the stands to the beneficiaries, followed by the construction of houses should be viewed in a serious light.
 - (iii) However, the principle of undertaking housing development projects in a phased manner is regarded as complying with the national housing policy principles. The National Housing Programme has now been revised to cater specifically for the need to undertake projects in a phased manner. However, it should be noted that this new development orientation does not constitute the delay of the construction of the houses, it merely facilitates proper project planning over the development lifecycle.
 - (iv) In addition, due to the problems associated with the early transfer of the serviced stand to the beneficiaries of the current dispensation, the policy was recently adjusted to defer the registration of the property in the name of the beneficiary until only after the house has been completed and all the relevant parties including the beneficiary are satisfied with the end product.
- (e) **Payment for value of money received:** The national Department of Housing agrees with the recommendations that the payment of housing subsidy funding must only be administered where value for money is achieved. This principle remains a fundamental policy principle of the National Housing Programme and the detected cases will be investigated to determine whether fraud and corruption have occurred.

7. CONCLUSION

In response to the findings of the Auditor-General, the national Department of Housing as well as the provincial housing departments indicated that various corrective measures have been implemented or will be implemented to rectify the shortcomings identified in the report. It is therefore recommended that the implementation of these measures should be monitored on an ongoing basis and that the progress and the success achieved in this regard should be reported on national and provincial level.

8. APPRECIATION

The assistance rendered by the staff of the national Department of Housing as well as the various provincial housing departments during the audit is sincerely appreciated.

Auditor-General

Pretoria

March 2008



A U D I T O R - G E N E R A L

Annexure A

List of low-cost housing projects selected for auditing

No.	Province	Project name	Project budget R	No. of units
1	Free State	Qwa2 1000 G T Molefe Rural (F03080004/1)	5 887 400	200
2		Qwa2 1000 G T Molefe Rural (F03080004/2)	5 887 400	200
3		Qwa2 1000 G T Molefe Rural (F03080004/4)	5 887 400	200
4		Welkom 100 (Matjhabeng Municipality)	2 622 000	100
5		Welkom - Bedelia (600 SUBS)	9 000 000	600
6		Koffiefontein - 100	2 622 000	100
7		Sasolburg 100	2 622 000	100
8		Lindley 50	1 311 000	50
9		Allanridge Housing Project	7 030 663	239
10		Tweeling 100	2 941 700	100
11		Kroonstad 400	11 766 800	400
12		Welkom 250	4 600 000	250
13	Gauteng	Project 13 Johandeo	44 029 244	2 009
14		Project 13 Mamelodi EXT. 18	18 582 584	2 030
15	Limpopo	Capricorn/Blouberg Municipality/Morgan Creek	9 740 771	400
16		Waterberg/Modimolle Municipality/Fikile Projects	6 735 000	350
17		Makhuduthamaga/JCADB Construction	5 277 007	233
18	Mpumalanga	CBIS/Baal-Perazim/Carolina/Albert Luthuli(50)	1 155 000	50
19		CBRS/Emavungadze Construction & Catering C.C./Ntunda/Nkomazi(25)	577 500	25
20		CBRS/JSK & D Constr/ Diepdale 1/ Albert Luthuli(25)	577 500	25
21		CBRS/Lenfik CC/Mahushu/Mbombela	577 500	25
22		CBIS/Phandasi Constr/ Mbonisweni/ Mbombela Munic(31)	787 468	31
23		CBRS/S.J.Tipper Truck C.C./Skoonplaas/Nkomazi(25)	577 500	25
24		CBRS/Umshika Projects C.C./Matibidi/Thaba-Chweu(25)	577 500	25
25		CBIS/T & T Developers/(Thapelo)/ Amsterdam/ Mkhondo Munic (150)	4 412 550	150
26		CBIS/Turks Investi/(Monyana)(Khutala)/ Embalenhle x24/ Govan Mbeki(50to25)	848 438	25
27		Northern Cape	Sol Plaatjie: Kimberley Tswaragano 45	945 000
28	Sol Plaatjie: Kimberley Millenium Builders 100		1 858 285	100
29	Sol Plaatjie: Kimberley Chris Hani Park 100		1 848 095	100
30	Sol Plaatjie: Kimberley Solly Legodi Square 50		1 025 456	50
31	Sol Plaatjie: Kimberley Hull Street 500		10 150 000	500
32	Thembelihle: Hopetown: Steynville: 193		3 329 250	193
33	Dikgatlong: Delpoortshoop: Rooikoppies: 383		8 374 764	383
34	Barkley West: Rooirand: New Way 80		2 200 560	80
35	Warrenton: Magareng: Pizarro Inhill Areas: 400		11 052 800	400
36	Kakamas 100		2 750 700	100
37	Keimoes 70		11 766 800	70
38	Postmasburg: Tsantsabane: Pizzaro Trading Com 560		16 712 720	560
39	Siyancuma: Douglas: Breipaal: 515		10 135 900	515
40	Khara Hais: Benede Oranje: 130		431 250	130
41	De Aar: Komanisie: 400		10 774 800	400
42	Phokwane: Jan Kempdorp: Tshireletso 661		10 904 800	661
43	Western Cape		Worcester Avion Park	18 569 967
44		Ceres: Op die Berg	2 323 000	139

No.	Province	Project name	Project budget R	No. of units
45		Saldanha- Laingville	28 891 107	1 056
46		Saldanha- Ongegund		
47		George: Maraiskamp	8 758 400	476
48		Swellendam: Railton: PHP	24 228 953	671
49		Barrydale: PHP	4 764 350	150
50		Gansbaai	14 204 190	390
51		Malmesbury Riebeeck –Wes	3 114 775	186
52		Elsies River – Echo road	1 167 387	37
53		Khayalithsha – Mandela Park	21 707 000	1 000
54		Noordhoek – Masipumulele	1 780 587	457
55		Caledon	5 608 834	154
56		Stellenbosch: Kayamandi	8 875 125	522
57		Knysna: Colarossi	33 059 579	754

Physical inspection of houses at selected low-cost housing projects

No.	Project information			Overall physical condition of the houses inspected		Nature of defect			Houses were identified where the basic services were not working / Installed			
	Province	Project name	No. of units inspected	Number of houses inspected	Number of houses identified with defects	General conditions of houses and site (where relevant)	Cracked walls and foundations	Windows and doors not closing properly	Leaking roof	Water	Electricity	Sewerage (toilets)
1	Free State	Qwa2 1000 G T Molefe-Rural	200	20	15	Poor	X	X	X	X		X
2		Qwa2 1000 G T Molefe Rural	200	16	12	Poor	X	X	X	X		X
3		Qwa2 1000 G T Molefe Rural	200	20	14	Poor	X	X	X	X		X
4		Welkom 100 (Majhabeng Municipality)	100	58	58	Poor	X	X	X	X	X	X
5		Welkom - Bedelia (600 SUBS)	600			Project was not included in the physical inspections conducted as no houses were built						
6		Koffiefontein - 100	100	16	0	Good						
7		Sasolburg 100	100	21	21	Poor	X	X		X		
8		Lindley 50	50	15	15	Poor	X	X	X	X		X
9		Allanridge Housing Project	239	25	13	Poor	X	X	X	X	X	X
10		Tweeling 100	100	20	20	Poor	X	X	X	X	X	X
11		Kroonstad 400	400	40	32	Poor	X	X	X	X		X
12		Welkom 250	250	26	26	Poor	X	X	X	X		X
	Total Free State		2 539	277	226							
13	Gauteng	Project 13 Johandeop	2009	20	10		X	X	X			X
14		Project 13 Mamelodi EXT. 18	2030	21	15					X		
	Total Gauteng		4 039	41	25							
15	Limpopo	Capricorn/Blouberg Municipality/Morgan Creek (400)	400	6	4			X	X			
16		Waterberg/Modimolle Municipality/Fikile Projects (350)	350	6	4				X			X
17		Makuduthamaga/JCADB Construction (233) (Rural)	233	6	3				X	X		X
	Total Limpopo		983	18	11							
18	Mpumalanga	CBIS/T & T Developers/(Thapelo)/Amsterdam/ Mkhondo Munitc (150)	150	35	20		X		X			
19		CBIS/Turks Invest/(Monyana)/(Khutala)/Embalenhle x24/ Govan Mbeki/(50to25)	25	27	16		X	X	X			
20		CBRS/JSK & D Constr/ Diepdale 1/ Albert Luthuli(25)	25	18	10		X		X			
21		CBRS/Lenfik CC/Mahushu/Mbombela	25	12	9		X		X			
22		CBRS/Umsnika Projects C.C./Matibidi/Thaba-Chweu(25)	25	19	17		X	X	X			

Project Information			Overall physical condition of the houses inspected			Nature of defect			Houses were identified where the basic services were not working / Installed			
No.	Province	Project name	No. of units	Number of houses inspected	Number of houses identified with defects	General conditions of houses and site (where relevant)	Cracked walls and foundations	Windows and doors not closing properly	Leaking roof	Water	Electricity	Sewerage (toilets)
23		CBIS/Phandasi Constr/ Mbonisweni/ Mbombela Munic(31)	31	31	23		X	X	X			
24		CBRS/Enavungadze Construction & Catering	25	25	10		X		X			
25		CBIS/Baak-Perazim/Carolina/Albert Luthuli(50)	50	46	29		X		X			
26		CBRS/S.J. Tipper Truck	25	25	21		X		X			
		C.C./Skoonplaas/Nkomazi(25)	25	25	21		X		X			
		Total Mpumalanga	381	238	155							
27	Northern Cape	Sol Plaattjie: Kimberley Tswaragano 45	42	6	5	Good			X			X
28		Sol Plaattjie: Kimberley Millenium Builders 100	100	10	9	Moderate		X	X			X
29		Sol Plaattjie: Kimberley Chris Hanl Park 100	100	10	10	Poor	X	X	X			X
30		Sol Plaattjie: Kimberley Sally Legodi Square 50	50	11	11	Good		X	X			X
31		Sol Plaattjie: Kimberley Hull Street 500	500	11	2	Good		X	X			X
32		Thembellihle: Hopetown: Steynville: 193	193	20	17	Moderate	X	X	X			X
33		Dikgatleng: Delportshoop: Rooikoppies: 383	383	30	30	Very poor	X	X	X	X		X
34		Barkley West: Rooirand: New Way 80	80	8	8	Moderate	X	X	X			X
35		Warrenton: Magareng: Pizarro	400	30	30	Moderate	X	X	X	X		X
36		Inhill Areas: 400	100	10	10	Poor		X	X			X
37		Kakamas 100	70	7	4	Poor	X		X			X
		Keimoes 70										
38		Postmasburg: Tسانيسابانه: Pizzaro Trading Com 560	560	30	24	Moderate	X	X	X			X
39		Siyancuma: Douglas: Breipaal: 515	515	30	30	Very poor	X	X	X			X
40		Khara Hais: Benede Oranje: 130	130	13	13	Moderate	X	X	X			X
41		De Aar: Komaniisje: 400	400	30	30	Poor	X	X	X	X		X
42		Phokwane: Jan Kempdorp: Tshireitso 661	661	30	20	Good	X		X			X
		Total Northern Cape	4 284	286	253							
43	Western Cape	Worcester – Avlan Park	708	8	7		X		X			

No.	Province	Project information			Overall physical condition of the houses inspected		Nature of defect				Houses were identified where the basic services were not working / installed		
		Project name	No. of units	Number of houses inspected	Number of houses identified with defects	General conditions of houses and site (where relevant)	Cracked walls and foundations	Windows and doors not closing properly	Leaking roof	Water	Electricity	Sewerage (toilets)	
44		Ceres op die Berg	139	8	6		X						
45		Saldanha- Laingville		8	7		X						
46		Saldanha- Orgegund	1056	8	7		X		X				
47		George Maraiskamp	476	8	6		X		X			X	
48		Swellendam Railton	671	8	6		X		X				
49		Barrydale	150	8	4		X		X				
50		Gansbaal	390	8	0								
51		Malmesbury Riebeeck -Wes	186	8	2		X						
52		Elsies River – Echo road	37	8	4		X						
53		Khayalitsha – Mandela Park	1000	8	2		X						
54		Noordhoek - Masipumulele	457	8	6		X		X				
55		Calidon	154	6	5		X	X					
56		Stellenbosch - Kayamandi	522	8	5		X		X				
57		Knysna - Colarossi	754	8	5		X						
Total Western Cape					110	67	Project was not included in the physical inspections conducted as no houses were built						
Total for above provinces					970	737							