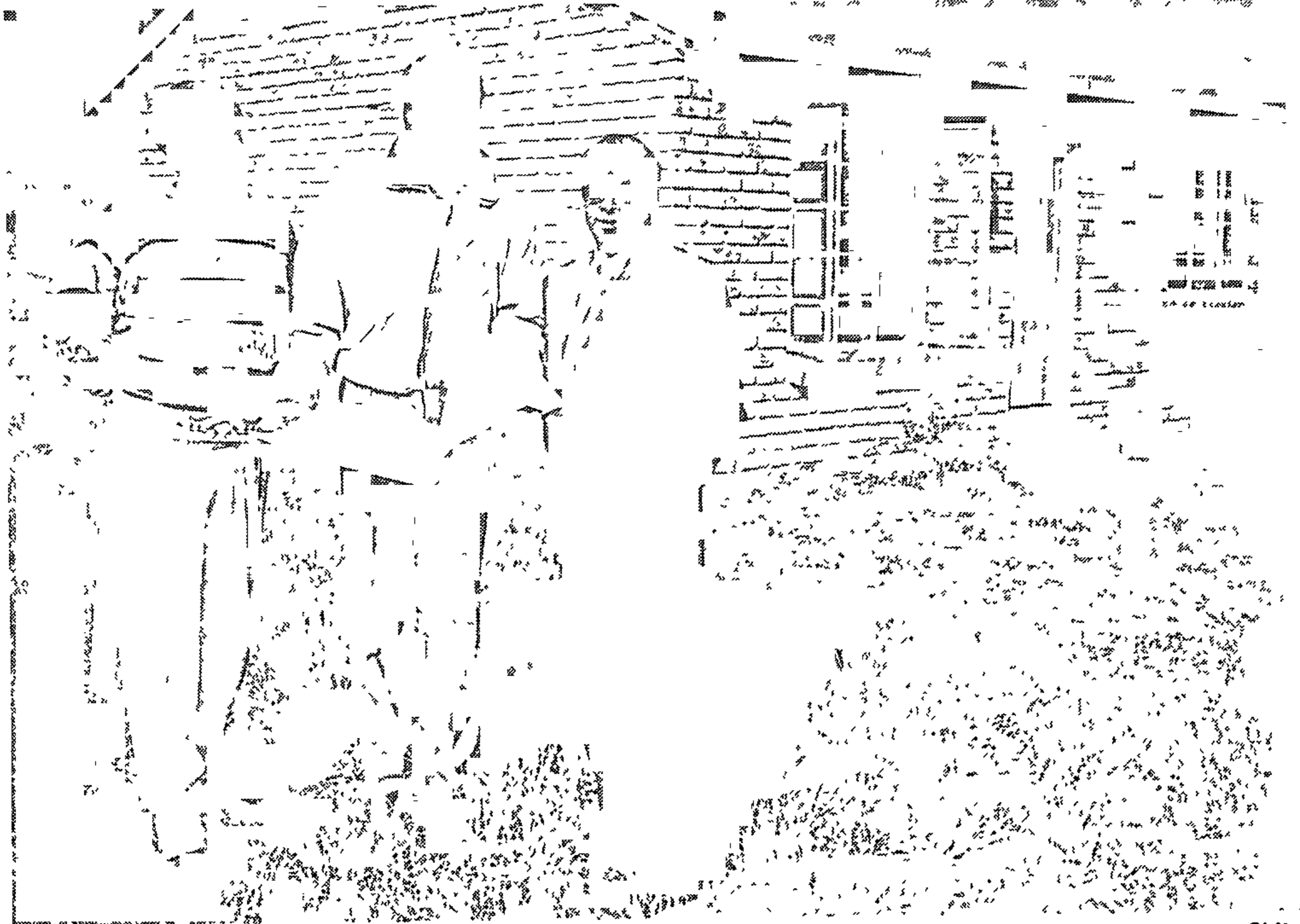


MPumalana

HOUSING & HOSTELS

(127) B

1994



JOB WELL DONE . checking new homes at Tekwane near Nelspruit is town clerk William Nthombothi, project architect Shitabu Shyamala and Eastern Transvaal MEC for housing Craig Padayachee
 Picture: ARISHAD SATTER

By BRONWEN JONES

EASTERN TRANSVAAL Premier Mathews Phosa is leading the race to provide homes under the Reconstruction and Development Programme (RDP).

This week he passed on the title deeds to 100 residents in Sakhile near Standerton. Next Wednesday he's handing over the keys to 230 finished houses in Matsulu and Tekwane, near Nelspruit.

Meanwhile PWV Premier Tokyo Sexwale is just starting on the foundations of his policy. He lays the first brick of a Stocks and Stocks development called Rookop tomorrow. The finished house will cost close to R40 000.

But the Eastern Transvaal houses in Matsulu are coming in at "plus/minus R20 000" said the prov-

S Times 17/7/94
Phosa leads race to provide homes

ince's Housing Minister, Mr Craig Padayachee. They will have four rooms and a bathroom with bath and toilet, but no ceiling.

The project, which started in May, used black contractors together with more established developers. "But all the labour is local, in keeping with the

RDP," Mr Padayachee said. *(127 B)*

The Eastern Transvaal is starting a further 231 new houses next week, which it expects to complete within six weeks.

Mr Padayachee believes at least 100 000 extra houses are needed in the province and he will use all

means at his disposal to deliver them.

A R7 500 per person capital subsidy scheme has already been used to provide several hundred Sakhile residents with serviced stands free of charge.

More than 70 percent of Sakhile's 8 000 residents now have title deeds and at least 1 500 houses will be built in the adjacent township of Erdzak by October.

Mr Phosa said the province's housing plan was "one hundred percent" in line with the national plan.

HOUSING & HOSTELS

(127 B)

1995

(127B)
**Eastern Transvaal:
R441m for housing**

CT 25/1/95
NELSPRUIT. — The Eastern Transvaal has been allocated R441 million for housing, Premier Mr Mathews Phosa announced at yesterday's opening of the provincial legislature here

He said 20 000 houses would be built over the next three years and a project to build another 8 875 would be announced soon

Ten areas, plus some farms, had been identified as possible land reform projects

Big investors had shown interest in investing heavily in casinos and tourism infrastructure, such as airports, in the Eastern Transvaal

He said agriculture in the region was undergoing a difficult time because of continuing drought, which had caused losses in the Lowveld estimated at about R260m. However, after good rains, a maize crop was expected — Sapa

R441m for housing, says Phosa

THE Eastern Transvaal had been allocated R441m for housing, premier Matthews Phosa announced at yesterday's opening of the provincial legislature in Nelspruit.

He said 20 000 houses would be built over the next three years and a project to build another 8 875 would be announced soon.

Phosa said a highway linking Witbank and Maputo in Mozambique via Komatipoort could have a tremendous spin-off for businesses as well as for the creation of skills in the region.

Ten areas, plus some farms, had been identified as possible land reform projects. Of these, Doornkop had been included in the national pilot land reform programme.

Big investors had shown interest in casinos and tourism infrastructure, such as airports, in the Eastern Transvaal.

The debate on casinos and the number of licences the province would get was nearing its end. He would rely heavily on the input of organised commerce and industry, local authorities and cultural and religious

groups before making a final decision.

He said agriculture in the region was undergoing a difficult time because of continuing drought which had caused losses in the Lowveld estimated at about R260m. The national Department of Agriculture had been asked to provide drought relief for badly affected areas.

The constructive spirit Freedom Front leader Gen Constand Viljoen and his party had adopted in talks with his government had led to the establishment of joint working committees on which NP leader and provincial MEC for agriculture Lucas Nel was also serving.

This showed a joint commitment to the solving of problems.

The sensitive issue of provincial demarcation, concerning areas such as KwaNdebele, Groblersdal and Marble Hall, would rest on the will of the people, as the national government could not impose decisions without consultation — Sapa

(127B)

BD 25/1/95

Housing loan facility created ^(127B)

THE Transvaal Building Industry's industrial council for the construction sector in Northwest, Gauteng and Eastern Transvaal has formulated a R250m housing loan facility intended to assist members in financing houses.

Trustees of the Transvaal Building Industry pension and provident funds said about 30 000 fund members could benefit from the mobilisation of R250m worth of retirement fund assets.

Employer fund members included the Master Builders' Association and the Building Industries' Association, while employees were represented by four trade unions. These were the Amalgamated Union of Building Trade Workers of SA, the Building Construction and Allied Workers Union, the Construction and Allied Workers Union and the White Building Workers Union.

The pension and provident funds trustees collaborated with Fedlife to develop the housing loan facility which was aimed at meeting members' mortgage loan needs in a cost-

ROBYN CHALMERS

effective manner.

A spokesman for the trustees said the loan facility was motivated by SA's critical housing shortage which could be addressed only by a mass mobilisation of resources and manpower from the public and private sectors.

He said the minimum loan allowed in terms of the facility was R1 000. Up to 60% of a member's withdrawal benefit could be mobilised for housing purposes. An interest rate of 15% would be charged on loans.

Repayments were not obligatory on houses costing less than R45 000, but the loan would accrue interest and become payable when a member left the industry. Monthly interest repayments had to be made on homes valued at more than R45 100, he said.

"The anticipated consequences of this initiative highlight that the building industry and allied services have a leading role to play in SA's development and growth."

By JUSTIN ARENSTEIN

MORE than a million rands worth of renovations to the homes of two senior ANC members in the Eastern Transvaal were paid for out of the province's "low-cost housing" budget.

And the provincial government has been housing its senior politicians, their relatives, and some ANC party officials — including Premier Matthews Phosa — virtually rent free for at least six months.

These disclosures are contained in a report by the Eastern Transvaal government's finance department completed in February, but kept secret until now.

The report was commissioned by Mr Phosa to investigate the proposed sale of former homeland assets, including parastatal houses, and the current use of government property.

It was compiled by finance department official and former Kangwane director of finance, Mr W A "Hussy" Pott.

It states that the MEC for finance, Jacques Modipane, and the provincial ANC treasurer, Johannes Ka Shabangu, ordered renovations to their rented houses without seeking cabinet approval.

Instead, R1 434 382,78 was debited from a R19-million low-cost housing budget meant to create accommodation for disadvantaged communities.

The report blames the Kangwane department of home affairs whose officials still administer the use of the houses "and pos-

ANC leaders use poor's cash on own homes

(2668) (127B)
ST 9/7/95

sibly the occupants of the homes" for the scandal.

Mr Shabangu said renovations had involved the almost complete demolition of the house because "it had terrible cracks in it, it leaked in the rain and had rats".

The account for his house was R775 188,86.

He said he did not know where the funding came from. "This is very strange. If it was not approved, why did the building continue for so long?"

Mr Modipane's renovations cost R659 193.

He could not be reached for comment as he had "gone into retreat" after being hospitalised for "flu and overwork" a week ago, his staff said.

Mr Phosa paid for R700 000's worth of renovations to his rented home himself.

Although politicians and their relatives paid minimal rentals for their homes, the department did not collect any rent, the report says.

Mr Phosa's rent for a house valued at R1-million is R142 a month. Mr Modipane's rent is R156 for a R700 000 house. Mr Shabangu pays R118 a month for a R1-million house and senator Boy Johannes Nongunga lives in a R258 000 house for R108 a month.

The report says the low-rent houses were allocated to ruling party politicians, their relatives and senior administrative officials.

Other documentation in-

The political rot of previous governments seems to have been adopted by large numbers of our democratically elected leaders

dictates that the rentals — only five percent of the property's market value — were based on a "political decision by the Kangwane department of home affairs."

The former Kangwane minister of home affairs, David Mkhwanazi, is the current provincial minister for environmental affairs.

Reacting to the report, Mr Phosa warned that free rides for government employees and politicians had come to an end.

"The political rot of previous apartheid governments seems to have been adopted by large numbers of our new democratically elected leaders," Mr Phosa said. "It will come to an end in the Eastern Transvaal."

Conceding he had benefited from the low-rental

scheme, Mr Phosa said he had commissioned two independent valuations of the parastatal properties rented by officials after learning of the discrepancy.

Mr Phosa said he had demanded that all office bearers living in government houses pay the difference between what they had been charged and the market-related rentals.

"Three days after finding out about the inequalities, I paid R8 000 into a fund, as did Mr Modipane. Mr Shabangu paid R13 000 — but this is only a start," he said.

"The money will be used to build a clinic or some other vital, concrete sign of our penance."

A provincial commission headed by Mr Modipane has been appointed to investigate similar abuses.

Labour gathering told court can still play role

Renee Grawitzky

THE views expressed at the eighth annual labour law conference in Durban last week indicated that the Industrial Court still had a role to play despite being sidelined by the draft labour relations Bill.

The legislation favours a move away from the court, which was a key focus of the conference, to conciliation, mediation and arbitration as the most effective mechanisms of dispute resolution.

Wits University Centre for Applied Legal Studies director Dennis Davis said the draft Bill reflected a profound distrust of the law and was predicated on this assumption.

He said with the limited resources and facilities made available to the court it had developed a wealth of jurisprudence.

KwaZulu-Natal Supreme Court judge Keith McCall said the area of dispute resolution exposed one of the greatest difficulties in previous legislation.

He said the new SA presented parties with a unique opportunity of rectifying these deficiencies.

While welcoming the proposed move away from litigation, he warned it was insufficient to legislate to this end.

In addition, adequate human and financial resources were necessary to ensure the efficient resolution of disputes.

Estimates of the cost of establishing the Bill's proposed conciliation, mediation and arbitration commission ranged from R70m to R100m.

A similar agency in the UK costs the government about £22m a year, according to Advisory, Conciliation and Arbitration director Tony Shepherd.

In defence of the court, many delegates said the industrial and labour courts had been effective in moulding SA labour relations over the years.

Kenyan Labour Court head Saed Kockar cautioned delegates "not to forget we are part of Africa".

In Kenya, the court had a unique role in making awards on financial issues, including wage disputes.

For this purpose, a secretariat was attached to the court.

Officials will pay full rent

Business Day Reporter

EASTERN Transvaal officials would be paying market-related rentals for government housing following a report commissioned by the legislature which had determined the actual market value of all properties, spokesman Oupa Pilane said yesterday.

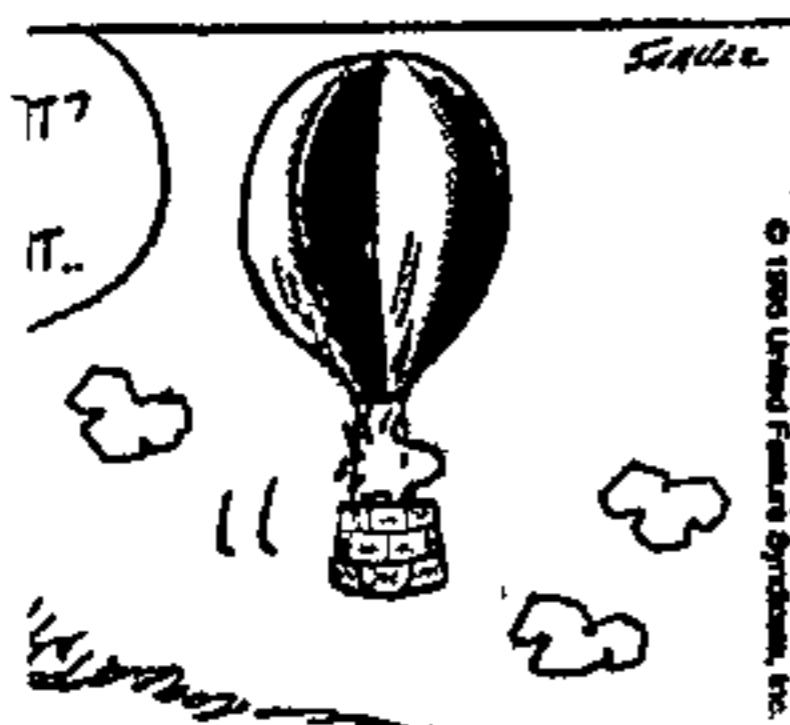
Reacting to a Sunday newspaper report that officials — including premier Mathews Phosa — were paying rentals of between R100 and R150 a month for houses valued at close to R1m, Pilane said instructions had been given to rectify the situation.

He said Phosa had rejected an offer of a luxurious house in Nelspruit and had instead chosen to live in a farm house within "a community of farm workers".

Phosa had renovated the house at a cost of R700 000 for which he had raised a bond on which he paid installments of about R10 000 a month.

Allegations that officials Jacques Modipane and Johannes Ka Shabangu had used more than R1m from a R19m provincial housing budget to renovate their rented homes without seeking prior treasury approval were also dismissed.

Charles Schulz



Mandela Shell House claim is part of police probe — Fivaz

Ingrid Salgado

Housing funds misused - claim

Political Staff

123 (27B)

JOHANNESBURG. — The Eastern Transvaal government has blamed the former KaNgwane homeland authorities for the use of money earmarked for low-cost housing to subsidise and refurbish provincial government officials' homes.

Responding to allegations that the provincial government used taxpayers' money to pay for renovations and subsidise rentals on officials' houses, spokesman Oupa Pilane said the government had inherited certain systems from homeland authorities and was rectifying them.

It was alleged at the weekend a finance department investigation had found finance MEC Jacques Modipane and ANC treasurer Ka Shabangu renovated rented houses without approval.

But, Mr Pilane said the rentals and renovations had been ordered by the defunct homeland government.

Eastern Transvaal dam project

Komatipoort — The Nkomazi Irrigation Scheme has allocated R24-million for a dam at Masibekela near Komatipoort in the Eastern Transvaal.

The announcement comes

STAR 17/6/95

from development consultant Stephen Woodburne, who said construction would begin next month and take six months, according to African Eye News Service. — Sapa.

(127B)

Water cuts affect patients

Bushbuckridge (Eastern Transvaal)

— Power cuts in the past two weeks have disrupted health services at the Mapulaneng Hospital at Bushbuckridge in the Eastern Transvaal, leaving patients without proper medical care and sometimes without food

A hospital spokesman said on Monday that the hospital also had no water at one stage, when an electric water pump feeding a reservoir broke down.

The problem has been further complicated by the tug-of-war between the Eastern Transvaal and Northern Province over who is responsible for the

hospital.

(127B)

Hospital secretary T Seleki said the need for an emergency power supply which would switch on automatically when required had been brought to the attention of the Northern Province health department, under whose jurisdiction the hospital still functioned.

However, he said it was unclear which provincial authority was responsible for solving the problem.

Eskom regional manager Siphon Tjebadi said in Pietersburg that he would investigate the cause of the power cuts.

— Sapa

Star 23/8/95

Water for a million planned

BY JOVIAL RANTAO

Star 19/10/95

Close to a million people in the drought-stricken former KwaNdebele homeland in Mpumalanga Province are to benefit from a water-relief augmentation project made possible by a "soft" loan of R180-million from the Japanese government.

Water Affairs and Forestry Minister Professor Kader Asmal, Mpumalanga Premier Mathews Phosa and Japanese Ambassador Yoshizo Konishi made the announcement at a press conference in Pretoria yesterday and said the project was expected to create hundreds of jobs for local communities and create opportunities for small contractors.

The project comprises pipelines, reservoirs and purification works that will benefit communities in KwaNdebele, Moutse and Bronkhorstspuit. Their current source of water is the Groot Renoster Dam which is only 1,7% full.

"This is one of the 300 RDP projects being undertaken in 1995-96 designed to ensure that 3,5-million South Africans previously denied ready access to water will receive it," Asmal said.

He said a quarter of the rural water backlog had already been addressed with the all

► To Page 3

Water planned for a million

◀ From Page 1

tion of R888-million, in collaboration with provinces, on projects which were being planned, designed and constructed.

The Department of Water Affairs' target is to provide water to the 12-million people without adequate supplies, in the next five to seven years.

It intends to provide 25-30l per day per family within 200m of their homes.

"The progress made thus far suggests that the target will be met," Asmal said.

Asmal emphasised that, since the project would not be completed for some time, it would be necessary for KwaNdebele in particular to show great discipline in conserving water.

South Africa, given a seven-year grace period, will repay the loan over 25 years at an annual interest of 25%.

Phosa said the project would aid "communities who were dumped in a barren place by apartheid and now have to travel long distances to fetch water."

Star 19/10/95

World Bank's IFC is backing SA project

Simon Barber

WASHINGTON — The International Finance Corporation (IFC), the World Bank's private investment arm, is backing a \$19m project to make pre-fabricated concrete panels for low-cost housing in Mpumalanga.

The project is a joint venture by Tamburini SpA, an Italian construction company, and a newly formed local investment group Hlanzeni Holdings. They are launching a new company, Estra Homes Pty, to build a plant near Nelspruit.

If all goes well, Tamburini, a family-owned firm based in Bologna, is looking to build more such plants in SA, says IFC project officer Eduardo Aballo. "They want to use this as a stepping stone" into the broader RDP market.

Hlanzeni is owned by five local businessmen, three black and two white, and was formed specifically to hold shares in Estra.

Initially Estra stock will be divided 60/40 between Tamburini and Hlanzeni.

The IFC intends to put up \$4,7m in loans and convertible debentures, and has attracted a further \$3,2m in well-priced, medium term loan capital from foreign commercial banks. The Industrial Development Corporation is also taking part.

To ensure banks will provide bonds to buyers of the new homes, Tamburini has submitted its technology to the Council for Scientific and Industrial Research for testing. Its formal certification is expected next month.

The projects are scheduled to go before the IFC's board for final approval on April 8.

Among its SA operations the IFC has helped a group of black women investors buy a BMW dealership in central Johannesburg.

Housing & Hostels

(27B)

1996

Ex-police brass in plea to truth commissioners

DD 18/4/96

Business Day Reporter

FOUR former SAP commissioners have asked the truth commission for an undertaking that all policemen be notified, and given a chance to prepare a defence, if they are to be implicated in illegal acts at its hearings

Former commissioners Johann van der Merwe, Johan Coetzee, Mike Geldenhuys and Hennie de Witt made the request in a letter yesterday to commission chairman Desmond Tutu.

The letter came on the second day of the commission's first public hearings in East London, as more alleged perpetrators of human rights abuses were being named

The former commissioners said they had been approached by former members of the SAP "who are concerned they may be implicated in subsequent hearings of the commission, without being allowed the opportunity to exercise their fundamental rights"

They said the commission was "morally bound" to extend its undertaking to former SAP Brig Jan du

Preez and Gen Nick van Rensburg to all former and current policemen.

The commission agreed this week in the Cape Supreme Court to hold back evidence implicating the two men, pending the court's finding.

The former commissioners said that if the commission was not prepared to do this, it should provide them with the names and addresses of all policemen "who may be implicated", so that they could approach the courts for relief.

"If you are going to follow the same procedure in subsequent hearings as in (this week's) hearings in East London, it is only fair that members and ex-members who may be implicated should have the opportunity to test such procedure," they said.

Van der Merwe said the key problem was the vagueness of documents supplied by the commission to himself and national commissioner George Fivaz. It was often unclear which policemen were being referred to.

They also asked Tutu whether the hearings would be confined to cases which met the criteria for amnesty.

First joint housing venture launched

DD 18/4/96 (1270)

Robyn Chalmers

NELSPRUIT — The first major joint venture between provincial government, banks and builders kicked off yesterday with the launch of a low-cost housing initiative, initially providing 6 000 homes within two years.

Mpumalanga premier Matthews Phosa estimated that the first phase of the Mpumalanga housing initiative, undertaken by Nedcor, Murray & Roberts and the provincial government, would generate about R450m for the provincial economy.

Phosa said that all the partners involved had committed themselves to using local labour which would boost

the subcontracting sector and help develop a whole supply industry, from bricks to roof trusses.

The state would contribute R90m to the initiative and Nedcor a further R100m in mortgage finance and bridging capital. Construction of housing units, which had started in Nelspruit, Secunda, Piet Retief, Barbeton and other areas, should be completed within 18 to 24 months.

Mpumalanga housing minister Craig Padayachee said the scheme would reduce the province's housing backlog, estimated at about 265 000 units. He estimated about 50 000 houses a year would deal with the backlog and meet new demands.



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R190m in home finance launched

(127B)

IN A VOTE of confidence on the housing crisis, the Mpumalanga government, Nedbank and Murray & Roberts' residential property arm, Condev, this week joined in a R190-million venture to tackle affordable housing in the province, writes **THABO KOBOKOANE**

In terms of the deal the housing ministry will contribute R90-million and Nedcor will add R100-million in bridging capital in order to deliver at least 6 000 affordable housing units within a 2-year period in Nelspruit, Barberton, Secunda, Piet Retief and Amsterdam. The first phase is expected to generate about R450-million for the provincial economy. Nedcor will make a range of mortgage products available to beneficiaries qualifying for state subsidies.

Mpumalanga Premier Matthews Phosa called the initiative a bold step towards reducing the housing backlog in Mpumalanga — estimated at around 260 000 units.

The Mpumalanga Housing Initiative comes at a time when the banking industry is threatening to apply more stringent criteria to mortgages, which will have an effect on the low-cost housing market.

But Richard Laubscher, chief executive at Nedcor, was upbeat. He said Nedcor's experience in granting over 100 000 bonds worth R3-billion in the township has given "us a lot of confidence to go into the market." He hoped this initiative would act as a catalyst for other banks.

ST(BT) 2/4/96

Mpumalanga housing scheme gets going (127B)

By TSEPISO MATELA

THIS week saw the launch of the Mpumalanga Housing Initiative in Nelspruit.

The state will contribute R90 million and Nedcor R100 million to the project.

Attending the launch, Mpumalanga premier Mathews Phosa said "It goes without saying that after decades of apartheid one of our people's most desperate needs is housing"

The chief aim of the initiative is to make full use of existing serviced sites and to develop more land for homeowners

The initiative also plans to make the proposed housing as affordable as possible for all income group. - and to make home finance more accessible for the lower income group.

The whole exercise is an outcome of the aims and objectives of the RDP and aims to create an environment attractive to the various communities - which need to see their housing environment substantially improved.

Kevin Gibb, Nedcor's general

CP 21/4/96
manager, says: "With the affordable housing initiative having almost died nationwide . . . we realised we were going to have to be innovative and inventive from the outset"

Sankie Mthebi-Nkondo, the national minister of housing, said the government was very excited by this latest initiative.

She said the Mpumalanga Initiative was irrefutable proof that "when the public sector and private sector collaborate for their own benefit as well as of the national good . . . miracles can be achieved".

Similar developments are to follow in the province in Secunda, Piet Retief, Barberton, Amsterdam and other areas.

This initiative is to provide 6 000 affordable houses in the province and delivery is expected within 18 to 24 months

The home owners will have a wide range of housing plans to chose from.

Phosa said that "people want government to deliver" and the people "will get the affordable homes they deserve" because the government is "determined to deliver"

Public Protector moves in to halt housing scheme

CP 21/4/98

(127B)

PIET RETIEF A R11,5 million low cost housing project in Mpumalanga was put on hold this week after the provincial government, the Mpumalanga Housing Board and the Piet Retief town council were served with a court order prohibiting further construction in the area.

The Public Protector's office in Pretoria also confirmed earlier that it was preparing to investigate alleged mal-administration and alleged failure to follow government procedures in Piet Retief after receiving complaints.

The court order, which was served on the developers, Murray & Robertts, as well as the relevant government departments on Tuesday, demanded an immediate stop to proposed construction of roughly 1 200 shell houses in Piet Retief until sufficient consultation had been carried out with affected communities.

The residential committee and local Reconstruction and Development Committee (RDC) which obtained the court order, complain however that building appears to be continuing and that despite the court order, officials now refuse to meet with them.

"We've conducted a geo-technical study of the area they want to build on and it found that the clay contents in the soil was so disturbing that extra care, special materials and higher than average construction costs would have to be expected when building there," explained residents' spokesman, David Hancock.

"According to the study, it would be contrary to logical construction and economic procedures to launch a low cost, affordable housing scheme here."

The geo-technical study also warned that surrounding houses suffered from artesian springs during rainy seasons and that there existed a "better than average chance of structural failure" for buildings in the area.

The Pretoria Supreme Court order, points out that the area being developed was zoned as agricultural land and has never been proclaimed as a township.

"But more importantly, neither the government nor the developers ever consulted with us, the people who were supposed to be benefiting from this project," said Ethaneakukhanya RDC chairman, Alphius Msibi.

Saying that local RDC and other development committees had been fighting for three years to get approval for housing projects in the area, Msibi accused the government of adopting a "top-down" approach.

Housing delivery 'increased'

BD 8/5/96

(127B)

Kevin O'Grady

THE Mpumalanga government had drastically increased its housing delivery capacity by "bringing the banks back into the housing market" and had built more than 5 000 new homes since November, premier Mathews Phosa said yesterday.

This was in contrast to only 4 000 homes built between May 1994 and November last year.

His province had been the best performer when it came to delivering housing, Phosa said, and had also made great strides in the provision of water and the electrification of homes.

However, there were certain obstacles "in the way of the smooth running of government". These included high crime levels which had an enormous influence on job creation, foreign investment and personal security.

Closely related to the issue of crime was fixed foreign investment. Most for-

ign investment had been through the instruments offered by the JSE and "not in fixed investments such as factories that create direct jobs".

Another obstacle was the "fixation we have developed with policy. In every area where we feel uncertain, we create policy teams, buy in experts and produce heaps and heaps of papers on different alternative policies".

Phosa said he was also concerned about the lack of co-ordination between different levels of government. "I am worried that we are duplicating structures, programmes and projects (which is) costly to the consumer, namely our voters," he said.

SA's outsized public service was also worrisome. "We use all kinds of fancy words to describe the fact that we know government is much too big in terms of the number of people that work for it, the number of institutions we have created and the money we spend on all of this," Phosa said.

R11,5-m housing scheme launched

By Justin Arenstein

AN R11,5 million affordable housing project, which developers say has revolutionised housing delivery in South Africa, was launched in the small Mpumalanga town of Piet Retief yesterday

The 750 unit development, which is the third such partnership project between private sector developers, banks and the Mpumalanga government, was launched by Premier Mathews Phosa

Hailing the record speed in which the development was approved by various tiers of government and established by developers, Phosa said if the approach was replicated elsewhere in South Africa, housing delivery would "accelerate inestimably"

"The benefits of resolving the country's housing backlog are probably incalculable," said Phosa

"It means that in every project undertaken, we can knock off nearly a year in the time it takes to deliver," he said

To illustrate the hurry by the

(1276) Sowetan 4/7/96
Residents not happy with the fast pace at which houses were built

provincial government to fast-track housing developments, proclamation of the project as a township was cut from the usual eleven months to just two months

The Mpumalanga government also gave preliminary approval for the project in days rather than the normal one month period, while various government departments cut their consideration of the required technical reports from six to three weeks

Delivery speeded up

The normal 30-day public comment grace period was also cut to 14 days in a further attempt to speed up delivery, as was the waiting period for the provincial government's final approval, which was cut from 60-days to less than one week

But this fast-tracking has sparked criticism from residents and civic associations who charged that neither the developers nor the provincial

Housing Board consulted them

Piet Retief residents objected to the speed with which the project was being pushed through and in April they successfully obtained a Pretoria Supreme Court order halting construction until the developers consulted more widely with residents

Construction and development company (Condev) development manager Steve Crabtree conceded that the construction of five show houses in the areas in April had been technically illegal as the project site had not yet been proclaimed a township

"The legal problems had been sorted out and residents had been spoken to," said Crabtree

Crabtree also revealed significant portions of the project site had a high clay content and that artesian springs did occur in the area

African Eye News Service

projects are showing that the impossible can be accomplished

Mpumalanga's innovation leads the way

(1278) Mr G 12-18/1996

**Colleen Lowe Morna
in Nelspruit**

FAR from the threatened bond boycotts in Gauteng, Mpumalanga has cut the first real deal between government and the private sector in the provision of low-cost housing.

A great deal more rests on the joint venture between the provincial government, Nedcor, and Murray & Roberts than the provision of 6 000 new houses — 80% of these in the lowest end of the market — in the province aptly named after the rising sun.

On the project — whose leading light has been Mpumalanga Premier Matthews Phosa — hinges the whole credibility of the Housing Ministry's valiant efforts to get the private sector involved in low-cost housing.

The late housing minister Joe Slovo threw his energies into negotiating a record of understanding with banks, in which they agreed to resume lending provided they were indemnified by the government through the Mortgage Indemnity Fund, against the non-commercial risk of a breakdown in the rule of law.

Complementing this scheme is the national Masakhané campaign, aimed at ending the rent and bond boycotts endemic during the apartheid era.

But, as illustrated by the recent threat of a bond boycott by the South African National Civics Organisation (Sanco), the campaign has met with lukewarm success in



Building the future: An Mpumalanga woman works at building a house in the province that has seen substantial co-operation between the government and the private sector

PHOTOGRAPH MARGARET WALLER

some quarters.

The Department of Housing, meanwhile, is angered that since the signing of the record of understanding, 18 000 banks have only advanced the market loans to the lower end of the market, against a projection of 50 000.

Mpumalanga's housing MEC Craig Padayachee says he begins from the fortunate position of having by and large "broken the back of bond boycotts and land invasions." The province's other main advantages are dynamic new people in the provincial housing board — and a "very proactive pre-

board", Padayachee says.

In February this year, Phosa signed a memorandum of understanding with Nedcor. Mpumalanga put up R90-million in subsidies and other funds and pledged to facilitate all negotiations with the community and local authorities. Nedcor put in R450-million in bridging finance for the construction of the houses and a range of mortgage financing options, including for recipients of subsidies, who normally find it difficult to access top-up finance from the banks.

Describing the Mpumalanga project as a "success story second to

none", Murray & Roberts managing director Chris Cudmore said the facilitatory role of Mpumalanga authorities "has cut the time it takes to put up a house from 18 to three months" — a huge plus for a developer.

Nedcor general manager Kevin Gibbs says the absence of major players in the low-income housing market must be of concern to any business with a long-term interest in South Africa — where the "political miracle can end as quickly as it happened" if the problem of homelessness is not resolved.

While he says there is a role for self-help projects, he argues that the magnitude of the housing problem requires interventions by players who can ensure "delivery at scale."

Gibbs views whatever can be developed with the subsidy as providing the collateral with which to gear additional resources to improve the property.

That, he agrees, depends on banks changing their negative mind-set towards micro loans which can only be done "by lending to the poor, and proving that it works."

The "pack" mentality of South African banks, comments Housing Director General Billy Cobbett, has prevented them from developing a range of innovative products and vehicles with which to reach the lower end of the market, such as bonds with a shorter maturity.

Nedcor, he said, is leading the beginning of a trend towards "niche markets" — thanks to a few individuals "putting their necks on the block"



Mpumalanga premier Mathews Phosa

Province backs housing

(1278)

South African 30/8/96

By Joshua Raboroko

ONE of the biggest challenges facing Mpumalanga's premier Mathews Phosa is providing homes for every family in the province. Another hurdle is land reform.

Phosa has said that housing is one of the priorities of his government. He believes that adequate housing is vital to social stability and economic growth.

Mpumalanga MEC for housing and local government Craig Padayachee says one of his highest priorities is to provide homes for more than 1 000 labourers evicted by white farmers

He concedes there are cases where eviction will be the correct course and this, is where property rights and life is threatened. The onus shall not rest on the farmer or landowner to find alternatives.

Padayachee is adamant that land invasion in the province will not be tolerated and it is "our desire to discourage this". Padayachee appealed to farmers not to evict workers even where it is legal, before government provides alternative housing.

"Farmworkers need good housing, schools, health and social welfare and other recreational facilities where they can enjoy themselves with their families, and my

Support Masakhane

"I am a strong advocate of the Masakhane campaign launched by President Mandela. We must learn to pay for what we use." He has supported the building of rental accommodation that he sees as a vital component in the provision of low-cost housing, although this method was previously rejected because of high costs to the government. His department does not have statistics of defaulters, but approximately 89 percent of home-owners are paying bonds in Secunda, Middleburg and Ekangala Home Servcon, a company formed by government and banks to monitor the situation of bond defaulters, is successful although he cannot guarantee complete cooperation. A commission has been appointed to investigate cases of alleged corruption involving the sale of homes built by the former House of Delegates.

warning to defaulters to pay their arrears. Padayachee has issued a strong warning to take tough action on mortgage defaulters. The province will support banks that have to take tough action on mortgage defaulters. The province will support banks that have to take tough action on mortgage defaulters. The province will support banks that have to take tough action on mortgage defaulters.

The department has transferred all state-owned houses to the present tenants in a move that is in line with national policy. The department has transferred all state-owned houses to the present tenants in a move that is in line with national policy. The department has transferred all state-owned houses to the present tenants in a move that is in line with national policy.

The Department of Housing and Land Administration - now local government - provides vital services to the statutory bodies responsible for housing delivery. New developments like the Mpumalanga Housing Initiative have facilitated cooperation between government, big business, financial institutions and the community. Farmworkers previously denied access to housing grants because of various constraints including delivery and tenure problems will soon be able to access housing grants directly from the department.

Vital services

The Department of Housing and Land Administration - now local government - provides vital services to the statutory bodies responsible for housing delivery. New developments like the Mpumalanga Housing Initiative have facilitated cooperation between government, big business, financial institutions and the community. Farmworkers previously denied access to housing grants because of various constraints including delivery and tenure problems will soon be able to access housing grants directly from the department. The department has transferred all state-owned houses to the present tenants in a move that is in line with national policy. The province will support banks that have to take tough action on mortgage defaulters. Padayachee has issued a strong warning to defaulters to pay their arrears. Padayachee has issued a strong warning to take tough action on mortgage defaulters. The province will support banks that have to take tough action on mortgage defaulters. The province will support banks that have to take tough action on mortgage defaulters.

Housing & Hostels

1997

Chiefs are 'selling land' to squatters

(1276)

NELSPRUIT — The Nelspruit town council has accused traditional leaders in the area of stirring up trouble and possibly committing a criminal offence after they allegedly gave evicted squatters permission to settle on land earmarked for low-cost housing.

Town councillor Jimmy Mohlala made the charge days after the eviction of squatters at Tekwane Estate near the head offices of the Mpumalanga Development Corporation.

"Traditional leaders are causing serious problems by applying the old traditional rules of selling land to the people," Mohlala said after squatters evicted on Friday claimed they had been given permission to settle on the land by Msogwaba chief, Chief Nkosi. "They (traditional leaders) are demanding from just R10 to R50 each from residents for permission to occupy land and then put that money in to their own pockets."

Nkosi denied giving the squatters permission, but insisted the land had been granted to him, as an addition to Msogwaba by the former KaNgwane homeland.

Mohlala disagreed, saying the entire Tekwane Estate had been ceded to the Nelspruit town council by the Mpumalanga Development Corporation after the local government elections.

He said a company had already started installing water pipes and other infrastructure for the new housing estate — Sapa.

00 ~~11/10~~ 7/1/97

German firm in R128m Eastern Cape housing

BISHO — Eastern Cape housing and local government MEC Max Mamase yesterday closed a R128m German investment deal which would produce five factories, and a building plan of four houses a day.

At a news conference with German and Norwegian company Kvaerner, Bison, brokers Winky Kimya and John Hughes, and representatives from the five local authorities which would get the first houses, Mamase pledged bet-

ter housing delivery than ever before. "If there isn't a shift in housing delivery my head must roll, and other heads will also roll," Mamase said. The seemingly low housing target — 3 500 for this year — was set because the German firm made only housing materials, and did not provide infrastructure like electricity and plumbing connections.

Bison, which makes prefabricated housing boards, was bought out last year by Norwegian multinational Kvaerner, but Bison's MD Berndt Greten stayed on the staff as business development vice-president.

Greten and Bison are from Lower Saxony, a German state with which Eastern Cape is twinned. Mamase was invited by Kvaerner to inspect showhouses in Germany last August.

Mamase also signed land availability agreements with the province's biggest local authorities Port Elizabeth, East London,

Bisho-King and Butterworth will make 700 serviced sites available for the prefabricated houses, to be paid for via provincial housing board subsidies.

Kvaerner Bison will also set up a R100m factory in the province — most likely at Coega — and four satellite plants each worth R7,2m.

Pakamusa Investment Corporation CEO Winky Kimya has been appointed executive chairman of Kvaerner's SA partners, Bison Housing.

(124-B) BD 31/1/97

deal

The first houses would be built in March. Kimya said the order had already been given to import boards until Eastern Cape was producing its own.

The provincial housing department is embroiled in a law suit with the Zakhe Zeweltsha Development Association. Mamase cancelled its appointment as a developer in Zeweltsha as no houses had been built. The Bison show houses have been built in the meantime — Ecna.

Carolina CT(BR) 17/2/97 project to house 1 200 families

(1276)

MPHO MANTJUI

Johannesburg — A housing project to accommodate over 1 200 families by the end of next year was launched at Carolina in Mpumalanga last Friday.

Craig Paddyachee, the province's housing minister, and Marie-Stella Sexwale-Mabitjle, the Northern Province's housing minister, attended the launch, which marks a big step in the region's housing programme.

Paddyachee said it was important for people to get involved in the project and feel part of it as this would create employment for the community.

"People of Carolina were challenged by their socio-economic background, hence they came up with such projects. My department is always ready to support these and assist in implementing them," said Paddyachee.

Mpumalanga was praised by Sankie Mthembu-Mahanyele, the national housing minister, as a province full of people-driven projects and a community dedicated to the speedy delivery of housing.

The province has already built more than 16 000 houses and is aiming to add another 37 000 within two years when other projects are launched.

The province had initially planned to build 121 000 houses in five years, but the land tenure problem hindered this, a spokesman for the ministry said.

"There is glimmer of hope, though, as the negotiations have progressed well for the release of land by farmers and chiefs," he said.

Paddyachee congratulated 24 new house-owners and urged them to pay their municipal service fees, thus enabling the government to build more houses and create infrastructure and jobs that would attract investments in housing.

"Effective and sustainable local governance would also be in jeopardy if you don't pay for your services," he said.

Thatcher's pals bid for SA water

(127B) MTC 11-17/4/97

A controversial UK firm is at the centre of a growing row over Nelspruit's water privatisation, report Eddie Koch and Sharon Hammond

A BRITISH firm linked to a secret clique which ran the United Kingdom's Conservative Party's controversial aid-for-trade programme in the Third World is at the centre of a growing row between organised labour and the government over plans to privatise municipal water services in Nelspruit.

The South African Municipal Workers' Union (Samwu) this week announced it will begin a week-long series of protests on May 1 to oppose efforts by foreign companies to "buy" South Africa's water supply services from local authorities — a move it believes will lead to job losses and tariff hikes.

The union says plans to privatise water and waste services in Nelspruit are part of a wider scheme by the British company, Biwater, and other multinationals to obtain lucrative contracts to control municipal water in South Africa.

In a bizarre twist to the controversy, Sanco Holdings — the investment company run by the South African National Civic Organisation (Sanco) — has teamed up with Biwater to bid for commercial rights to manage Nelspruit's water. The con-

sortium is tipped to win the tender. The partnership appears to put Sanco Holdings — headed by former Congress of South African Trade Unions militant Moses Mayekiso — in direct conflict with organised labour and in an alliance with conservative British capital on the issue.

Reports in the British *Independent* newspaper show Biwater was among a select group of civil contractors and defence manufacturers which benefited from a secret network that controlled the supply of British aid and arms, and trade with, overseas countries initiated at the start of former prime minister Margaret Thatcher's rule.

The network, an inner circle of senior civil servants, government and industry figures, effectively decided how the Britain Aid and Trade Provision Programme (ATP) — and money to help finance contracts from overseas governments — should be allocated, and how contracts for arms sales should be won.

Biwater was among five companies which accounted for almost 43% of the ATP budget between 1978 and 1992. Its contracts included projects in Malaysia, Sri Lanka and Thailand — some linked to efforts by the British government to sell advanced defence equipment to these countries. Biwater has also been a generous supporter of the Conservative Party — one of 18 companies which gave the party directly or through a middleman organisation more than £6-million between 1979 and 1993. Mayekiso was unavailable to comment about

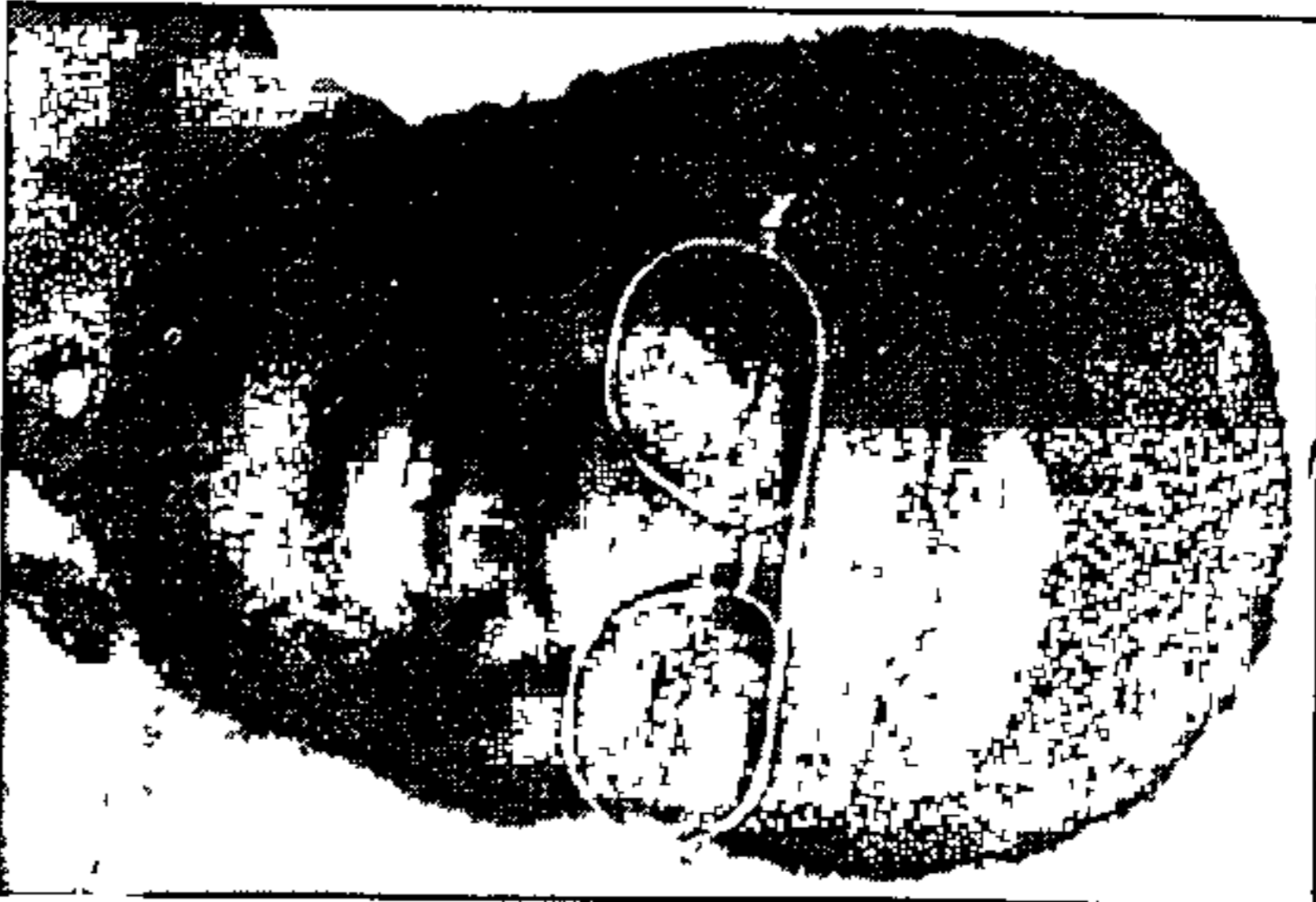
Sanco Holdings's consortium partner. Meanwhile, though Samwu has "declared war against privatisation", its members in Mpumalanga appear to be taking a more cautious stance, waiting to see if the plans will generate advantages or job losses for the workforce.

Samwu's Nelspruit secretary, and employee of the town council, Louis Mthisi, said earlier this week that his organisation wanted the council to explain what it meant by "privatisation" before deciding on a course of action.

"They [the council] say it's not really privatisation but delegated management. Now, do they mean that all assets will go to the private company that wins the tender or that the water and sewage will only be managed by the company?" asked Mthisi.

Nelspruit council spokesman Etienne Garnett-Bennett said a decision about which of the eight bidders should win the tender for the town's water management had been postponed. This is probably to allow more time for the union movement and the civic organisations to explore and discuss issues surrounding water privatisation. The council has asked the unions to elect representatives to a committee that will decide which bidder should be awarded the contract.

The chairman of Cosatu's local branch, Michael Nkosi, has also added to confusion at rank-and-file level by saying local residents and workers will probably support privatisation. "Where we live there is no water supply. We believe service would be better from a private company," he said.



In the middle: Moses Mayekiso

PHOTOGRAPH: SIDDIQUE DAVIDS

Members of the Independent Municipal and Allied Trade Union could also be affected by the possible privatisation of services delivered by Nelspruit's water and sewage department. But representative William Spencer said "We don't approve of privatisation but understand the council cannot provide the services the public expects until 10 or even 20 years down the line."

Samwu's national leadership is adamant that planned protests will go ahead, and that these will be supported by its members in the Nelspruit area. The union says international exper-

The Department of Water Affairs and Forestry cannot, in terms of the Constitution, intervene in decisions taken by local authorities over how to manage their water.

But the department is trying to ensure that municipal water is managed efficiently and in the interests of the poor by promulgating regulations that will lay down a basic set of standards and guidelines for local government. "The proposed water services Bill will give national government a mechanism to promote the public interest in cases like this by requiring local government to go through a structured procurement and planning process in the public interest," said department deputy director general Mike Muller.

The outcome of the Nelspruit debate will have crucial implications for municipal water management around the country. Several multinationals, including Biwater and French-owned Lyonnaise Des Eaux, see Nelspruit as a place to test the waters before moving on similar bids in Cape Town, Johannesburg and other big cities.

to housing delivery. These are the national housing finance institutions, the National Urban Reconstruction Housing Agency, our computer data system, Nomvula, which assists us in monitoring our progress with provinces, the Mortgage Indemnity Scheme Fund, Safcon and the Rural Housing Loan Fund. Subsidies are being utilised, and we are currently working on transforming our subsidy manual to make it user-friendly. As soon as this process is completed, we shall make the appropriate announcements.

The housing backlog is huge, and housing is a complex activity. We do obviously face problems pertaining to housing. We are preparing capacity-building programmes. We have finalised and announced the criteria for accreditation to local authorities. We therefore must empower this structure through training programmes. There is a need to improve on the functions of the provincial housing board. I will not pretend that there are no problems, but this is what we are doing in housing.

Mr D H M GIBSON Madam Speaker, on a point of order. We were advised that Interpellation No 2 had been withdrawn and was not proceeding. This is in view of the fact that a snap debate is to take place on the same subject tomorrow afternoon. I am very surprised to hear now that this one is proceeding. The other one that should have been proceeding has been withdrawn, and the one that was to have been withdrawn is proceeding.

The DEPUTY SPEAKER Order! Once again that is really a matter for the Whips. Once the business is on the Order Paper and is brought to the House, we deal with the business in terms of the Orders of the Day.

Mr J A RABIE Madam Speaker, I hope this does not reduce my time.

The DEPUTY SPEAKER Order! No, it does not. Mr J A RABIE I did not withdraw the interpellation.

The DEPUTY SPEAKER Order! Would you proceed, hon Rabie.

Mr J A RABIE Madam Speaker, it appears that the Ministry of Housing is becoming famous for unceremoniously giving its directors-general the

boot. This no doubt has a major impact on the delivery or the non-delivery of houses. The previous director-general from the old order was one such case. At present there is an ominous cloud hanging over the departure of Mr Billy Cobbett, the director-general appointed by the new order. This in itself is mind-boggling.

*The messenger was shot, and the message was ignored.

†We cannot allow this to happen, and leave the nation in a quandary on a matter of this magnitude. Either the Minister or the director-general must come clean, and there is only one way to do this. The Minister must truthfully tell those South Africans who are eagerly awaiting homes what really happened, or the director-general must come out of the closet and tell the public what it was that he asked the Auditor-General to investigate about housing and funding irregularities in Mpumalanga. I hit my head against a brick wall when I try to get any information from the Auditor-General's office.

This is an untenable situation. After all Mr Cobbett is the chief accounting officer. Allegations have it that R185 million or R200 million was dubiously allocated to Motheo Construction. This is worse than the *Sarafina II* scandal.

Mrs G N M PANDOR Madam Speaker, on a point of order. I put it to you that this hon member is entirely out of order. The comments made in his brief input have no relevance whatsoever to the countrywide building of houses and utilisation of housing subsidies, the question responded to by the Minister. This is the usual irresponsible practice by those members of introducing matters that have no relevance to the question. If the member wants to specifically address that issue, he must put that question but his response now has no relevance to the interpellation that has been tabled. It is thus irrelevant and out of order.

The DEPUTY SPEAKER Order! I would just like to make an appeal. During this particular interpellation, we have to be particularly sensitive to the fact that we are still due to have a snap debate on the issue of the termination of employment of the director-general, so I appeal to members generally to try to confine themselves as

far as possible to the question. Of course, I must point out that the first phrase of the question as printed on the Question Paper does accommodate the member but at the same time, I appeal to him to bear in mind the fact that there is a snap debate coming up tomorrow.

Mr P W COETZER Madam Speaker, may I address you on this? We thank you for your ruling and we fully agree, but I would just point out that this particular interpellation was asked for and put on the Question Paper before the DP requested a snap debate. I would suggest that the hon member over there take reading lessons so that she can understand what is printed on the Question Paper.

Mr G O DOIDGE Madam Speaker, I am not sure who should take reading lessons. We are referring to the words "countrywide in respect of" and so on on the Question Paper, and not to the specific argument that the hon Jac Rabie is raising. So I am not sure whether the reading lessons are needed on that side of the House, but they clearly are not on this side of the House.

Mr J A RABIE Madam Speaker, before I carry on, may I address you on this issue? The interpellation states "any problems experienced countrywide in respect of (b) utilisation of housing subsidies. My speech refers particularly to the housing subsidies."

The DEPUTY SPEAKER Order! Hon member, please carry on.

Mr J A RABIE If this is true, it is a major catastrophe or setback for housing delivery as a whole. How could this have happened so blindly? How does this catastrophe impact on the 200 000 houses, which the Minister also referred to, which have been built or are in the process of being built? The folks out there are crying out to high heaven for an answer to this enormous uncertainty and these clear signs of corruption. Will this remain an unanswered voice in the wilderness? God forbid!

I have already commented Nedcor for firing Kevin Gibb. Today I want to congratulate the government of Mpumalanga for suspending the activities of the Mpumalanga Housing Board. In fact, they should have been fired. It is good that the

chairman of the board, Saths Moodley resigned against the background of this furore. However his saying that he was already contemplating doing this on 15 May does not wash. [Time expired.]

Mr L M GREEN Madam Speaker, the ACDP calls for the establishment of a commission of inquiry into the affairs of the Ministry of Housing relating to the alleged resignation of Mr Billy Cobbett. It is still not clear whether he resigned or whether he was fired. It had been speculated that a certain Ms Ndlovu was awarded a contract before the company had been registered, thus effectively making the R185 million a payment to a person because the company was nonexistent at the time of the deal. That makes a mockery of tender procedures, and we believe that it has an impact nationally, as far as housing is concerned, if tender procedures are not strictly adhered to.

We therefore endorse the action taken by the Director-General of Housing, Mr Cobbett, in referring the matter to the Auditor-General. Irrespective of whatever conflicting reports may have emanated from the Ministry of Housing, it is in the public's interest to know to whom the tendering contracts are given, and to know how these proceedings are administered. It is even more imperative that in cases in which contracts are awarded to friends or family, sufficient transparency and openness be demanded so that individuals responsible for such decisions have to indicate why they believe the measures involved in awarding a tendering contract to such persons are justified.

The parliamentary code of conduct should also attend to matters such as the awarding of contracts to family and friends by persons who hold public office. In the case of Motheo Construction Company, particularly because of the lack of accountability and proper procedures, we can only conclude that the actions of the Minister of Housing, and her association with the Ndlovu family, smack of nepotism and favouritism. [Interjections.] [Time expired.]

The MINISTER OF HOUSING Madam Speaker, I have a special request to make to Mr Green. I really want to plead with him to make those

statements outside the protection of this Chamber I would really like him to do that I would appreciate it if he would do that [Interjections]

I am sure Mr Rabie is interested in my response I do not know why he is in such a hurry to jump to conclusions I would be of interest to him to know that I encouraged the director-general to go to the Auditor-General with whatever problems he had I would also like Mr Rabie to know that he must not rush the Auditor-General He must take his time in investigating those issues, because I am also very interested in their outcome

But I would also like to request him to make the statement, that Motheo was awarded the contract and that I had something to do with it, outside the protection of this Chamber, because then we can deal with it at that level [Interjections] I would like to appeal to this House that the Auditor-General be given the opportunity to investigate the case and to issue a report That is all I can say on the matter

Mr J A RABIE Madam Speaker, firstly, I did not draw any conclusions I am just stating the facts as reported in the newspapers [Interjections] Secondly it started with the press conference that the Minister held Thirdly, I never implied that the Minister was involved in the allocation of funds to Motheo I ask her to withdraw that statement before I carry on [Interjections] I would like to carry on from where I stopped I am still busy

*It is too late for that

†It is further shocking to learn that Job Mthombeni, a director of Motheo Construction, is also a member of the National Housing Board [Interjections] Instead of asking for his resignation within 24 hours, more drastic action should be considered

However, all these actions do not solve one cardinal problem, namely what the irregularities are We do not know Where is the accountability and what remedial action is the Government going to take? [Time expired]

*Mr J T ALBERTYN Madam Speaker, in reply to this question from my colleague Mr Rabie, the hon the Minister has said that there are no difficulties Apparently the biggest difficulties are the trouble

in the Minister's department where the director-general has been dismissed, and in Mpumalanga where a big project is in danger of failing

The Minister is constantly complaining about a lack of capacity but the Minister and the ANC, who give her instructions, as she herself has said, are themselves the cause of this Firstly the former director-general Mr Koch - he was a very competent official - was dismissed and now Mr Cobbett It is alleged that the contractor Dr Thandi Ndlovu is a good friend of the Minister and I draw no conclusions from that I am reacting to newspaper reports Neither the Minister nor Mr Cobbett gave complete statements to enlighten the public about the true state of affairs

As a matter of fact, this lady says the Minister was her mentor It is alleged that the contract of R165 million was signed on 14 February, but the company was only registered on 20 February [Interjections] The director-general knows that money which belongs to the State cannot be allocated to individuals It must be given to companies, and that is why the director-general requested the investigation of the Auditor-General He did his duty Has he now been dismissed for that reason? The Minister said that this was not the case and that she advised him to call in the Auditor-General This does not correspond with what we read in the newspapers I really want to make an appeal to the Minister to give a complete statement, so that all of us can know exactly what went on The Minister now says that the director-general has to go, because he is "frustrated at attempts to promote black economic empowerment"

He was therefore dismissed because he did his duty This is really a disgrace It would seem as if the Minister has become bad news for friends of hers and for others in the sphere of housing The affairs of this friend of hers are now being investigated and she is in danger Mr Gibb, a former [Time expired]

The MINISTER OF HOUSING Madam Speaker, we are having a snap debate tomorrow and I do not want to be part of this circus which is going on here [Interjections] We are having a snap debate tomorrow and if they are interested in all the facts they will get them tomorrow

We are awaiting the Auditor-General's report If hon members are interested in all the details of what is happening in Mpumalanga, they will wait for that report If members honestly want to know what happened between me and the director-general, they will be able to wait until tomorrow Why are they rushing matters? They will get all the facts tomorrow [Interjections]

accidents, community violence, foetal disabilities and other disruptive social, psychological and physical consequences For these reasons, the department takes the need to introduce measures to reduce alcohol abuse very seriously

Health warnings on containers of alcoholic beverages

3 Mr H K SINGH asked the Minister of Health Whether there are any valid reasons why health warnings similar to those displayed on cigarette packets are not displayed on containers of alcoholic beverages, if so, what are these reasons, if not, why are such warnings not displayed on such containers? N1265E INT

However, drinking alcohol in moderation is not a serious problem The problem lies in abuse One of the major problems with respect to labelling is that it is impossible to define reasonable quantities for individuals, because these differ from person to person That is what makes it difficult to put warnings on the bottles of alcohol in the same way as we do on cigarette packets However, there are certain things that we can do We could, for instance, use labels which say "Drinking increases the risk of violence," or "Drinking and driving is dangerous" However, if we simply say that drinking is a problem, we can be challenged on that [Time expired]

The MINISTER OF HEALTH Madam Speaker and hon members, the department is fully aware that the abuse of alcohol has devastating effects on individuals, families, communities and on our economy Reducing alcohol consumption and especially the abuse of alcohol is an urgent matter One of the ways in which the department is considering effecting this is by introducing

Mr H K SINGH Madam Speaker, this has been such an explosive session and I have been very clearly cautioned that there is so much vested interest in this matter that I will be treading a lonely road by referring to it So I am very pleased to hear that the Minister empathises with me [Interjections] I wish to leave aside my prepared speech and take on the Minister on this issue

Madam Speaker, there is such a lot of noise that I cannot even hear myself talking

The Minister said that drinking in moderation was not harmful to the individual Clearly, it seems that the Minister has never partaken of liquor, otherwise she would not make such a statement

The DEPUTY SPEAKER Order! Hon members, please allow the Minister to be heard

[Laughter] The situation is that moderation in alcohol consumption is nonexistent It has been proved beyond any doubt that the consumption of alcohol is habit-forming If we recognise the fact that the rate of tolerance increases at an alarming rate, then we will understand why, in a short space of time, what is popularly known as the social drinker or the casual drinker becomes an alcoholic

The MINISTER Madam Speaker, the detrimental effects of alcohol abuse are of course, enormous South Africans consume about 6 billion litres of beverage alcohol per year [Interjections]

This means that, in a short time, the use of alcohol undoubtedly becomes the misuse of alcohol This is a matter that I would strongly urge the Minister to have researched

The DEPUTY SPEAKER Order! I hope hon members are crying about that kind of statistic

Also, just as there is scientific evidence to show that cancer can result from smoking, there is also overwhelming evidence to demonstrate that the continued use of alcohol can lead to, among other things, acute and incurable cirrhosis, loss of

The MINISTER Madam Speaker, in terms of the battle against disease and injury attributed to risk factors, alcohol consumption has been estimated to be crucial In some groups risky drinking is as high as 30%

Alcohol abuse has been correlated with crime, rape, the abuse of women, child abuse, road traffic

Alcohol abuse has been correlated with crime, rape, the abuse of women, child abuse, road traffic

Water war floods Mpumalanga

MTG 9-15/97 (1276)

Justin Arenstein

THE wars of the next century will be fought over water, they say. In Mpumalanga, the water wars have already started — over the proposed privatisation of this vital resource in the provincial capital.

Since it assumed this status, Nelspruit's population and industrial base has exploded, but only 25% of residents are paying for rates and services. Only 25 000 of the town's 250 000 residents have access to reliable piped water and water-borne sanitation services.

A seemingly logical decision by the African National Congress-dominated town council to seek private-sector involvement in extending these services to former black areas has raised the ire of the 120 000 strong South African Municipal Workers Union (Samwu) and the even bigger Congress of South African Trade Unions (Cosatu).

The unions have accused the companies bidding for the concession of attempting to dominate the world's water supplies. Both unions have also threatened to bring the entire country to a standstill, through a series of strikes, unless Nelspruit rescinds its decision to find private-sector partners.

"At least two of the foreign companies bidding for the contract are

seeking to win control of all the world's water. We have it on good authority that one of these companies, Lyonnaise Des Eaux of France, has offered the government more than R12-billion per year for a concession to run the entire country's water system," explains Samwu representative Anna Weekes.

"Water is a life-giving scarce resource which must therefore remain in the hands of communities through the public sector. Water must not become a commodity to be sold for profit," she adds.

Insisting that extensive research by Samwu had found that the price of

Water must not become a commodity to be sold for profit'

water always increased dramatically when private companies took over the responsibility for providing it to poor communities, Weekes adds that the quality of water also inevitably dropped and that scores of former government water department workers lost their jobs.

"Look, it's very easy for unions to take a philosophical or ideological standpoint on issues like this and make wild allegations, but at the end of the day residents don't go knocking on the unionists' doors at night asking for basics such as drinking water," responds Nelspruit council chief executive Roelf Coetze.

"People come and bang on our doors. We simply do not have the money to give everyone their constitutional right to water — and nor

does central government. We are not selling or privatising our water, we are simply contracting the management of our service infrastructure and expansion plans out to those that do have the money," he adds.

The company which wins the contract will also, Coetze points out, be responsible for collecting the relevant rates from consumers, so lifting another burden from town councils.

The contract winner would have to pay a R1,2-million annual fee to the council for the contract and would have to plough R300-million into infrastructure projects.

We simply do not have the money to give everyone their constitutional right to water'

Pointing out that whoever won the concession would have to guarantee that no council employees would be retrenched or suffer salary cuts or losses, Coetze added that staff had also been given the opportunity to take up positions elsewhere in the council.

"We are not opposing the scheme, which regardless of its name is actually privatisation, on ideological grounds. Our research and concerns in this matter are scientifically based," insists Weekes.

"To fund the massive infrastructure investment, the private company would have to borrow money from commercial banks at far higher interest rates than would normally be granted to local government," she notes.

In order to meet these high interest rates and still make a profit, private companies have in the past increased the price of services "drastically" within the first two years of operations, Weekes explains.

Insisting that the council had refused to even consider alternatives suggested by Samwu, Weekes conceded that none of these alternatives had yet been completed or tested.

"We need delivery now. Do you want to tell thirsty communities that they must wait another six months to a year just for an initial proposal? And, in any case, it is not as if these companies which win the contracts will own either the water or the infrastructure," says Coetze.

"After 30 years, everything reverts to the government, including all the infrastructure that they have built with their own money. Central government supports this approach, as reflected in the granting of the Maputo Corridor toll-road to a multi-national concession company," he adds.

Samwu and Cosatu have three months to design financially sustainable public sector alternatives for getting at least 50 litres of water per person per day to residents, while the Nelspruit town council considers bids from six companies for the potentially lucrative contract — African Eye News Service

Winning formula
lures (1276)

ratepayers

MTG 9-15/97

Mziikazi wa Afrika

WHILE some town councils have turned to prayer in an attempt to get their residents to pay for rates and services, others have adopted the slogan of "nothing for mahala [free]". They are offering residents a chance to win thousands of rands in "lucky dip" competitions — in return for paying their rates.

Residents whose paid-up accounts are drawn out of a box win cash and household appliances, as well as being registered for a grand draw at the end of the year.

Officials deny that the incentive, which is already being used in two of Mpumalanga's biggest towns, is a "Masakhane lottery" as it has been branded in townships. They stress that the scheme helped Middelburg win a Masakhane certificate of excellence last year when its residents were judged as some of the best ratepayers in the country.

Middelburg residents still owe their council more than R12,1-million. But the relative success of Masakhane in Middelburg has prompted provincial Auditor Gen-

Whites want low-cost housing grant

By Joshua Raboroko

MPUMALANGA, a leader in low-cost housing delivery, has a new breed of home-seekers — there is a sudden upsurge in the number of whites who want the Government's R15 000 housing subsidy

More than 19 072 low-cost houses have already been built or are under construction in the province as at mid-April, according to figures released by the Housing Ministry last week

According to the 1997-98 budget, more than 53 000 houses will be built through the Government's subsidy scheme in the province

Among the people who seek homes in the province are whites who want the subsidy. They argue that the White Paper on housing sets out policy conditions granting an effective right to housing for all

An elderly resident, Piet Potgieter, told *Sowetan* during the unveiling of the Mpumalanga rural housing programme recently that the right to access to adequate housing was entrenched in the new Constitution

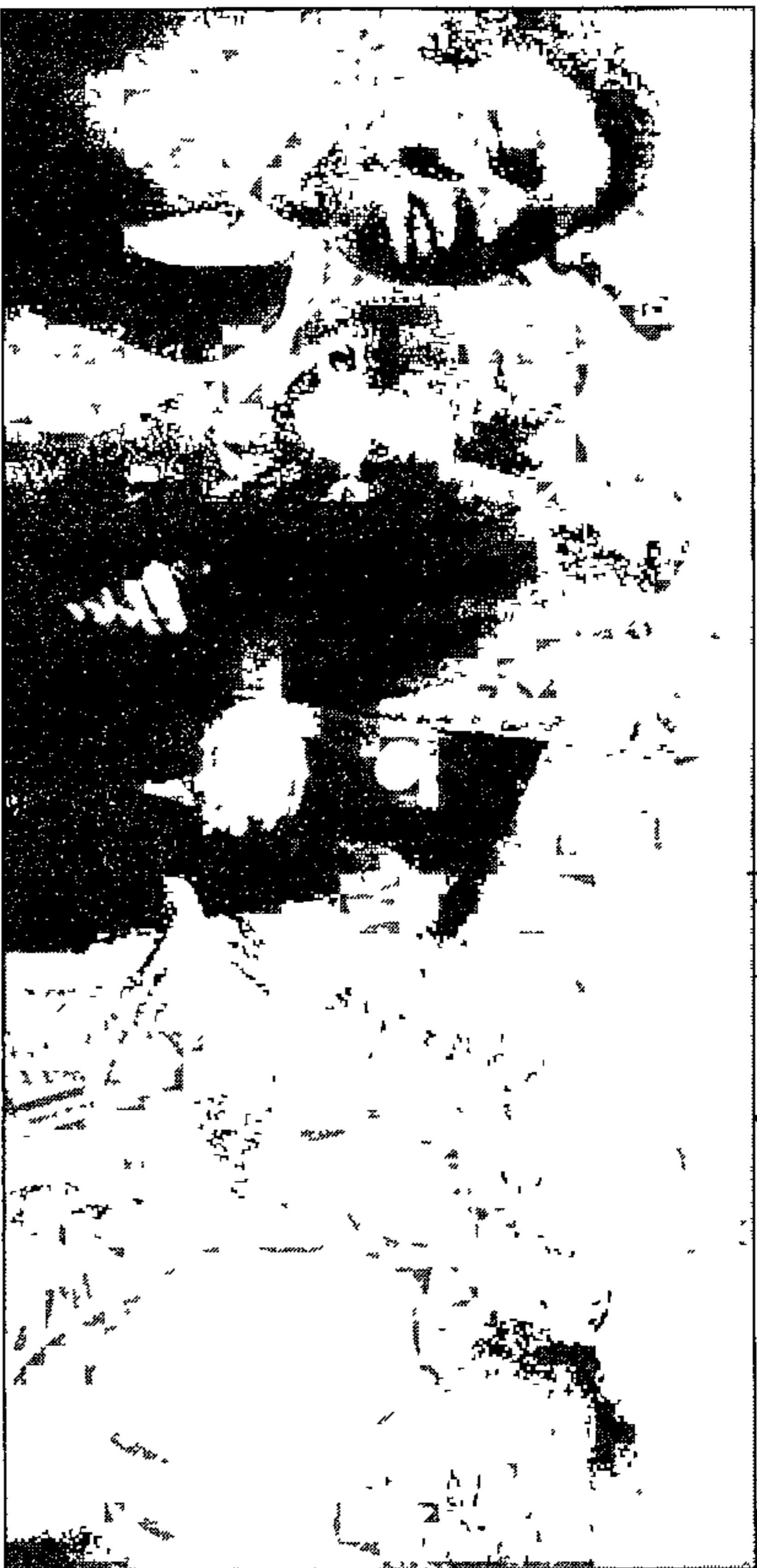
Poor whites

Potgieter said "Unemployed, poor, disabled and aged whites also deserve the R15 000 housing subsidy. It is their democratic right"

According to the office of MEC for local government, housing and land administration Craig Padayachee, there is no official data on how many whites are on the waiting list

The delivery of subsidised homes in the province has also been boosted by the building of 10 500 houses in remote rural areas in one year

The Government's housing subsidy originally excluded rural communi-



Premier Mathews Phosa (centre) being welcomed in Moutse at the launch of the joint housing venture between the Mpumalanga government and Motheo Construction.

ties, mainly because it was felt they did not have land tenure. Rural land belonged to tribal chiefs or tribes, but that has since been changed

Mpumalanga is probably the first province to grant housing subsidies to rural communities since the subsidy scheme was announced in 1995

The Mpumalanga project was announced by the provincial government and Motheo Construction in Moutse recently. It is based on providing the poor with homes, employment and empowerment through skills

Motheo, which provides training, was formed by medical practitioner Dr Thandi Ndlovu, who together with contractor Job Mthombeni, developed a framework for maximum utilisation of unemployed and

unskilled women

Ndlovu said "We believe this framework can be used throughout South Africa, in rural and urban areas, to increase the pace of delivery and the upliftment of communities

Largest project ever

"Together with government, and taking into account the high unemployment levels of up to 90 percent in some areas, we decided to focus the largest project ever seen in South Africa in six rural areas of Mpumalanga"

A total of 10 500 low-cost houses will be built in rural areas Amsterdams (2 000 units), Badplaas (1 000), Hazzyview (2 700), Tonga (1 800), Zamekonst (2 000), and Elandsdoorn

(1 000)

The project will cost about R150 million and is expected to be completed by September 1998

Homes of between 32 and 42 square metres will be built with the housing subsidy of R15 000, using the interlocking brick system

These concrete bricks are manufactured by local communities. According to the Mpumalanga Housing Board, the project was approved for a number of reasons, including that Motheo is providing a concept that economically empowers local communities

The project also includes the development of agri-villages, which creates additional employment. It is hoped the benefits will con-

tribute to the prevention of urban migration

"Motheo is providing employment to people whose prospects of finding jobs up to now have been minimal," Ndlovu said

"The project will see our previously unemployed and dispossessed communities building their own homes, establishing their own homes and new communities with schools and social facilities"

In addition, the project places strong emphasis on the empowerment of women

Women will be integral to the success of these developments. Although it by no means an exclusively women's project, it is female-driven

The project was launched jointly by Housing Minister Sankie Mahanyele, Mpumalanga Premier Mathews Phosa and Padayachee last month

At the launch of the project, Mahanyele congratulated the provincial government for introducing projects with so many innovative features, and particularly for ensuring that rural communities were being housed

She said "The importance of establishing properly equipped residential areas cannot be underestimated

"Our task is not only to provide shelter, but to create holistic communities"

Phosa encouraged traditional leaders in Mpumalanga and the rest of the country to make similar projects possible by making land available.

Phosa said "This rural revolution will economically empower entire communities by developing agri-villages, and creating employment"

(278) Sowetan

19/5/97

Housing crisis 'due to lack of policy' (124B)

BISHO — A lack of policy, inability to plan or organise and bad management are the reasons for the Eastern Cape housing crisis.

This is the verdict of the Karsen report, named after task team leader and national deputy housing director Neville Karsen.

It says the Eastern Cape housing and local government department is a ship without a rudder.

Local government and housing MEC Max Mamase has "the unenviable choice of doing things himself or leaving them undone".

Karsen and policy support director Elias Sithole recommended an urgent reassessment of the housing and local government department and submitted a draft provincial act which will change the provincial housing board.

The report complained of the lack of department policy and the lack of an authoritative document to guide housing development. It identified management competence as "one of the most critical factors" affecting performance.

A list of complaints against senior public servants include a lack of vision and planning, inadequate expertise, lack of trust, ineffective time management and the inability to plan or organise.

The proposed draft act would allow implementation of a major recommendation — that of separating the provincial housing board into two statutory bodies.

With a known backlog of 450 000 houses, Bisho has built only 6 210 since 1994. — Ecna

'Resignation' of housing chief Cobbett disputed

BY JEAN LE MAY

The dispute about the sudden exit of Billy Cobbett, director-general in the Department of Housing, has deepened with contradictory statements from Housing Minister Sankie Mthembu-Mahanyele and from sources close to Cobbett.

The minister said in a hastily called press conference yesterday that Cobbett had resigned on May 5. But a source close to the director-general has categorically assured the *Saturday Star* that Cobbett did not resign and that he had no intention of

resigning or of asking for early retirement.

Moreover, the *Saturday Star* has established that Cobbett, a gifted technocrat recruited amid general acclaim by the late housing minister Joe Slovo, still had two years of a five-year, R360 000-a-year contract to run.

Resigning or taking early retirement would seriously impair the package to which he would be entitled if the contract ran its course.

And there is still no solution to questions about the part played in Cobbett's exit by Mothoe Construction, a company

owned by Thandi Ndlovu, a Gauteng-based medical doctor-turned-developer who has admitted to being a close friend of Minister Mthembu-Mahanyele during years of exile in Zambia.

It was reported yesterday that Cobbett had been fired. Mothoe's R185-million scheme for "agricultural villages" - which would have consumed a large part of the province's entire housing budget - was awarded in January to the still unregistered Mothoe Construction.

A key player in the contract was Nedcor's general manager for personal credit, Kevin Gibb,

Star 24/5/94

who was fired last week. Nedcor withdrew from the project and Mike Leeming, executive director of the bank, said yesterday that an investigation into Gibb's activities had been sparked by his involvement in "a rural housing project in Mpumalanga".

Cobbett's concern appeared to be that the contract was sealed before Mothoe Construction had been set up, which meant that the award had been made to an individual. As accounting officer, Cobbett was concerned that key procedures had been flouted. Democratic Party finance

spokesman Ken Andrew pointed out to the *Saturday Star* that as accounting officer, Cobbett had a duty to report any irregularities to the auditor-general.

Mthembu-Mahanyele said Cobbett had told her on the eve of her departure for the April launch of the project that he intended going to the auditor-general. "He was very incoherent about what the issues were," she said. "He asked me not to attend the launch and told me that an official of a banking group was being investigated for irregular procedures."

FROM PAGE 1

◆ Cobbett Star 24/5/94

But Ndlovu yesterday released copies of letters written to her about the project by Cobbett, in which he made his objections perfectly clear. She did not understand why Cobbett had communicated with her in the first place when the project had been approved by the Mpumalanga government, she said.

But the letter from Cobbett, while admitting that approval of housing projects and subsidies rested with the provincial government, queried Mothoe Construction's reasons for increasing the subsidies and asked further pertinent questions.

There was no direct indication of where the agricultural villages were to be located in regard to transport routes and other facilities such as shops, schools and clinics, it said.

It was questionable how sustainable the villages would be. It was also not clear who would stay in the agricultural villages. "Are they for full-time farm-workers? Where will seasonal workers stay?" said Cobbett's letter.

Ndlovu said Gibb had introduced Mothoe to Mpumalanga province "within the framework of a memorandum of understanding between Nedcor and the province, where Nedcor undertook to facilitate the delivery of housing at scale and provide bridging finance to emerging contractors."

"For the record, Nedcor bounced a cheque for over R1-million when we had R9,24-million in the account," said Ndlovu's statement. "Without attempting to be either sexist or racist, is it because the company (Mothoe) is owned by blacks or is it the fact that the company is headed by a black woman?"

TO PAGE 2



It was all smiles for Unisa's African Management Programme leader Annette de Klerk, Black Management Forum chairman Dr Malesela Motlatla, the vice-chairwoman Dr Anna Mokgokong and Jan Scannell, MD of Distillers Corporation. The company donated R525 000 to Unisa's Centre for Business Management for the training of 90 managers in the next three years. See page 8.

Cobbett sparks debate

(127B)
Sewetan 20/5/97
 Cobbett and Mahanyele's actions

By Joshua Raboroko

THE controversial resignation of the director-general of housing, Mr Billy Cobbett, is to be hotly debated by political parties in Parliament this week after they raised concerns at the weekend.

Differences over a R185 million housing project launched in Mpumalanga has led to Cobbett's resignation, Housing Minister Mrs

Sankie Mahanyele announced

These differences came to a head when Cobbett apparently requested the auditor-general to investigate the establishment of Motheo Construction after it appeared that procedures were flouted when the contract was sealed early this year

The Democratic Party at the weekend requested an urgent debate to the Speaker demanding to know the circumstances surrounding

The National Party's chief spokesman on housing Mr Jac Rabie said the ANC Government should reveal what Cobbett requested the auditor-general to investigate

Mpumalanga's local government and housing spokesman Mr Leo Mbangwa said their deal with Motheo Construction was transparent and added that his department had been questioned by the auditor-general

The Star ... Monday, May 26, 1997

Housing row a fresh blow for Mpumalanga

(1276)

Provincial department says its policy does not require contracts to be awarded through tender process

By JOVIAL RANTAO
Cape Town

Fresh from a bruising scandal which led to the dismissal of an MEC, the Mpumalanga provincial government, often cited for its success in RDP delivery, is staring at yet another festering row which threatens to dent its image even further

At the heart of the row which led to the departure of national housing director-general Billy Cobbett, is how the provincial housing board awarded a R185-million contract to Motheo Construction.

A top-level investigation has been undertaken to investigate the credibility of Motheo Construction, the roles of the provincial housing ministry, its MEC Craig Padayachee and Housing Minister Sankie Mthembu-Mahanyele in the rural housing project

The investigations by the office of the auditor-general, which started at the instigation of Cobbett, are expected to be concluded soon.

The controversy surrounding the future of Cobbett will be the subject of a snap debate in the National Assembly this week

Cobbett, who has disputed that he has been fired or that he has resigned, is expected to report for work today. He is expected to remain at his desk until his position has been clarified by Public Administration Minister Dr Zola Skweyiya in accordance with public service regulations

The Star understands that Mthembu-Mahanyele and Cobbett agreed in a meeting that, because their differences had reached unprecedented levels, they could not continue working together. The minister took this as a resignation from her

director-general and wrote a letter agreeing to release him from his contract.

The Mpumalanga housing department said it was convinced that there was nothing irregular about the R185-million rural housing project.

Padayachee's spokesman Leon Mbangwa said provincial housing policy did not require the government to award the contract through a tender. Contractors had to negotiate with transitional local councils (TLCs), and once there was agreement, the provincial housing board would be approached.

He said that in this case, Dr Thandi Ndlovu of Motheo Construction had approached the TLCs, which accepted her proposals. The TLCs had approached the provincial housing board, which had approved the project. There had been no competitors to Motheo's proposals.

► See Business Report

Star 26/5/97

Motheo 'helped out of tight spot'

Robyn Chalmers

MURRAY & Roberts (M&R) Housing built some of the showhouses constructed by Motheo Construction for its controversial R185m Mpumalanga rural housing project which had been pegged as a black empowerment initiative, it emerged yesterday.

The Mpumalanga housing board confirmed that Motheo Construction director Job Mthombeni was a member of the board which approved the rural housing project. However, Mthombeni was made a director of Motheo only after the project had been awarded.

Former M&R Housing chairman Chris Cudmore said yesterday

that Motheo had "run into a tight spot" during the construction of some of the showhouses and called on M&R for assistance.

"We agreed to assist Motheo we simply helped to get the project off the ground," he said.

Of the project's 100 showhouses, M&R had built 26, valued at R300 000, and had been paid.

Motheo Construction's rural housing projects, one of which was launched by the housing minister near Ermelo last month, have been lauded as a major economic empowerment scheme.

Mpumalanga housing board head Saths Moodley said Mthombeni had become a director of Motheo only in March, after

preliminary approval of the project was granted in January.

"Mthombeni has been a member of the board for two years and, as he is the owner of a construction company, he always recuses himself should there be a conflict of interest," Moodley said.

Observers have questioned why Motheo, a new company with limited experience, was awarded the biggest national project when it would have been a major challenge for bigger companies.

Former Nedcor credit GM Kevin Gibb, who played an integral role in the project, has been sacked after being found guilty of misconduct, which included the unauthorised use of bank assets.

(127B) BD 27/5/99

Whistle-blower paid firm

(127B) (128)

New twist in Mpumalanga housing controversy

Star 27/5/97

By JOVIAL RANTAO
Cape Town

The controversy surrounding the R185-million rural housing contract in Mpumalanga took another turn yesterday when it was revealed that Billy Cobbett, the man who blew the whistle about alleged irregularities on the project, had authorised payment to the company

Mpumalanga Premier Mathews Phosa told The Star yesterday that Cobbett's department paid Motheo Construction, through the Mpumalanga Housing Board, and then returned a month later, demanding that the contract be cancelled.

"Housing Board chairman Steve Ngwenya told him that he was prepared to take steps but only if Cobbett showed us what was wrong with the project. This never happened. When I asked him why he had paid when he suspected irregulari-

ties, he replied that officials had slipped up. When Housing MEC Craig Padayachee asked him the same question, he said it was an oversight," Phosa said.

Parliament's portfolio committee on housing has summoned Padayachee to brief it about the R185-million rural housing contract which has become the subject of the controversy surrounding Cobbett's departure

Committee chairman Titus Mafole told The Star the committee wanted to be briefed in full before deciding how the matter should be handled.

Mafole expressed unhappiness that Cobbett had approached the office of the auditor-general, instead of the committee, with details of the alleged irregularities

"Although he is an accounting officer of the department, he is also accountable to Parliament," he said.

The controversy surrounding Cobbett's future will be the

subject of a snap debate in the National Assembly this week.

Sources said the ANC would show that Cobbett had a problem with Kevin Gibb, who was fired by Nedcor for internal irregularities, and that Motheo got caught up because it had dealings with Gibb.

The office of the auditor-general has started an investigation into the contract awarded to Motheo, a Gauteng-based construction company owned by Dr Thandi Ndlovu

Cobbett, who has disputed that he was fired or that he has resigned, reported for work yesterday. He is expected to remain at his desk until his position has been clarified by Public Administration Minister Dr Zola Skweyiya in accordance with public service regulations. The ministry was not available for comment.

Housing Minister Sankie Mthembu-Mahanyele and Cobbett did not have a good working relationship

Phosa asks A-G to probe housing row

ARGUS 28/5/97 (1276)

Mpumulanga officials suspended

ARGUS CORRESPONDENT

Johannesburg - Mpumalanga premier Mathews Phosa has moved swiftly to intervene in the controversy surrounding a R185-million rural housing contract.

Mr Phosa has called on the Auditor-General to investigate payment to the construction company while there were alleged irregularities with the project.

He supported immediate suspension of members of the Mpumalanga Housing Board pending an investigation by the Auditor-General. The suspensions were announced by Mpumalanga Housing Minister Craig Padayachee.

He gave Job Mthombeni, a director of the Motheo Construction Company, 24 hours to resign from the board.

The company that won the contract is owned

by Thandi Ndlovu, a friend of Housing Minister Sankie Mthembu-Mahanyele. Dr Ndlovu has admitted to having been a close friend of Ms Mthembu-Mahanyele during exile in Zambia.

Meanwhile, Mpumalanga Housing Board chairman Saths Moodley yesterday resigned from the board with immediate effect.

Mr Phosa said he was disturbed by "yet another allegation of corruption", but added "I believe the citizens will judge the Government on what it did to fight this evil."

Last week, national housing director-general Billy Cobbett left his post. Ms Mthembu-Mahanyele has claimed Mr Cobbett quit, though sources have denied this. Mr Cobbett has not yet commented publicly on the row.

Ms Mthembu-Mahanyele said one of their differences arose because Mr Cobbett had asked the Auditor-General to investigate the Motheo Construction project without her knowledge.

Mpumalanga housing board's activities suspended amid

Robyn Chalmers

THE activities of the Mpumalanga housing board were suspended and its chairman's resignation accepted yesterday as the controversy surrounding the awarding of a R185m rural housing contract to Motheo Construction intensified.

Sources close to government said the move did not bode well for Housing Minister Sankie Mthembu-Mahanyele, who had come out against an investigation into the contract, but was un-

likely to stop the departure of her director-general, Billy Cobbett.

The suspension of the board's activities is widely believed to have been prompted by Mpumalanga premier Mathews Phosa. Phosa had been one of Mthembu-Mahanyele's stronger allies.

Mpumalanga housing, local government and land administration MEC Craig Padayachee said yesterday he had also given Mpumalanga housing board member Job Mthombeni 24 hours to resign. Mthombeni was a director of Motheo Construction, al-

though he said he had become a director only in March, after preliminary approval of the project in January. Motheo is run by a friend of Mthembu-Mahanyele, Thandi Ndlovu.

Padayachee said he had suspended the activities of the board until he had had the opportunity to discuss the issue with the auditor-general and other parties. The resignation of board chairman Sathis Moodley was accepted and Padayachee had launched an investigation. Further steps would be announced this week. "I am deeply dis-

turbed by the allegations made concerning this contract. I will ensure that a transparent and thorough investigation is conducted," he said.

Moodley denied his resignation had anything to do with the controversy surrounding the Motheo contract. He had wanted to leave for some time, he said. "I sent Padayachee a letter on May 15 asking to be released from my contract. I have taken the provincial housing initiative as far as I can and wish to pursue other interests. I have made it clear I will be available to an-

swer any queries on the Motheo issue."

The auditor-general began investigating the rural housing project after Cobbett brought a string of alleged irregularities to his attention. The decision to go to the auditor-general was the final straw in a rocky relationship with Mthembu-Mahanyele as she did not believe a probe was warranted.

The alleged irregularities related to unauthorised overspending on the housing budget, the preliminary ap-

Continued on Page 2

Housing

Continued from Page 1

approval of the rural housing project in January without a project plan, transgressing subsidy housing rules and other procedural issues.

Jacob Dlamini reports from Cape Town that Padayachee has been summoned by the parliamentary housing committee to explain the background to the controversy. The briefing is like-

ly to take place tomorrow.

Mafole said the committee would also consider summoning the Mpumalanga provincial housing board, and asking Nedcor for a briefing on its involvement in the project, including the circumstances surrounding the dismissal of credit GM Kevin Gibb.

The committee would not summon Mthembu-Mahanyele as her row with Cobbett was an "executive matter".

A parliamentary debate on the Cobbett issue, requested by the Democratic Party, will be held tomorrow.

CONTROVERSY
B/D 28/5/97

Heads roll in Mpumalanga housing row

CT(BR)28/5/97

(1278)

JONATHAN ROSENTHAL

Johannesburg — The Mpumalanga provincial government has suspended the activities of the Mpumalanga Housing Board and accepted the resignation of its chairman following allegations of irregularities in the awarding of a R190 million housing contract to Motheo Construction, Craig Padayachee, the provincial housing minister, said yesterday.

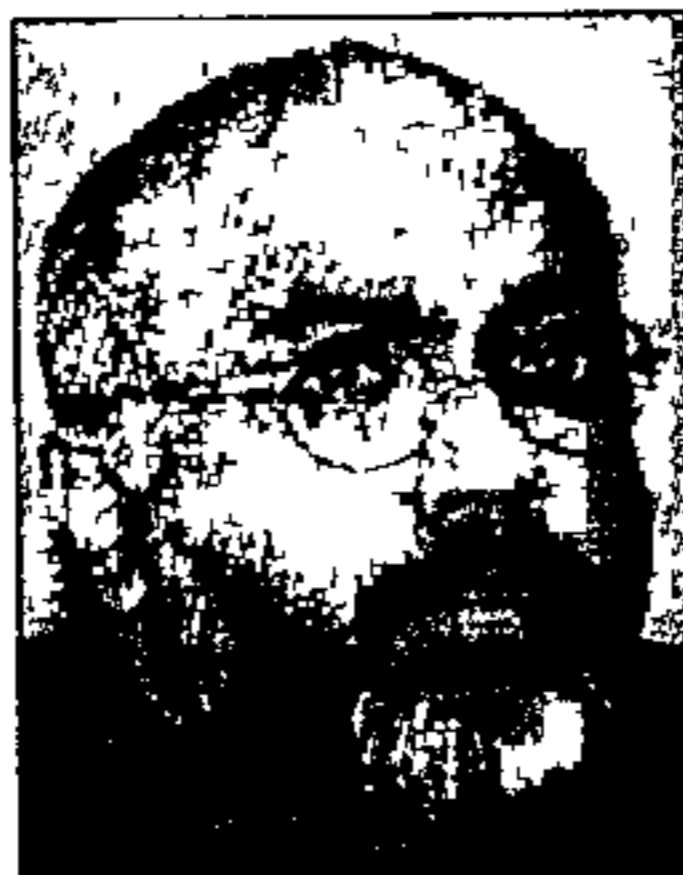
Padayachee also demanded that Job Mthombeni, a housing board member and a director of Motheo, the recently formed housing developer, resign from the board within 24 hours. He said he had started a personal investigation into the matter and was "deeply disturbed by the allegations made concerning this contract".

Saths Moodley, the chairman of the housing board, said yesterday his resignation had predated the housing scandal. He had asked the minister to relieve him of his duties on May 15 as he wished to pursue other interests. He said he had told the minister he was willing to assist in any way, including helping the auditor-general in an investigation into alleged irregularities.

Moodley said at the weekend that he had met with Mike Leeming, a Nedcor executive director, and Richard Laubscher, Nedcor's chief executive, on April 21 to ask why the bank had bounced a Motheo cheque for more than

R1 million. Motheo claimed it had R9,2 million in its account when the cheque was cancelled.

Moodley said that at the meeting, which was held just three days before the launch of the Motheo housing project, the Nedcor executives had called for Motheo to be audited. At the time Nedcor was investigating the activities of Kevin Gibb, the bank's personal credit general manager, who was fired last week for several counts of alleged misconduct, including the unauthorised granting of a credit facility to Motheo.



Saths Moodley

Moodley said he had suggested that if Motheo was to be audited then the bank should also conduct an audit of its whole personal credit division.

But a Nedcor spokesman this week presented a different version of events that occurred at the lunchtime meeting. He said the

bank had never called for an audit of Motheo.

He said Moodley had called for a meeting, saying he had information which could embarrass the bank.

"He implied he would make information available to the government which would discredit Nedcor's low-cost housing initiative," the spokesman said.

"We suggested that if he was going to write a report he should think about getting the auditor-general to audit the report to ensure it provided a balanced view," the spokesman said.

Heads roll in scam

New twist in Motheo housing project controversy

By Pamela Dube
Political Reporter

THE controversy surrounding the Motheo housing project in Mpumalanga took a new turn yesterday with the resignation of provincial housing board chairman Mr Sachs Moodley and the firing of board member Mr Job Mthombeni.

Mpumalanga MEC for housing, local government and administration Mr Craig Padayachee gave Mthombeni 24 hours to resign.

Padayachee's action was prompted by the discovery that Mthombeni was a director of the Motheo

Construction Company that won the R185 million rural housing project contract.

Padayachee argued that there was a conflict of interest on Mthombeni's part as he sat on the board that awarded the housing contract to the company he owns.

Controversy over the project surfaced when former director-general of the Ministry of Housing Mr William Cobbett tendered his resignation last month over irregularities in the awarding of the contract to Motheo.

Last Friday Moodley told a media briefing that Cobbett's allegations would hurt the delivery of houses

A few hours later Moodley resigned, a fact that came to Mpumalanga premier Mr Mathews Phosa's attention only yesterday.

Phosa told the *Sowetan* that he had asked Padayachee to investigate why Moodley quit.

"All I want to know is why he is resigning now and what his role in the Motheo project was."

Padayachee also suspended all activities of the Mpumalanga housing board pending the outcome of the auditor-general's investigation into the project.

Padayachee said he had also started a personal investigation into the matter. He found Cobbett's allega-

tions disturbing. He would ensure that "a transparent and thorough investigation is conducted".

Cobbett was, however, not blameless in the whole matter, Phosa said. Since Mpumalanga had no budget for housing projects, the Motheo rural housing project was approved and paid for by the Housing Ministry, Phosa said.

In fact, Cobbett released the money for the project in March, a month before he called on Housing Minister Mrs Sankie Mthembu-Mahanyele to investigate it.

Phosa said Cobbett started to question the contract only after the ministry had paid for the project

"Why did he pay for it if he knew there were discrepancies? I would have expected him to take up the matter before issuing a cheque."

Another discrepancy recently discovered by the provincial government was that some of the Motheo show houses were built by Murray and Roberts.

Former Murray and Roberts chairman Mr Chris Cudmore said yesterday Motheo had "run into a tight spot" during the initial stages of the construction of the first 100 houses. Motheo had then called on his company for assistance. The company built 26 houses and was paid R300 000 for that.

Sowetan 28/5/97

(127B)

Heads rolling in R190-m housing scandal

Mpumalanga Premier Phosa wants the auditor-general to extend inquiry nationally

By Honoreable Ramesh and Sava

Mpumalanga Premier Mathews Phosa has called on the auditor-general to investigate the R190-million housing project at the centre of the second recent scandal in the province - and one that could grow into a national issue.

Phosa has backed the decision by his housing MEC Crayg Padayachee to accept the resignation of housing board chairman Sibus Mooldey, suspend the board and to give one member, Job Mthombeni 24 hours to resign.

Mthombeni is a director of Motheo Construction, which was awarded the multimillion-rand housing project.

Mthombeni is accused of having pushed the contract through the board before the company was formally registered.

Motheo's owner/medical doctor Dr Thandi Ndlovu is a friend of Housing Minister Sankie Mthembu Mahanyele from their years in exile, which fact she has said is not proof of any irregularities.

Phosa said yesterday that he would ask the auditor-general for a full investigation not only into activities of the the Mpumalanga Housing Board but also those of the national Housing Department which falls under the minister.

The premier said although he was deeply disturbed by "yet another allegation of corruption" in his province, he believed the challenge was more how his government would "jump the hurdles and be seen to be doing justice" when dealing with such allegations.

The other provincial scandal was brought up in Parliament yesterday when the Democratic Party announced that it is to table a motion calling for an investigation into the conduct of Deputy Speaker Baleka Mbete-Kgositsile who was at the centre of the Moidenhauer Commission report on corruption in the Mpumalanga licensing department.

An ad hoc committee would consider whether she should be censured or other disciplinary steps taken for having received invalid learner's and driver's licences on the same day last October in that province.

Ellis said MPs and particularly senior office-bearers were obliged to ensure that their actions did not bring Parliament into disrepute.

She surrendered both documents yesterday to the Department of Home Affairs in Cape Town.

In Nelspruit, Phosa also said that he has asked national housing director general Billy Cobbert, who reportedly blew the whistle on alleged irregularities, why he had authorised the payment to Motheo and then demanded the contract be corrected.

Other irregularities, including overspending in the department, were also being investigated.

Leon Mbangwa, head of communications for the Mpumalanga housing department, said overspending was not unusual, and the province would normally be able to divert funds originally budgeted for other contractors who had not met their obligations.

Motheo saga
Business Report

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ROCKY MOUNTAIN HIGH
Stran 28/6/99

(1278)

ETIENNE ROTHBART



It's all about altitude. South African athlete Chart Matthews takes a run in Leadville, Colorado, in the United States. Matthews has been in Colorado for altitude training in preparation for the Comrades Marathon next month. He has been making the most of warmer weather after experiencing freezing temperatures in his first two weeks.

Report and picture Page 25

Presidency can't protect Bill Clinton

By Rich McCormick
Star Foreign Service

Washington - In a judgment said by legal experts to put Bill Clinton's presidency seriously at risk for the first time, the US Supreme Court ruled yesterday that Clinton cannot postpone a sexual harassment suit brought against him just because he is president.

The ruling, which was unanimous, means that Paula Jones, a former employee of Clinton's home state of Arkansas, may pursue her lawsuit against Clinton for damn ages.

Jones claims that during a conference in May 1991, Clinton then governor of Arkansas called her to a hotel room, made explicit sexual advances and invited her to perform oral sex.

She says that when she refused, saying she was "not that kind of girl", Clinton told her "You are smart. Let's keep this between ourselves."

Jones has given detailed and consistent accounts of the meeting, which include the graphic reference - repeated all over America - to "distinctive characteristics in Clinton's genital area."

Her presence in the hotel room has been confirmed by one of Clinton's bodyguards at the time, and she is said to have other witnesses prepared to testify in her favour.

Clinton has consistently denied all the allegations and says he has no recollection of ever meeting Jones. Despite this his lawyers almost reached an out-of-court settlement with Jones two years ago.

Parliament row on Cobbett

ARLT 29/5/97

(127B) (123)

CLIVE SAWYER
POLITICAL CORRESPONDENT

Housing Minister Sankie Mthembu-Mahanyele will face her critics in a snap debate in Parliament today on the departure of Director-General Billy Cobbett.

Opposition MPs are expected to question her on the exact sequence of events that led up to Mr Cobbett asking the Auditor-General to investigate the Motheo housing project in Mpumalanga.

Yesterday, in an interpellation debate that was effectively a preview of today's snap debate, Ms Mthembu-

Mahanyele said she had told Mr Cobbett to go to the Auditor-General about his concerns over the project.

This is in apparent contrast to her statement to a media conference last week that one of the factors which had soured her relationship with the director-general was that he had approached the auditor-general without notifying her.

Jac Rabie, National Party spokesman on housing, said there was a "dark cloud" hanging over Mr Cobbett's departure.

Louis Green (ACDP) called for an inquiry into the affairs of the Housing Ministry.

Cobbett's departure may mean fewer houses for the poor

(1278)

What do the current ructions in the housing ministry mean for the future of mass housing in the country?
By 30/5/97

WHAT will become of housing policy if conflict between the housing minister and her director-general is not resolved and leads to the departure of Billy Cobbett? Will the poor find their chances of getting access to a housing subsidy improved or worsened?

If press reports are to be believed, Cobbett may be leaving because he blew the whistle on corruption. It appears he discovered irregularities in the handling of housing funds in Mpumalanga. Unfortunately for him, the irregularities were linked to a friend of the minister. The minister appears to have chosen to do without Cobbett rather than back an investigation of the circumstances of the contested contract.

Whatever the truth, corruption is very much on the public mind and the incident will inevitably be viewed through this lens. But there is an equally important question at issue: housing stakeholders, and in particular the homeless, need to ask themselves whether this incident will have an effect on housing delivery. The answer may lie in recalling some of the history around the formulation of the new housing policy.

The policy grew out of a realisation by most key stakeholders that logjams, coupled with inap-

propriate and inequitable government policies, were preventing delivery of low-income housing. These included a lack of suitably serviced land, the unavailability of end-user finance and many other components necessary to the effective functioning of a low-income housing sector.

Inappropriate and inequitable government policy was manifest in a subsidy scheme which delivered four-roomed houses to some race groups and serviced sites to others. Moreover, housing delivery in this market was characterised by uneven playing fields which resulted in the private sector being unable to compete with, for example, hidden subsidies for public sector projects. The effect was the private sector's withdrawal from this market.



COBBETT

In deciding the form for the new housing policy, it was decided at the National Housing Forum — a multiparty negotiating forum established to elicit consensus on policy options — to redirect resources towards the poorest of the poor. This was to occur through a capital subsidy equitably accessible to race groups. Playing fields were to be levelled and the private sector was invited in.

The rub, however, lay in the money to be made available to qualifying households. It was at this point that the choices narrowed significantly. While all stakeholders agreed the subsidy was a necessary form of redistribution, disagreements arose over

how large they should be.

Against the backdrop of a stagnant economy, numerous other social welfare sectors vying for resources, a looming balance of payments problem and the like, the choice was made to opt for "breadth rather than depth." That is, the subsidy would be kept at a relatively low level so that more people could benefit over the long-term. In addition, government would formulate policies and programmes that would facilitate housing delivery.

As is commonly known, this approach did not sit well with some newly elected politicians. Several provincial MECs for housing, and many MPs, rejected the policy outright, demanding that government fulfill its electoral promise to build four-roomed houses. On taking over from the late Joe Slovo, even the new housing minister called the standards introduced by the policy into question.

As one of the key participants in the formulation of the policy, the director-general became the target of much of this criticism. His determination that the policy be implemented in line with its

underpinning principles of affordability, equity, transparency, accountability, sustainability, no hidden subsidies and the like, meant politicians, bankers and builders alike were held to some rather inflexible rules.

If Cobbett goes, will this still be the case, or will politicians find it easier to direct resources to their supporters? Will fewer, more expensive houses be delivered, via new hidden subsidies?

Delivering housing patronage is simple — it is what happened under the old regime. Developing a functioning housing sector is hard work. It takes knowledge, dedication, understanding, energy, toughness and patience. While the former route may appear successful, it will deliver only in the short term.

It is no secret that housing is one of the few departments in which it was decided to maintain the previous government's officials for a time. During the transition, senior officials participated in bilateral negotiations on the formulation of the policy with the National Housing Forum and developed an enormous amount of

knowledge and expertise. Cobbett recognised this and, shortly after taking up his position, let it be known he was relying on them to see the policy formulation process and implementation of the new policy through.

Despite the enormous criticism of the housing policy, government has recently been able to point with pride to rising delivery figures. Unfortunately, one cannot help but wonder whether, if the director-general finally departs, this will also include jettisoning these officials just as the sector is gathering momentum.

If Cobbett goes, it will surely be easier for those who favour a populist housing policy to have their way. Households making up the housing backlog should be warned the result will be fewer subsidies to go around once "breadth" is abandoned for "depth." And, as the allocation process becomes less transparent, voting for, being related to, or knowing someone will certainly help.

Given this, government — and the public — should ask if, in this case, the cost of alleged corruption may not turn out to be far greater than the corruption itself.

□ Tomlinson is a senior researcher at the Centre for Policy Studies

Housing minister makes admission over

Jacob Dlamini

CAPE TOWN — Housing minister Sanle Mthembi-Mahanyele admitted yesterday that Mthoeo Construction had not been formed as a company when it signed a R185m contract with the Mpumalanga Provincial housing board.

She told the National Assembly it was not unusual for people to sign contracts while companies were being registered. She was speaking in a snap debate on the Mpumalanga housing contro-

Without elaborating, Mthembi-Mahanyele said Cobbett had admitted to her that he had made mistakes in certain areas. She said she and Cobbett had had disagreements over time and that they had agreed to terminate his five-year contract. She again denied that she had fired the director-general and invited people to mediate between them.

The Democratic Party's Douglas Gibson accused Mthembi-Mahanyele of failing to give a satisfactory explanation of the termination of Cobbett's contract.

Gibson also challenged Mthembi-Mahanyele to table Cobbett's letter of resignation in Parliament in full support of her claim that he had resigned.

Mthembi-Mahanyele also said Mpumalanga premier Matthews Phosa had told her yesterday that he had suspended the provincial housing board so the auditor-general could conduct his investigation without interference.

Mthembi-Mahanyele accused the opposition parties of racism, saying they were concerned about Cobbett simply because he was white. She said she had been hurt by allegations of nepotism, saying she was prevented by the constitution from interfering in provincial matters.

Robyn Chalmers reports Cobbett's severance package had not been worked out by late yesterday because administrators have so far been unable to ascertain whether he had been fired or had resigned.

Public service and administrator director-general Paseka Ncholo said yesterday "We are still consulting on this issue, but as far as I am aware, an agreement between Cobbett and Mthembi-Mahanyele has not yet been reached."

But sources close to government said yesterday an agreement on the terms of Cobbett's departure could still be reached by today and if so, then he would immediately vacate his office.

(127B)

contract

Minister firm on Cobbett

(1278)

HOUSING Minister Mrs Sankie Mthembi-Mahanyele insists director-general Mr Billy Cobbett approached her saying he wanted to resign, and says she had given him four days to think the matter over before granting his request.

"I never approached him," she said in reply to a snap National Assembly debate yesterday on the Mpumalanga housing controversy.

Despite her claim, sources close to Cobbett, who will not comment publicly, say he insists he was fired.

The minister said people were prejudging his departure, saying he was right and she was wrong without having access to all the facts.

Allegations about the project were "no more than allegations" and she fully supported the Auditor-General's investigation of it.

"There is nothing I am hiding"

● Mr Douglas Gibson (DP) said Mthembi-Mahanyele had resorted to bluster, evasion, threats and "economy with the truth" when questioned in Parliament earlier this week. She should say what Cobbett's departure was going to cost taxpayers — Sapa

CT 30/5/97

Cobbett's resignation fuels battle of words

(123) (127B)

Heated exchanges with allegations of racism and sexism erupt as MPs debate departure of director-general

By JOVIAL RANTAO
Cape Town

What was scheduled to be a debate on the departure of housing director-general Billy Cobbett from the public service last night deteriorated into heated exchanges of allegations of sexism and racism.

As the National Assembly settled to hear the reasons behind the controversy surrounding Cobbett's departure, ANC MPs accused opposition parties of targeting the Housing Ministry because it was led by a black woman.

They asked why Cobbett's case was being treated extraordinarily after so many senior public servants had left the civil service.

ANC MP Nomatyala Hanganana said the debate was about the ability of the ANC and Housing Minister Sankie Mthembu-Mahanyele to govern. Mthembu-Mahanyele referred

to the debate as a "circus" and a "zoo".

She said opposition MPs had passed judgment on her in the matter relating to the granting of a R190-million contract to Motheo Construction. The contract is the subject of an investigation by the office of the auditor-general.

"I don't know why he (Cobbett) has to be right and I have to be wrong. It is a question of solidarity. Is this a racial problem? Is it a question of racial brotherhood? I do think there are issues that reveal gender conflict because no one had all the facts, but already this minister has fired this wonderful D-G," Mthembu-Mahanyele said.

ANC MPs used the opportunity to point out that their party had built more houses in its three years in government than the NP had done during its four decades of rule.

The NP's Jacobus Albertyn said the NP did not have enough money to build houses

because it had a fight on its borders against, among others, the ANC.

PAC MP Patricia de Lille asked whether public service regulations were followed in Cobbett's departure, while the DP's Douglas Gibson, who requested the debate, said race and gender had nothing to do with the affair.

Mthembu-Mahanyele revealed in Parliament that Cobbett had left after mutual agreement that their relationship had irretrievably broken down.

She read a statement in which Public Service and Administration Minister Dr Zola Skweyiya acknowledged receipt of requests from herself and Cobbett regarding the termination of the director-general's contract.

In the statement, Skweyiya said public service regulations provided for the termination of a director-general's contract if he and the minister did not have a relationship of trust.

Star 30/5/97

Phosa hits at 'gravy' stain

FM 30/5/97
No scandal province this, says premier who 'fights corruption'

(127B)
"This is not a province of scandal, but one which fights corruption," said Mpumalanga premier Mathews Phosa, informing the *FM* on Tuesday that the province's housing board chairman, Saths Moodley, had resigned at the request of housing MEC Craig Padayachee

It was part of the continuing controversy over the R185m rural housing project awarded to Motheo Construction, over which national housing DG Billy Cobbett has decided to quit in a fight with Housing Minister Sankie Mthembu-Mahanyele

Phosa said Padayachee had also given Motheo director and housing board member Job Mthombeni 24 hours to resign from the board, whose activities have now been suspended until Padayachee has spoken to the Auditor-General Cobbett asked the AG to investigate the awarding of the rural housing project to Motheo

"That's part of the action on our side," Phosa said "You can't ask more of us"

Interviewed earlier on the negative image of his province as a result of various controversies — the Eugene Nyati affair, the secrecy of the Dolphin-Parks Board deal, the irregular issuing of a driver's licence to Deputy Speaker Baleka Mbete-Kgositsile, and now Motheo — he said it was unfair to single out Mpumalanga

In each case the province had on his insistence acted swiftly to deal with the matter as part of a "permanent offensive to root out crime and corruption" He cites many examples of proactive moves to do just that

Phosa has a point no other province seems to have attracted the attention over corruption that Mpumalanga has

What has happened, for example, to the Semunye Report completed two months ago into shady deals in Northern Province? KwaZulu-Natal's corruption hot line has slipped from the headlines What about the Eastern Cape where money was stolen by officials from provincial coffers? Where is the clamour for the release of the Skweyiya report into corruption in the North-West province? Gauteng and KwaZulu-Natal seem to have escaped attention in the wake of the Moldenhauer report (initiated by Mpumalanga) into crooked driver's li-

cences, which implicates those provinces too

Phosa suggests some government figures have become victims of people who want to undermine them "If I or someone in my administration is wrong on something, I'll always correct it, that's my track record," he says

Asked whether he was satisfied that the tender procedure in awarding the project to Motheo was above board, Phosa says "That's where the problem is check with all nine provinces what is the process of awarding contracts — it's not through tender"

The housing boards work differently to the Tender Board They receive proposals and in a quasi-administrative way take decisions "All the provincial housing boards award contracts on merit," he says

Phosa concedes this system could be open to corruption through the buddy system, "but why must we be judged by different standards?"

Western Cape, he says, has the worst record in budget overspending, Mpumalanga is ranked fourth or fifth "Why is number one not attacked while Mpumalanga is? Again, it's not fair," insists Phosa

He does say, however, that he welcomes investigation of the Motheo deal to uncover the truth, but "nobody has asked Cobbett who paid Motheo — Cobbett authorised payment of R9m to Motheo

"The MECs of housing agreed that money for housing must be controlled by the national department, therefore the payments can only come from the national department

"Let's assume that Motheo was illegal, as alleged How would it have received that (initial) R9m, why did they pay if they thought it was an illegal contract, why did they shift the money to Nedcor, why is it said that Mpumalanga paid the money? I asked Cobbett on Saturday 'Why did you pay?' He said 'My chap slipped up' And he uses that as a reason for resigning?"

Phosa concedes his province's staff should have consulted the national department "But (for Cobbett) to turn around and say they slipped up, and use that as a reason for resigning — it's odd" Amarnath Singh



Mthembu-Mahanyele & Phosa friends at the Motheo launch

Arnold Prinsloo

NEDCOR & THE MPUMALANGA HOUSING DEBACLE

**What goes
around**

GM 30/5/97
The firing of a Nedcor Bank GM
finds echoes in the past

Sacked Nedcor Bank GM Kevin Gibb has been in the limelight before. He starred in Bob Aldworth's book *The Infernal Tower*, playing the role of UBS/Allied credit GM. However, unlike today, when he is fighting his dismissal as Nedcor Bank personal credit GM, Gibb was one of the Absa Bank officials who questioned and investigated Aldworth, resulting in Aldworth's "resignation".

In one chapter of his book, Aldworth describes how, together with attorney Tony Canny, Gibb questioned Aldworth "on the basis of an investigation carried out, apparently by Gibb, into my involvement with various matters including a loan of approximately R400 000 made to Derwent Coal CC by Allied Bank in 1991".

He describes Gibb as "rather inscrutable, somewhat morose" and says he "never looked me — or anyone else, as far as I could tell — in the eye".

Gibb is obviously familiar with the intricacies and legalities of a dismissal. Suspended from his duties at Nedcor on April 15, he was fired after a disciplinary hearing on May 20 which he left after a few minutes.

"They refused to give me access to the list of witnesses and wouldn't consider a post-

ponement so I could plan my defence," says Gibb. He says Nedcor has sought to discredit him because of his allegations of the bank's underprovision of more than R100m in bad debts.

Nedcor isn't talking except through an official statement which disputes Gibb's allegations, saying they are an attempt to distract attention from the main issues surrounding his dismissal. Gibb, in turn, says Nedcor is using him as a ruse to divert attention from its bad debt problems.

The main issues, according to Nedcor, are set out in a three-page charge sheet which neither Nedcor nor Gibb will reveal.

Nedcor's statement says that, at a disciplinary hearing, Gibb was found guilty of misconduct involving nonadherence to internal credit policies and other procedures. These include the unauthorised use of bank assets.

Alleged irregularities revolving around Motheo Construction and a Mpumalanga housing project spearheaded Gibb's suspension and later dismissal. But these are just part of the charges. Nedcor was tipped off by clients who alleged that Gibb was involved in "unusual activities".

Gibb says problems started about a year and a half ago when, he says, he brought the underprovision for bad debts to Nedcor's attention.

Nedcor says it had already warned the board, the Reserve Bank and auditors about these allegations.

"We asked the auditors to consider these allegations. The review confirmed there is no substance regarding an underprovision for debt as alleged," says executive director Mike Leeming, who was Gibb's boss.

Gibb might take the matter to the Commission for Conciliation, Mediation and Arbitration or, failing that, to the Labour Court. Nedcor says it has followed the correct procedures.

Heather Formby

Rich pickings in housing for poor

(127D) ~~127D~~ MHT 30/5 - 5/6/97

As the Mpumalanga housing scandal escalated this week a picture emerged of a profitable scheme for its developers
Justin Arenstein,
Stefaans Brümmer and
Mungo Soggot report

Mpumalanga's controversial rural housing scheme hands the developer a profit mark-up that exceeds the gains typical of low-cost housing deals. A consultant to Mthetho Construction — the company set up by a friend of Housing Minister Sankie Mthembu-Mahanyele to execute the R185-million deal — this week said the profit margin was pegged at about 5% or just over R9-million.

Some say the profits from the R185-million scheme could be much more if everything goes according to plan, had everything gone according to plan. One organisation close to the project has calculated Mthetho's potential gain as at least R35-million, a figure also cited by a senior government source.

The executive director of the Building Industries Federation of South Africa, Ian Robinson, said even 5% was "on the high side" assuming there was negligible risk involved and no extra capital requirements.

Mthetho's founder and friend of Mthembu-Mahanyele, Thandi Ndlovu, has referred all inquiries to the provincial housing officials.

It also emerged this week that established contractors stood to gain from the project — despite its black empowerment banner. And questions surround the actual benefit of the project for the rural communities it targeted.

Controversy over the Mpumalanga rural housing scheme has already cost Housing Department Director General Billy Cobbett his job after he alerted the auditor general to a string of procedural irregularities. The auditor general is now investigating, with the help of forensic auditors.

The intervention has put the deal under pressure but so far it has not been frozen or shelved.

Last week Nedcor fired its personal credit chief, Kevin Gibb, who helped set up the Mthetho deal. This week, Mpumalanga's housing board chief, Sathis Moodley, resigned and fellow board member Job Mthombeni, Ndlovu's co-director in Mthetho, was given 24 hours to leave his board post.

Meanwhile, Gibb's role in the scheme has grown clearer.

Nedcor's executive director Mike Leeming, said his bank had begun probing Gibb after it received letters from two of Mthetho's suppliers, who were also Nedcor clients. They "complained of Gibb's behaviour" in particular his attempts to beat down their prices — unusual conduct for a banker.

Gibb, who has been described as "Mr Housing" in the province, replied "Wherever possi-



The house Mthetho built: The Mpumalanga housing scheme that is causing all the trouble

ble I would encourage suppliers to reduce prices for products for low-cost housing. I do not negotiate final prices. This is done by the companies concerned."

Nedcor has financed a series of low-cost housing schemes through Gibb but it remains unclear why he was so deeply involved in the Mthetho deal. Gibb introduced Ndlovu to provincial housing officials. He insists he was sacked because he threatened to blow the whistle on Nedcor's failure to provide adequately for its bad debts saying he has documentary proof.

But Nedcor's chairman, Chris Liebenberg, dismissed these claims as "nonsense" saying Gibb was sacked for "very serious" breaches of internal procedure.

While Mthetho has been touted as a "black empowerment" vehicle, significant evidence has emerged that establisher contractors stand to benefit. Construction giant Murray & Roberts (M&R) met with Ndlovu before the project was approved by the province's housing board in January.

A confidential letter quotes M&R senior executive Chris Cudmore as saying: "As a start to a potentially long-term and mutually beneficial relationship, we have offered substantial support to Mthetho to help get their seven projects under way. We have jointly agreed to not pursue our involvement at this stage."

M&R this week confirmed it had built 26 of Mthetho's 100 show houses and provided technical advice — for a total R300 000 fee — and had tendered to Mthetho to build a portion of the 10 500-house project.

M&R Housing's managing director, Rob Henderson, said "I understand we would be looking at 1 000 or so houses but that is dependent on Mthetho." Henderson said the M&R tender involved the use and training of local labour. Other established firms including Grinaker

are also eyeing a slice of the action.

Commenting on M&R's reluctance to publicise the partnership, Cudmore this week said the company had been involved in several high-profile projects across Mpumalanga, adding "We really did not want to get in the way of Mthetho's PR efforts."

The rural housing scheme — which is geared to save costs by packing relatively large houses into a "high density" settlement — has been fettered by provincial housing officials because of among several features, its 40m² units.

But social workers this week raised concerns that the houses were grouped too closely together — some in inaccessible, remote places. The contract stipulates that new local authorities would be created to manage some of the new settlements.)

Social workers said some tribal authorities had refused to have the developments on their land. They said the houses were earmarked for families of up to seven people. Two families would be housed in coupled units under one roof with no room for extensions.

"The design of both the houses and the way they are placed is in total contradiction to rural living needs and socio-economic situations," said one.

Reports suggest local authorities have been touring villages to find families for the new "agri-villages".

Mpumalanga Premier Matthews Phosa, who bolstered his anti-corruption image this week when he acted against the provincial housing board downplayed talk that the African National Congress was preparing to isolate Mthembu-Mahanyele.

He questioned why Cobbett had raised the alarm after the national department had authorised an initial R9.2-million payment to Mthetho.

Much too close for comfort

Mail & Guardian Reporters

ONE of the hallmarks of the Mpumalanga housing controversy is a web of cosy relationships spanning central government, provincial government and the private sector.

Among the most striking features of the network are:

- Housing Minister Sankie Mthembu-Mahanyele and the head of Mthetho Construction, Thandi Ndlovu, are close friends from their early days. Ndlovu is proud to describe the minister as her "mentor". But both have denied that friendship played any role in the award of the contract.

- Mthembu-Mahanyele and sacked Nedcor banker Kevin Gibb, who helped set up the deal, had a close working relationship, forged during several Nedcor-backed housing projects.

- Gibb and Ndlovu met after Gibb hired her sister, Grammy Seape, to work at Nedcor. Seape resigned from the bank days after the rural housing scheme was launched in late April.

- Job Mthombeni, co-director of Mthetho, was also a member of the Mpumalanga Housing Board, which approved a R185-million contract for Mthetho. Provincial housing MEC Craig Padayachee this week gave Mthombeni 24 hours to resign from the housing board.

- Mpumalanga Housing Board chairman, Sathis Moodley, was allegedly too close to certain developers in the province — a charge he denies.

Mpumalanga Premier Matthews Phosa acknowledged Moodley had offered his resignation two weeks ago, before the controversy started, but cited allegations that Moodley had indulged in "unhealthy relationships with a number of contractors".

Moodley said this week there had been concerns about his links to another Mpumalanga builder, the Chinese-owned company Goldenest, but said the concerns were unfounded.

In a letter to the provincial housing department last October, Goldenest described Moodley and Padayachee as "executive consultants" for the company.

Moodley says, "I was never a consultant and never received cash or other payment."

Goldenest claims the word "consultant" had slipped in due to a translation error — the company meant to say "facilitator" — but confirmed Mthombeni was a sub-contractor to the company.

BD 3/6/97
**Nedcor chief
told minister**

(1278)

NELSPRUIT — Nedcor group chairman Chris Liebenberg says he warned Housing Minister Sankie Mthembu-Mahanyele and Mpumalanga premier Mathews Phosa that the banking group was firing "Mr Housing", Kevin Gibbs.

He told them also that Nedcor was investigating a series of "highly unethical" irregularities allegedly committed by Gibbs, African Eye News Service said yesterday.

Liebenberg said on Saturday that the "courtesy call" to Mthembu-Mahanyele had been made before she travelled to Mpumalanga to open Motheo Construction's R205m rural housing project.

The scheme is being investigated by the auditor-general.

This action comes after allegations that it was costing the government R33m more than it should have, that it was awarded to Motheo before the company officially existed, and that Motheo's founder and director, Thandi Ndlovu, is a close friend of Mthembu-Mahanyele.

The controversy has already cost housing director-general Billy Cobbett his job after he objected to the scheme.

The Mpumalanga premier was informed about Gibbs's impending dismissal after the scheme's launch.

He told Liebenberg that the suspension would not affect Mpumalanga's housing programme as the government dealt only with institutions and not with individuals. — Sapa.

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Nedcor's role is questioned

Jacob Dlamini 004/6/97

CAPE TOWN — More questions were raised yesterday about the role played by Nedcor in the Mpumalanga housing scandal after it emerged that the bank's executives had asked for the auditor-general to be called to investigate the Motheo Construction company.

This follows disclosures that Nedcor group chairman Chris Liebenberg had warned former cabinet colleague and Housing Minister Sankie Mthembu-Mahanyele not to attend the launch of the Motheo housing project in April.

Nedcor executives are said to have requested the intervention of the auditor-general during a meeting with former Mpumalanga housing board chairman Saths Moodley on April 21, three days before the project's launch.

The meeting had been called by Moodley to discuss the bouncing of a R1,2m cheque which Motheo had issued to a supplier. Motheo reportedly had R9,24m in its account at the time.

During the meeting, Nedcor executive director Mike Lemming said Nedcor had suspended credit division director Kevin Gibb as a result of irregularities connected to the project.

Moodley said he had reacted to this by inviting Nedcor to investigate all activities connected to Gibb, using the

framework of the Bank Act

Reneé Grawitzky reports that the dispute between Nedcor Bank and Gibb would either be referred to arbitration or the Labour Court after the matter was not resolved in the Commission for Conciliation Mediation and Arbitration yesterday.

Gibb claimed he was dismissed without proper cause on May 20. Nedcor allegedly held a disciplinary hearing in his absence in which he was found guilty of misconduct involving nonadherence to internal credit policies and procedures.

It also emerged yesterday that Job Mthombeni, the former Mpumalanga housing board official who later joined Motheo Construction, had been awarded nearly R19m in housing subsidies since 1994. However, Mthombeni and other officials with construction interests had not participated in decisions on matters in which they had a stake.

Mpumalanga Housing MEC Craig Padayachee told the committee that housing director-general Billy Cobbett had ordered the return of funds which had been paid out to Motheo by the government. Padayachee said Cobbett had initially approved the funds and the province had not heeded his request as it had committed itself to a contract with Motheo.

Star 4/6/97

Mpumalanga housing probe: shock details revealed

(1278) (23)

By Jovial Rantao

Cape Town - Startling revelations about the R185-million rural housing contract awarded to Motheo Construction were made at a sitting of Parliament's housing committee yesterday.

Saths Moodley, former chairman of the Mpumalanga Housing Board, told the committee that as early as April 21, three days before the launch of the project by Housing Minister Sankie Mthembu-Mahanyele, Nedcor had suggested that the auditor-general be brought in to audit Motheo.

Moodley said at a meeting in April that Nedcor executive Richard Laubscher had suggested that the "best way to resolve all problems with respect to Motheo was to call in the auditor-general".

A meeting was called to discuss why Nedcor bounced a R1,2-million cheque issued by Motheo when the company had more than R9-million in its account. The company has since moved its account to Absa.

Moodley told the committee that Nedcor executive director Mike Lemming, who was also at the meeting, suggested that one of the reasons that Nedcor's "Mr Housing", Kevin Gibbs, was suspended was because of his involvement with Motheo.

"It was put to Laubscher and Lemming that if this was the case, the whole of Gibbs' portfolio, the bank's credit division, should be audited, perhaps within the framework of the Banks Act," Moodley said.

The result of the auditor-general's investigation into Motheo is expected to be released in two weeks.

Moodley also revealed that Job Mthombeni, who was fired from the housing board as he was also a board member of Motheo, had been awarded nearly R19-million of housing subsidies from the Mpumalanga emerging-building budget since 1994.

"Mthombeni, winner of the 1996 Entrepreneur of the Year award, has been representing the emerging black contractors on the housing board since its inception.

"To the best of my knowledge, neither he nor other members of the housing board and Mpumalanga Townships Board participate in making decisions on matters in which they had a direct or indirect interest," he said.

Moodley said he had resigned from the housing board after his position as chairman was changed from an executive position to a part-time position.

"I sought a new career, and once it was confirmed I requested to be released from my obligations," he said.

On the contract awarded to Motheo, Moodley said the fact that it was a new company "was not an issue," because all payments were made on the basis of certified work completed. Motheo Construction had originally been called Topihada.

Mpumalanga housing MEC Craig Padayachee told the committee that housing director-general Billy Cobbett had requested the province to return more than R9-million allocated to it from the national housing fund because it had over-committed, and not overspent, on housing projects.

The controversy over the rural housing project led to the departure of Cobbett from the department.

CT 5/6/97

Cobbett officially quits top housing job

MR BILLY COBBETT officially left his post as director-general of the Department of Housing on Friday, a department spokeswoman said yesterday.

The housing department's deputy director-general, Mr Neville Karsen, is filling the post until a permanent appointment is made.

No details of the package Cobbett received were immediately available.

Cobbett confirmed he had left the depart-

ment but said he was still not talking to the media. He would make a statement "when it was appropriate".

Housing Minister Ms Sankie Mtembi-Mahanyele announced on May 22 that Cobbett had asked to resign because their personalities clashed. The relationship apparently finally disintegrated when Cobbett asked the Auditor-General to investigate alleged irregularities in the awarding of contracts for a Mpumalanga rural housing project. — Sapa

Housing board members 'never briefed on Motheo'

(1275) (1275) MTC 6F 12/6/97

Justin Arenstein

MPUMALANGA Housing Board members insist this week that they were never briefed about Motheo Construction's controversial R185-million housing project.

A National Party board member, Jakkie van Heerden, conceded that he had missed one board meeting in January where Saths Moodley — the former head of the province's housing board — claims the scheme was discussed and approved.

But he added that, according to minutes of the meeting, there had not been a quorum.

"The only thing contained in the minutes is that the executive committee wanted approval to allocate various stands to a rural developer," Van Heerden said. "There was a description of the stands but no detail on Motheo or the scheme itself."

He said even when board members heard of the scheme, they had been unable to ask for details about it because their last three meetings had not had quorums.

Motheo Construction is at the centre of the Mpumalanga rural housing scheme row linked to the sudden departure of Billy Cobbett as director general of the national Housing Department.

The chairman of Mpumalanga's standing select committee on housing, Hein Mentz, accused the housing MEC, Craig Padayachee, of misinforming the committee about Motheo last week.

"We don't know whether he consciously lied to us, whether he was misinformed or whether he simply did not know what was going on in his department, but he definitely didn't give us the true facts on Motheo," Mentz said.

Among the "errors" Padayachee made while testifying before the committee was his insistence that the Motheo scheme had been formally approved by the housing board on February 20.

"There was never a meeting on February 20 so it couldn't have been approved as he insisted, but this was just one of a string of such errors. There were just too many questions put to the department's heads that could not be answered," Mentz said.

These included an annual report which did not balance by R4,5-million. Mentz said officials had to "scramble" for days before discovering that the funds were in a developer's trust account.

A second select committee session will be held later this month. —
African Eye News Service

Mpumalanga housing contractors in trouble

(127B) Star - 6/6/97
By **HQPEWELL RADEBE**
Provincial Reporter

The future of contractors in the controversial Mpumalanga R190-million housing scam hangs in the balance as materials suppliers withdraw their services for fear of losing their capital.

Leon Mbongwa, spokesman for local government, housing and land affairs MEC Craig Padayachee, said the auditor-general's pending investigation into activities of the Mpumalanga Housing Board and Motheo Construction, which received the housing development contract to build about 10 000 housing units,

had created uncertainty and instability in the housing industry.

He said many suppliers were giving "poor black contractors a hard time", demanding assurances and guarantees that they would be paid for supplying material for the housing project. Others were beginning to demand money in advance.

Mbongwa said even though sites were being serviced and houses built, workers were also demoralised and concerned about their future.

They feared contractors would leave them in the lurch and that their jobs were in jeopardy.

Govt, Cobbett 'agree on terms of departure'

Lukanyo Mnyanda

(127b) 20 13/6/97
(127b)
FORMER housing director-general Billy Cobbett and government had agreed on the terms of his departure and an announcement was expected next week, sources said yesterday.

Government spokesmen were tight-lipped about the details of the deal, but it is reliably understood to secure Cobbett his salary for the remaining 30 months of his five-year contract, implying he did not resign.

Housing Minister Sankie Mthembu-Mahanyele said a few weeks ago that

Cobbett had asked her to terminate his contract prematurely. Cobbett's camp has denied this.

The sources said the final straw in Cobbett and Mthembu-Mahanyele's rocky relationship was Cobbett's decision to go to the auditor-general with concerns over a Mpumalanga housing project, only days after Mthembu-Mahanyele had launched it.

Cobbett and the housing ministry declined to comment yesterday. A ministry spokesman said the matter was being handled by the public service and administration ministry.

4 NEWS

Scandal thickens in Mpumalanga

(127B)

MTC 13-19/6/97

New charges of conflict of interest point to further irregularities in the province's Housing Department, increasing the pressure for a full-scale commission of inquiry, write **Justin Arenstein** and **Mungo Soggot**

FRESH revelations surrounding the Mpumalanga housing scandal emerged this week, increasing the likelihood that the government's

would be premature to comment.

Provincial Housing Department finance director Belinda Mojabelo said there was "something wrong with Moodley's appointment. The

● Mpumalanga's provincial legislature was to hear on June 13 the circumstances leading to Speaker Elias Ginndza spending R272 000 of state funds on his home

An investigation into the provincial legislature, ordered by Premier Mathews Phosa last year, has also uncovered the disappearance of substantial numbers of computers, "massive" abuse of overtime claims and irregular staff appointments

current probe will be widened into a full-blown commission of inquiry

A law firm bearing provincial housing chief Steve Ngwenya's name — Steve Ngwenya & Themba Kwayo Attorneys — performs conveyancing work for the low-cost housing projects undertaken by his department

It also emerged that the provincial Housing Department and the Provincial Service Commission have no official records for former provincial housing board chief Saaths Moodley

He was paid from a special account, in an arrangement personally authorised by Ngwenya and no income tax was deducted

The two officials are key players in the row which erupted last month, after the *Mail & Guardian* reported that Motheo — a company owned by a friend of Housing Minister Sankie Mthembu-Mahanyele — had landed a R185-million low-cost housing contract in the province. The project is the largest of its kind in South Africa

The ensuing row has already cost Billy Cobbett, Housing Department director general, his job. Moodley, who authorised the Motheo deal, has resigned, and the auditor general is now investigating, with the help of forensic auditors

Ngwenya and Moodley were unavailable for comment this week

However, provincial housing representative Leon Mbangwa played down a potential conflict of interest in Ngwenya's links to the law firm

"Look, Themba bought the right to continue using Steve's name when he joined the department because Steve is very popular and influential

"You are just targeting Themba because he is black. Themba was clever enough to link up with Steve and use his name and that's all there is to it. Housing applicants [the developers] have a choice to go to any other conveyancer or to this one, so there's nothing wrong with it"

Mbangwa demed that applicants could be swayed by the fact that Ngwenya was a highly visible public figure. Kwayo was unavailable for comment

Sources close to the auditors probing the scandal surrounding Motheo said this week it was increasingly likely that the auditor general would recommend a commission of inquiry into the affair

Such a step would allow investigators to subpoena some of the players, which would help establish the various cosy — and potentially conflicting — relationships that have characterised the deal. Records at Company House in Pretoria detailing Motheo's list of directors have been removed

The auditor general has contracted out the investigation to Johannesburg auditors Gobodo. Deputy Auditor General Professor Bertie Loots said it

proper channels weren't followed and we didn't get all the necessary information. We don't even have his identity number"

Neither the department nor the commission have the required records and identity numbers on their computer systems to legally pay Moodley

Mojabelo said the department did not deduct income tax from Moodley's salary during his two-year service on the province's housing

board and that "we cannot now deduct the necessary tax because he has left the department and we no longer have any power over him

"It appears that Moodley was paid as a creditor and not as an employee or contract worker

"You see, he was appointed as a politician and not as an employee"

Ginindza says he was forced to carry out the alterations, including the installation of an electric gate, owing to police concerns about his safety. An audit priced the materials and labour involved at just R75 000. Ginindza now wants the builder to work for the legislature to make up the difference

The investigation also found that Deputy Speaker Cynthia Maropeng has taken personal advances from the legislature worth R75 000 during the past eight months. Such advances are also being granted to other MPLs and junior staff

Maropeng was allowed to repay the advances by running up additional travel and accommodation expenses. The expenses were then to be deducted from the advances owed

The investigation found that Maropeng counted as one such expense an unspecified length of time staying at Cape Town's Mount Nelson hotel, with her child and nanny



Trouble brews: Sankie Mthembu-Mahanyele and Premier Mathews Phosa at the launch of Motheo in April, prior to the auditor general's probe into the Housing Department's affairs

PHOTOGRAPH MBUZENI ZULU

Housing chairman found to be 'ghost'

BD17/6/97

(127B)

NEI SPRUIT — The man who engineered Mpumalanga's controversial R200m rural low cost housing development with Mthetho Construction, Saths Moodley, does not theoretically exist in Mpumalanga's finance systems.

Neither the province's housing department nor the Provincial Service Commission have the required records and identity numbers on their computer systems to legally pay Moodley for his two years of service on the province's now suspended housing board.

Moodley retired from the board three weeks ago after it was reported that the auditor-general was investigating the Mthetho scheme, which is the biggest rural development of its type yet in SA.

Housing department finance director Behnda Mojabelo confirmed "something went very wrong with Moodley's appointment. The proper channels weren't followed and we didn't get all the necessary information and documentation. We don't have his identity number."

According to public service regulations, even casual labourers have to supply their identity number before being paid by the state.

"It appears Moodley was paid as a creditor and not as an employee or contract worker. You see, he was appointed as a politician and not as an employee," she said.

Mojabelo also confirmed that the department had never deducted any form of income tax from its payments to Moodley and that "we cannot now deduct the necessary tax because Moodley has left the department and we no longer have any power over him."

She said all payments to Moodley were authorised by department chief director Steve Ngwenya. Ngwenya failed to return a series of urgent messages and his

employee

serious political decision aimed at "fast tracking housing delivery". Insisting that it was unnecessary for the department to have Moodley's identity number and other details before paying him, Mbangwa said Moodley was never paid a salary, only an "allowance".

He also denied that it was the department's responsibility to deduct income or other tax from the payments. — African Eye News Service

Moodley's job above board — housing body

BO 19/6/97
Robyn Chalmers

(127B)

THE beleaguered Mpumalanga housing board, which recently had its activities suspended, yesterday denied irregularities in the appointment of its former chairman, Saths Moodley.

Moodley declined to comment yesterday, referring all queries to his attorneys, Moseneke & Partners

However, Mpumalanga provincial government spokesman Leon Mbangwa said allegations that Moodley did not exist in Mpumalanga's financial records were incorrect. Reports have alleged the government was even unaware of his identity number.

Mbangwa said payments to Moodley and other board members were made through a creditors' account and not a special account, as alleged

"This means they could not be paid without identity numbers — all identity numbers including Moodley's are available — and all necessary deductions including tax were made"

Sapa reports Mbangwa was unable to explain why Moodley's salary was set according to public service standards and why he was not appointed in terms of the Civil Service Act

He referred queries to finance offi-

cial Junior Mavuso, who said Moodley was a political appointee and similar to a contract worker

Mbangwa said it was correct that Mpumalanga housing department chief director Steve Ngwenya had set up a conveyancing firm in the province, but he had apparently left the firm before his appointment to the department in August 1995.

"After receiving the first applications which identified the firm as a conveyancer in August 1996, the department through its housing division investigated the involvement of Ngwenya in the firm

"The department has a letter from the director of the firm clearly stipulating that Ngwenya has no interest whatsoever"

The board's activities were suspended earlier this month while an investigation is undertaken into allegations of irregularities in the awarding of a R200m rural housing project to Motheo Construction

The controversy surrounding Motheo — which is headed by Thandi Ndlovu, a close friend of Housing Minister Sankie Mthembu-Mahanyele — has already cost housing director-general Billy Cobbett his job

Housing activity in Mpumalanga comes up against a solid brick wall.

(127B)
 Robyn Chalmers
 30 26/6/97

NEW housing activity in Mpumalanga has ground to a halt, causing major problems for developers, following the provincial government's decision to suspend the functions of the housing board

Mpumalanga government spokesman Leon Mbangwa said yesterday it was still unclear when a report on the auditor-general's investigation into the board would be tabled, although it appeared the inquiry had been completed.

"I have developers walking into my office to demand what the situation is, but at the moment the board's activities are still suspended and there is no clarity on when this suspension will be lifted," he said.

Mbangwa said it was unlikely the National Housing Board would take over the functions of the provincial board as it had insufficient knowledge of provincial projects and aims.

National Housing Board chairman Ishmael Mkhabela could not be reached for comment yesterday, but it is understood the board would be unwilling to assume the Mpumalanga board's functions.

Mpumalanga housing, local government and land administration MEC Craig Padayachee announced last month he had called a temporary halt to the board's activities. This was in the light of alleged irregularities in the awarding of a R200m rural housing contract to Motheo Construction.

"I am deeply disturbed by the allegations made concerning this contract. I will ensure that a transparent and thorough investigation is conducted," he said.

Padayachee gave board member Job Mthombeni — who was a director of Motheo Construction — 24 hours to resign from the board and he accepted the resignation of board chairman Saths Moodley.

Developers have expressed outrage over the past few weeks at not being able to continue with planned projects as no new subsidy applications were being accepted and progress payments had halted.

One developer said yesterday that his new projects were being jeopardised due to the lack of movement on new subsidy applications from the board.

Private electricity firm formed in Uitenhage a first

DD 26/6/97 (124B) 
Robyn Chalmers

UITENHAGE in the Eastern Cape became the first town yesterday to form a private company encompassing Eskom, the local authority and the private sector in a bid to speed up the supply of electricity.

The Uitenhage Electricity Supply Company (Uitesco), whose shareholders are the Uitenhage transitional local council, Eskom and local industries in Uitenhage, was granted a licence of operation by the National Electricity Regulator last week.

Uitesco chairman Myekeni Seyisi said yesterday the joint venture was in line with government policy to encourage partnerships between government and other sectors.

"We are taking electricity delivery into the future in our quest to speed up electrification," he said.

Uitesco GM George Ferreira said the move was not a buy-out, but a pooling of partners with the skills and expertise to benefit more people.

"It makes good economic sense for a specialised company like Uitesco to focus all its attention on electricity delivery instead of being part of the municipality's full basket of varied services."

The company was awarded a grant of R14,5m a few months ago on condition that 8 500 erven in the area were electrified by the end of this year.

Ferreira said the new company was making inroads into the electricity provision backlog. Since the grant was made six months ago, 880 erven in the Kwa Nobuhle area had been electrified.

By December it was hoped another 8 000 electrifications would have been completed.

He said the electrification relied on community-based con-

struction. Sixteen small township companies employing 50 workers were handling installations after training from the East Cape Training Centre. A further four companies were installing the pre-paid meters.

Eskom marketing manager and Uitesco board member John Arnesen said the company provided an answer for SA's electricity industry. "It is the next step in evolution in the one-city concept," he said.

Port Elizabeth Regional Chamber of Commerce and Industry CEO Kevin Wakeford said the concept of focusing on core business activities confronted organised business as well as the public sector.

"Uitenhage presents a good example of a pilot programme which we are convinced will be monitored by all sectors and levels of government as to its viability and feasibility."

Mpumalanga housing department under fire

6D 9/7/97 (127b)

NELSPRUIT — Mpumalanga's housing department was severely criticised by an African National Congress (ANC)-dominated legislative standing committee yesterday for poor internal management, gender insensitivity and operating without an approved staff structure during the past year.

The criticism follows shortly after the auditor-general announced that he was investigating the department's R200m flagship Motheo Rural Housing Project after widespread allegations of vested interest and corruption.

Premier Mathews Phosa also temporarily suspended the activities of the provincial housing board last month and demanded the resignation of board chairman Saths Moodley and board member Job Mthombeni after discovering that Mthombeni was also a Motheo director.

Although the standing committee declined to comment on the Motheo issue, it did say in a report to the legislature that the department had only two women in its entire management structure and that it lacked "co-ordination and collective work".

The report, which follows a budgetary review process, notes that the department's staff structure was finalised only last week after both the committee and Phosa had intervened.

Pointing out that MEC Craig Padayachee had made numerous factual errors in his budget speech three weeks ago, the committee also highlighted seemingly inflated figures given in the department's annual report for the number of houses supposedly built in Mpumalanga.

"Some of the programme allocation amounts reflected in (Padayachee's) speech are wrong, although the total budget allocation is correct. This is also reflected in his annual report where the mistakes have been traced to the housing activity financial report," committee chairman Elsie Coleman said.

"This may be taken lightly by the department, but it poses serious questions to the committee."

The National Party (NP), which attempted unsuccessfully to table a "no-confidence" motion in the legislature last week, refused to approve the department's budget after pointing out the standing committee had not yet seen its final budget.

Padayachee stressed he was committed to working within his budget, but conceded he had been submitted to "vigorous debate and hard questions" by fellow members — AENS.

See Page 4
Comment: Page 11

Report completed on probe into R200m housing project

SD 18/7/97

(1276)

Robyn Chalmers

A MANAGEMENT report has been completed on the investigation into alleged irregularities surrounding the R200m Mpumalanga rural housing project, but further lines of enquiry could be necessary, deputy auditor-general Bertie Loots said yesterday.

Loots said the report would be sent to acting housing department director-general Neville Karsen today, with a request for an early reply. He declined to elaborate on the contents of the report, saying it was only the first phase in a number of investigative phases the auditor-general would consider.

The auditor-general was called in by former housing department director-general Billy Cobbett in May after concerns were raised about the award of a R200m rural housing project to largely untested Motheo Construction.

Concerns related to allegations of "gross irregularities" surrounding the award of the contract, including alle-

gations that the project was given the go-ahead without a project plan and that the rules of the state's subsidy scheme had been transgressed.

Other allegations were that the Mpumalanga housing board had been awarded the contract when there were no funds at its disposal leading to unauthorised overspending of Mpumalanga's housing budget and that Murray & Roberts subsidiary Condev had built a portion of the project's show-houses despite assurances that emerging contractors would be used.

As a result of the allegations, Mpumalanga housing minister Craig Padayachee has temporarily suspended the activities of the Mpumalanga housing board. He gave board member Job Mthombeni, also a director of Motheo Construction, 24 hours to resign.

The controversy proved the final straw between Housing Minister Sankie Mthembu-Mahanyele and Cobbett, who left for a position in Cape Town's local government.

Phosa launches project for low-cost houses (1276)

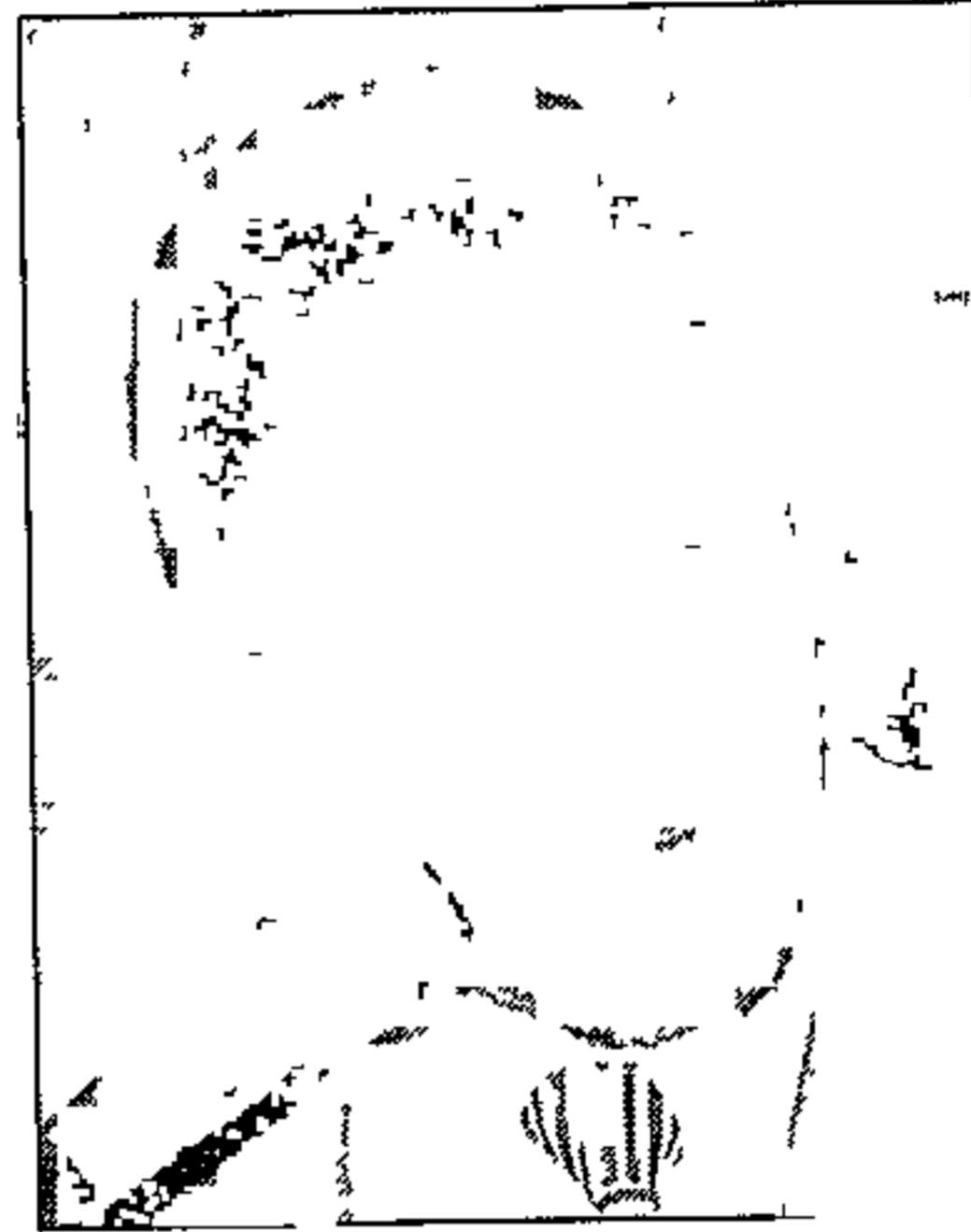
MPUMALANGA premier Mathews Phosa have launched a low-cost housing project at Thuthukani township in Belfast

The project, which received support from the business community, has been funded by Gencor and Ingwe mining companies. A thousand houses have already been built and construction is still under way.

Phosa said the Belfast community had to make sure that the project, which is aimed at the poor, was a success.

This was despite residents having complained about the houses saying they are too small and have one bedroom, a sitting room and no bathroom or toilet.

He said if the local business community was not involved in building houses for the "poor residents who were staying in shacks", the local government would not have been successful in providing for the population of Thuthukani. Housing and land affairs MEC Craig Padayachee warned



Mathews Phosa

rightwing elements in the town to stop disrupting housing delivery.

The local government was well aware of their objective and that they should stop telling people the housing department was not delivering.

Sapa

Sowetan 15/8/97

Forensic audit could follow as housing report points to

BD 18/8/97

(a7B)

Robyn Chalmers

THE auditor-general's report on the controversial R185m Motheo rural housing project is expected to call for a forensic audit of the scheme while taking top-level Mpumalanga officials to task, according to documents.

Documents submitted on the report also indicate that a request for project funds was turned down by national government — with the knowledge of Housing Minister Sankie Mthembu-Mahanyele — as Mpumalanga had

overspent its housing budget

The project was nevertheless approved, launched by Mthembu-Mahanyele, and R6m was erroneously deposited in the provincial housing government's account which has still not been repaid despite threats to go to court over the issue.

Former Mpumalanga housing board chairman Saths Moodley and provincial housing director-general Steve Ngwenya are expected to be tasked to task for their role in approving the Motheo housing scheme even

though there were no funds in the provincial kitty. A request by Ngwenya on March 5 for further funds was turned down by national government in a document which was countersigned by Mthembu-Mahanyele.

Documents gathered by investigators and others which have been submitted to the auditor-general's office showed there were a string of alleged irregularities regarding the project. A copy of the project plan was dated March 6 1997, yet preliminary approval was given to it in January

The plan was also clearly punted as a Nedcor joint initiative even though Nedcor executive director Mike Leeming has said that "at no stage was approval obtained by (former personal credit GM Kevin) Gibb to assist financially Motheo or the Mpumalanga government in this project."

The project plan proposed that each state subsidy for the scheme be R17 250, the subsidies should be inflation-linked and township approval should be granted in 14 days. Under the subsidy scheme, the subsidy ceiling

Motheo

BD 18/8/97

(a7B)

Continued from Page 1
rumours" and was convinced that nothing irregular had happened. In May, however, she told Parliament she had encouraged then housing director-general Billy Cobbett to go to the auditor-general with his concerns.

Cobbett lost his job over the Motheo controversy, with Mthembu-Mahanyele saying Cobbett had asked to be relieved of his duties on May 5, a request she had accepted. Documentation showed he had been paid out a lump sum by government, indicating he was

fired and reimbursed for a number of things, including "trauma"

Other documents showed that Motheo was registered on February 19 with capital of R400 and a single director, Thandi Ndlovu, who was a friend of Mthembu-Mahanyele's and a medical doctor with no construction experience. The company was nevertheless awarded the biggest rural housing project to date.

Deputy auditor-general Refe Loots said a first draft of the report on the housing project had been completed and would be presented to Parliament this session, "hopefully in a few weeks. The housing ministry said it had received a copy of the report.

is R15 000 and subsidies are not inflation-linked. Provision is made for up to 15% to be added to the subsidy to compensate for geotechnical complications in construction, but this is not automatically added to the subsidy.

Continued on Page 2

Officials

Delay in housing probe must be explained

Star 26/8/93

By JOVIAL RANTAO

Political Correspondent

(1276)

Cape Town - Auditor-General Henri Kluever is to be summoned to appear before Parliament's housing committee to explain the delay in the release of a report on his office's investigation into Motheo, a controversial R200-million housing project in Mpumalanga.

Committee members yesterday expressed unhappiness at the delay and at being kept in the dark.

Acting housing director-general Neville Karsens, who was summoned to provide information to the committee, said he was unable to break the embargo placed by the auditor-general's office on a report on the audit conducted on the project.

Committee members said the delay in the release of the report was a delay in the delivery of houses to needy rural communities.

Motheo directors and former Mpumalanga Housing Board chairman Saths Moodley have written to the committee, saying the delay has had an adverse effect on their businesses.

The project, which was the first massive rural project of its kind, was put on ice after allegations of serious irregularities were made.

Housing committee to investigate leak

Jacob Dlamini

(127B) BD 26/8/97

CAPE TOWN — The parliamentary housing committee decided yesterday to investigate the leaking of an auditor's forensic report on the affairs of rural housing developer Motheo.

The decision followed claims that the report had been leaked in a bid to sway public opinion on the project.

The report was written by auditors appointed by Auditor-General Henri Kluever to probe financial deals involving Motheo in Mpumalanga.

The committee decided to invite Kluever to brief it on the status and progress of his probe after housing department acting director-general Neville Karsens said he had seen the forensic report but could not disclose details as he had been sworn to confidentiality by Kluever.

Karsens said the forensic report, which would form part of Kluever's final report, had been given to the national housing department and Mpu-

Continued on Page 2

Motheo

(127B)

Continued from Page 1

BD 26/8/97

malanga's government for comment.

Karsens said the report could not have been leaked from his office as it had been locked away and taken out only under strict supervision.

Committee members complained that Kluever's alleged delay in releas-

ing his report adversely affected housing delivery in Mpumalanga and prejudiced those involved in the project.

Karsens said Kluever had given his assurance that he would submit his report as soon as possible.

Committee chairman Titus Mafole said it had not been decided how the leaks would be probed. Parliament's intelligence services oversight committee would be consulted on its procedures for avoiding leaks.

A-G calls for full inquiry into housing scheme allegations

STAFF REPORTER.

Auditor-General Henri Kleuver was due to table a report in Parliament today calling for a commission of inquiry into the controversial R198-million Motheo Construction rural housing scheme in Mpumalanga.

The confidential report leaked in morning newspapers, accuses the Mpumalanga housing department and board of incompetence and disregard

for full financial control, and instructs the commission to establish whether relatives or friends of Housing Minister Sankie Mthembu-Mahanyele may have benefited improperly.

Sources told The Star the report would be tabled today and debated on Monday.

Reports say Kleuver contends that contract costs were inflated by R23,6-million. He reports an unauthorised over-commitment of housing funds and a R9-million payment to

for full financial control, and instructs the commission to establish whether relatives or friends of Housing Minister Sankie Mthembu-Mahanyele may have benefited improperly.

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Sources told The Star the report would be tabled today and debated on Monday.

Stew

12/9/97

(1278)

Cobbett was involved in a dispute over whether he resigned or was pushed out. At the heart of the row over Cobbett, was how the provincial housing board awarded the contract to Motheo.

even before it had applied to local authorities for permission to build the houses.

Although the Mpumalanga housing department remained adamant there was nothing irregular about the project, on the instigation of Cobbett, a top-level investigation was undertaken by the auditor-general at that stage.

He rejects a housing department suggestion that the matter should be referred to Public Protector Selby Baqwa.

The row has already led to resignations of three top officials including national housing director-general Billy Cobbett, Mpumalanga board chairman Saths Moodley and board member Job Mthombeni

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Auditor calls for inquiry into Motheo

BD 12/9/97

(127B)

NELSPRUIT — The auditor-general has called for a full-scale commission of inquiry to establish whether Housing Minister Sankie Mthembu-Mahanyele's family or friends benefited improperly from the R198m Motheo Construction rural housing scheme.

The auditor-general's still-confidential report on the Motheo project, due for parliamentary debate on Monday, alleges incompetence and a disregard for proper financial control by the Mpumalanga housing department and board. It claims that contract costs were inflated by R23,6m.

He reports an unauthorised over-commitment of housing funds and a R9,2m payment by the housing board to Motheo before it had even applied to local authorities to build houses.

Rejecting a housing department offer to refer the matter to Public Protector Selby Baqwa, the auditor-general said the most appropriate way to investigate alleged family or other "close relationships" to Motheo was through an independent commission of inquiry.

While no conclusive evidence could be found of misrepresentation by either Motheo or Nedcor, the auditor-general said there was a reasonable possibility of such misrepresentation and this needed to be investigated.

Controversy surrounding the scheme has already cost former housing department director-general Billy Cobbett his job, along with those of Mpumalanga housing board chairman Saths Moodley and board member Job Mthombeni. Cobbett was ousted after apparently defying Mthembu-Mahanyele and reporting suspected irregularities to the auditor-general in April.

Moodley and Mthombeni were forced to resign after the alleged irregularities surfaced. Mpumalanga's housing board was also suspended.

Saying the contract inflated generally accepted costs by R23,6m, the report asked why the Mpumalanga Housing Board authorised an effective subsidy of R17 250 a house to Motheo "in accordance with the inflation rate." The contrived nature of the agreement is clearly evident, but the reason and full implications thereof are not.

The report concluded there were no funds available for the project when Moodley signed the contract in February. Mpumalanga had no prospect of raising the money, and was already R313m over budget before approving the Motheo scheme.

"The (provincial housing) department's seriously overcommitted position creates the risk of not being able to meet its commitments if and when they become due," the report warned.

The attorney-general also found that Moodley did not obtain proper approval for the scheme from the provincial housing board as there was no quorum at the board meeting where the matter was briefly discussed. In addition, these inadequate discussions failed to conform to any of the 15 evaluation criteria required before approval could be granted.

Neither the board nor Motheo could produce evidence on 11 separate points to prove they had attempted to meet the requirements, while only "superficial or theoretical" attempts were made on another four occasions.

Continued on Page 2

Motheo (127B)

BD 12/9/97
Continued from Page 1

The auditor-general noted that Motheo's proposal to the board hinged on a supposed joint venture with Nedcor. But, the report said, there was no formal agreement between the two bodies and Nedcor vehemently denied being officially involved in the scheme.

The board also failed to ask for a copy of the alleged joint venture agreement or to attempt to assess the legal and financial competence of it, as re-

quired by its own regulations.

Other failings highlighted in the report include a R24,4m interest-free loan to Motheo by the housing board which the report said was "contrary to well-established principles of government spending".

The report questioned whether there was any consultation between Motheo and the communities it was supposed to benefit. It describes how three Motheo houses were demolished in Hazyview after the local chief said he had never been consulted and the houses had been built in his community's farming fields. — AENS.

Cluever calls for housing probe

(127B) M+G 12-18/97

Justin Arenstein

Auditor General Henri Cluever has called for a full scale commission of enquiry to establish whether relatives or close friends of Minister of Housing Sankie Mthembu Mahanyele may have improperly benefited from the contentious R198 million Motheo Construction housing scheme in Mpumalanga.

The special report leaked to the *Mail & Guardian* this week is a litany of ignored procedures, apparent incompetence and reckless disregard for proper financial control over more than R198-million of public money.

Controversy over the scheme has already led to the resignations of the national housing director general Billy Cobbett, Mpumalanga housing board chairman Saths Moodley and board member Job Mthombeni.

Cobbett resigned after apparently defying Mthembu Mahanyele and reporting a series of irregularities in the scheme to the auditor general in April. Moodley and Mthombeni were forced to resign for their part in a string of suspected irregularities.

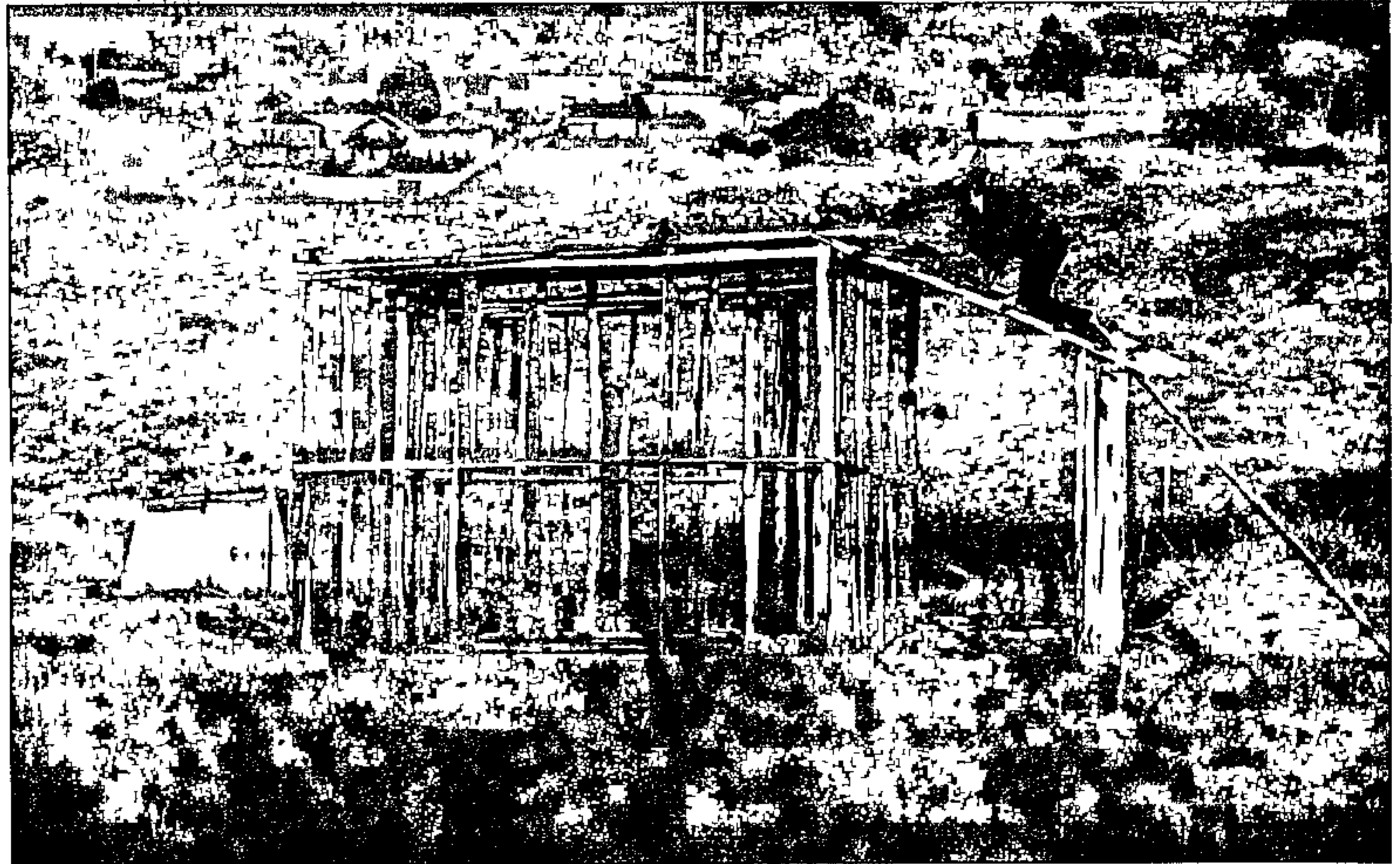
Mpumalanga's housing board was also suspended at the time. Rejecting a national housing department offer to refer the matter to the public protector, Selby Baqwa, Cluever says in his still confidential special report on the scheme that the most appropriate manner to investigate alleged family or other "close relationships" is through the appointment of an independent commission of enquiry.

The *M&G* reported in May that at the centre of the housing project controversy was the web of relationships connecting central government, provincial government and the private sector.

They included the close friendship of the housing minister and the head of Motheo Construction, Thembi Ndlovu, from their days in exile. Ndlovu has openly described Mthembu Mahanyele as her "mentor".

Mthembu Mahanyele and sacked banker Kevin Gibb, who helped her set up the deal, also had a close working relationship from a history of Nedcor backed projects. Gibb met Ndlovu after hiring her sister, Granny Seape, to work at Nedcor.

Job Mthombeni, co director of Motheo, was also a member of the Mpumalanga Housing Board, which



Home truths: A house being erected by the Mpumalanga Housing Board, which is beset by scandal. PHOTOGRAPH: STEVE HILTON-BARBER

approved a R185 million contract with Motheo.

While Cluever's report says there is no conclusive evidence of misrepresentation by either Motheo or Nedcor, there was a reasonable possibility that such misrepresentation had occurred. The report calls for intensive investigation by the proposed commission.

Warning that the contract, for 10 500 houses, inflated accepted costs on a project this size by R23,6-million, the report also questions how the Mpumalanga Housing Board could authorise an effective subsidy of R17 250 per house to Motheo without any precedent or reason for it in law or practice.

The report clearly indicates that there was substantial disregard for due process and proper procedures by individuals in positions of public trust. "It is evident that the interests of the taxpayer and the principles of good governance have not been served in this instance."

One of the most shocking findings is that the housing board did not actually have the money that it promis-

ed to Motheo when former housing chairman, Saths Moodley, signed the contract in February.

Mpumalanga also had no prospect of securing the money, Cluever stresses, and had already over committed itself by R313-million before signing with Motheo.

"The department's seriously over committed position creates a risk of [government] not being able to meet its commitments if and when they become due," the report warns.

Just as shocking is Cluever's finding that Moodley never obtained proper approval for the scheme from the provincial housing board because there was no quorum at the board meeting where the matter was briefly discussed.

The report points out that the discussions that did take place failed to address any of the 15 criteria required before approval can be granted. Neither the board nor Motheo could produce evidence on 11 separate points to prove that they had ever attempted to meet the requirements, while only "superficial or theoretical" attempts were made in an other four instances.

Stressing that Motheo's proposal to the board had hinged on a supposed joint venture with Nedcor

Cluever notes that there was never any formal agreement between the two bodies and that Nedcor vehemently denies being officially involved in the scheme.

The board failed to ask for a copy of the alleged joint venture agreement, and it made no attempt to assess the legal and financial competence of the joint venture, as required by the board's own regulations.

In addition to the "almost complete disregard for due process", the board also agreed to pay Motheo an extra R930 per house, or R9,7 million for "bulk infrastructure" such as sewerage and water lines, and for the installation of a chemical toilet called an "enviroloo".

The report points out that the chemical toilets should have reduced costs, not increased them. What, asks the report, did Motheo need the extra R9,7 million for? In any case it adds, the board had no right to approve bulk infrastructure payments because such payments come from a different source.

Other failings highlighted in the report include an effective R24 4 million interest free loan to Motheo, which the report says is contrary to well-established principles of government spending. The report also questions why the housing depart-

ment made the first R9,2-million payment to Motheo before Motheo applied for the actual building of the houses.

In the myriad monetary transgressions listed in the report, is one of a more social nature: the report criticises Motheo for failing to consult the communities it was supposed to be helping. It details how three Motheo houses in Hazyview had to be demolished after the local chief complained that he had never been consulted, and pointed out that they had been built in his community's agricultural fields.

The report makes no mention of the clash between Cobbett and Mthembu Mahanyele or of his resignation but does stress that the special report was drafted at the request of Cobbett, and not of the minister.

The report does not refer to Mthombeni but notes that the fact that the Mpumalanga Housing Board allows for industry interest groups to have special representation on it creates the potential for a conflict of interest.

The full report, which has been forwarded to Premier Mathews Phosa, Mpumalanga's housing department and its board, is expected to be officially tabled and debated in Parliament on Monday. — *African Eye News Service*

Kluever calls for housing probe

M+G 12-18/97 (127B)

Justin Arenstein

Auditor General Henri Kluever has called for a full scale commission of enquiry to establish whether relatives or close friends of Minister of Housing Sankie Mthembu Mahanyele may have improperly benefited from the contentious R198 million Motheo Construction housing scheme in Mpumalanga.

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Controversy over the scheme has already led to the resignations of the national housing director general Billy Cobbett, Mpumalanga housing board chairman Saths Moodley and board member Job Mthombeni.

Cobbett resigned after apparently defying Mthembu Mahanyele and reporting a series of irregularities in the scheme to the auditor general in April. Moodley and Mthombeni were forced to resign for their part in a string of suspected irregularities.

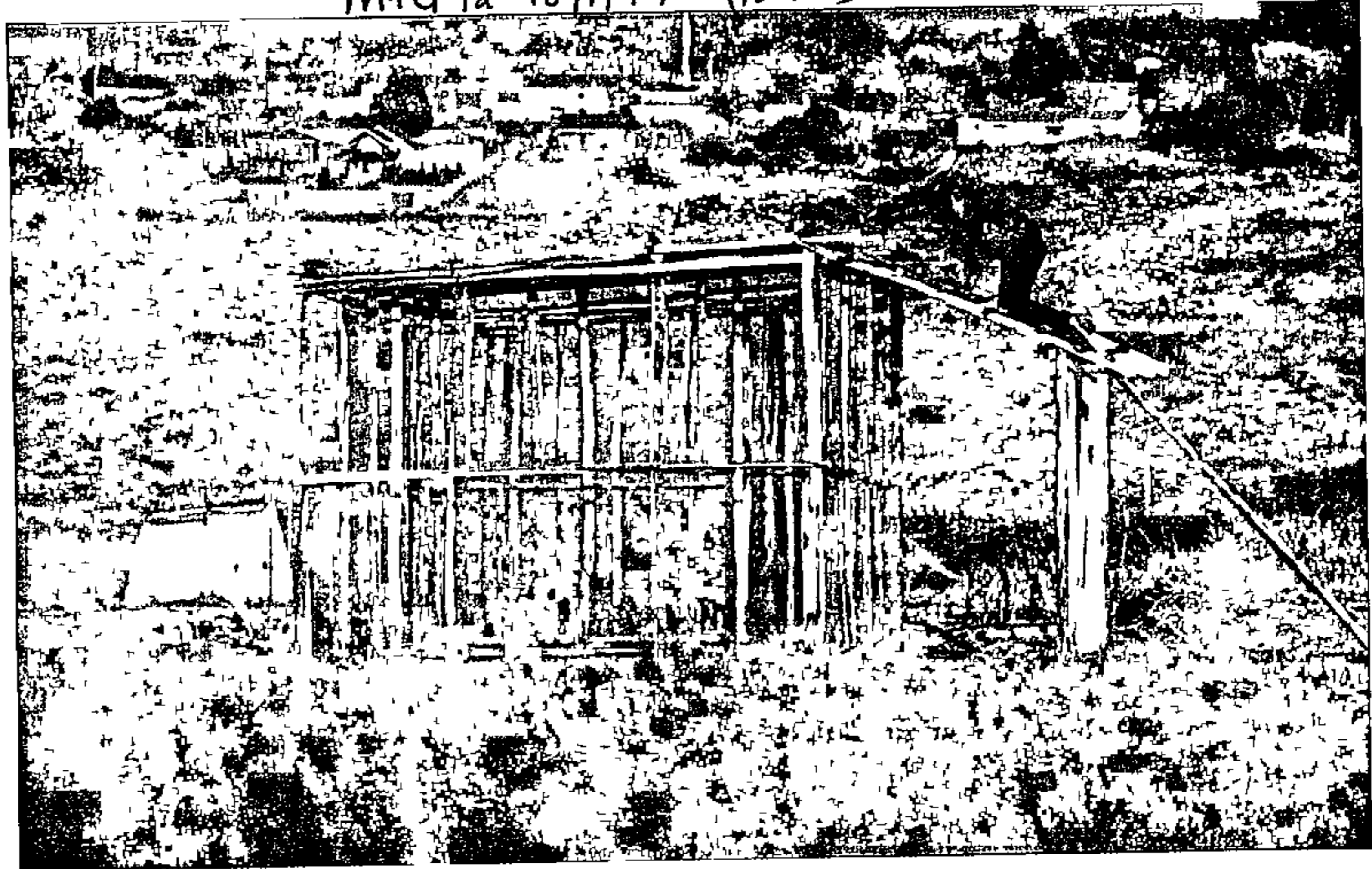
Mpumalanga's housing board was also suspended at the time. Rejecting a national housing department offer to refer the matter to the public protector, Selby Baqwa, Kluever says in his still confidential special report on the scheme that the most appropriate manner to investigate alleged family or other "close relationships" is through the appointment of an independent commission of enquiry.

The *M&G* reported in May that at the centre of the housing project controversy was the web of relationships connecting central government, provincial government and the private sector.

They included the close friendship of the housing minister and the head of Motheo Construction, Thembi Ndlovu, from their days in exile. Ndlovu has openly described Mthembu Mahanyele as her "mentor".

Mthembu Mahanyele and sacked banker Kevin Gibb, who helped her set up the deal, also had a close working relationship from a history of Nedcor backed projects. Gibb met Ndlovu after hiring her sister, Granny Seape, to work at Nedcor.

Job Mthombeni, co director of Motheo, was also a member of the Mpumalanga Housing Board, which



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Just as shocking is Kluever's finding that Moodley never obtained proper approval for the scheme from the provincial housing board because there was no quorum at the board meeting where the matter was briefly discussed.

The report points out that the discussions that did take place failed to address any of the 15 criteria required before approval can be granted. Neither the board nor Motheo could produce evidence on 11 separate points to prove that they had ever attempted to meet the requirements, while only 'superficial or theoretical' attempts were made in an other four instances.

Stressing that Motheo's proposal to the board had hinged on a supposed joint venture with Nedcor,

Kluever notes that there was never any formal agreement between the two bodies and that Nedcor vehemently denies being officially involved in the scheme.

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Focusing scam: A never

UNIVERSITY OF CAPE TOWN
SALDRULIE

calls for probe into Sankie

(127B)

Report says minister's family and friends may have improperly benefited

MTG 12-18-97

PAGE 3



PHOTOGRAPH BY MOUTH MOTAU

Khoikhoi blues

Contrary to prevailing myths, the Nama language is still heard along the Orange River, but surviving in the modern era may cost Petrus Vaalbooi and his generation the language that his forefathers have spoken for thousands of years

PAGES 28 & 29

A-G calls for probe of minister's links to housing scheme

AR 13/9/97

127 B

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The auditor-general's still-confidential report on the Motheo project, due for parliamentary debate on Monday, alleged a "complete" disregard for proper financial control by the Mpumalanga housing department and board.

It claimed that contract costs on the 10 500 houses approved for the Motheo scheme were inflated by R23,6-million, African Eye News Service reported.

The report also found an unauthorised over commitment of housing funds and a R9,2-million payment by the housing board to Motheo before it had even applied to local authorities to build houses.

Rejecting a Housing Department offer to refer the matter to Public Protector Selby Baqwa, the auditor-general said the most appropriate way to investigate alleged family or other

"close relationships" to Motheo was through an independent commission of inquiry.

While no conclusive evidence could be found of misrepresentation by either Motheo or Nedcor, the auditor-general said, there was a reasonable possibility of misrepresentation and this needed to be investigated.

Controversy surrounding the scheme has already cost former housing department director-general Billy Cobbett his job, along with those of Mpumalanga housing board chairman Sathis Moodley and board member Job Mthombeni.

Mr Cobbett was ousted after apparently defying Mr Mthembu-Mahanyele and reporting suspected irregularities to the auditor-general in April. Mr Moodley and Mr Mthombeni were forced to resign after the alleged irregularities surfaced. Mpumalanga's housing board was also suspended.

Saying the contract inflated accepted costs by R23,6-m, the report asked why the Mpumalanga housing board authorised an effective subsidy of R17 250 a house to Motheo "in accordance with the inflation rate" without any precedent in law or practice.

"The contrived nature of the agreement is clearly evident, but the reason and full implications thereof are not," the report said.

The report concluded there were no funds available for the project when Mr Moodley signed the contract in February. Mpumalanga had no prospect of raising the money and was already R313-million over budget before approving the Motheo scheme. "The department's seriously over-committed position creates the risk of not being able to meet its commitments if and when they become due," the report warned - Sapa



Probe: Sankie Mthembu-Mahanyele

Damning Motheo audit report 'only a summary'

NELSPRUIT — The auditor-general's special report slating Mpumalanga's handling of the R190m Motheo rural housing scheme is only an executive summary of a far more damning forensic audit report.

The special report recommends a commission of inquiry into whether Housing Minister Sankie Mthembu-Mahanyele's family or friends benefited improperly from the scheme. The report was leaked to the press on Friday in advance of being tabled in Parliament today.

The report also says while no conclusive evidence of misrepresentation by either Motheo or Nedcor could be found, such misrepresentation was possible and needed intensive investigation.

Mpumalanga, which had already over-

committed by R313m, did not have the money to enter a contract with Motheo. The report also says the board had paid R9m to Motheo before the construction company had applied for approval from the relevant local authorities to build houses.

However, the report fails to mention documented proof given in the forensic audit report on instructions given by recently ousted national housing director-general Billy Cobbett.

The report says the former director-general had "explicitly" prohibited Mpumalanga from entering the deal with Motheo Construction from the outset. The national ministry cites the budgetary overspending as a reason for denying approval. The forensic report also notes a second

letter, dated March 5, from Cobbett's Mpumalanga counterpart, Steve Ngwenya, requesting additional funding.

The request was again turned down, even with Mthembu-Mahanyele's counter-signature.

Cobbett was ousted from the department after clashing with Mthembu-Mahanyele for reporting the scheme to the auditor-general, but he seems to have been paid out a large lump sum for the remaining 30-months of his five-year contract.

Other points glossed over by the special report include the role played by former Nedcor personal credit general manager Kevin Gibb, who was known as "Mr Housing" in Mpumalanga. The full roles played by Ngwenya,

BA 15/9/97

Mpumalanga housing board chairman Saths Moodley and housing board member Job Mthombeni are also fully detailed in the forensic audit report.

None of the people referred to in the report was prepared to comment on Friday. However, Mthembu-Mahanyele did issue a statement rejecting any "innuendoes" that she had used her influence to sway the outcome of proceedings or had intervened in awarding the contract.

She said she was "constrained (from) responding more fully" as she was not prepared to "conspire" to break an embargo on the report. Motheo director and Mthembu-Mahanyele's friend, Thandi Ndlovu, is reportedly out of SA on business in eastern Europe for the next 10 days.

(1276)

After being tabled, the report will be forwarded to the housing portfolio committee for deliberation. The housing committee is expected to request copies of the forensic audit report.

Sapa reports that Mthembu-Mahanyele on Saturday denied any involvement in awarding the contract.

"Such innuendo is completely irregular since the minister is not involved in the distribution of subsidies or the awarding of contracts," her office said. Mthembu-Mahanyele would respond at a media briefing in Cape Town today after the report had been officially released, her office said — ABNS

Let Baqwa head

inquiry — Sankie

ET #16/9/97 (127B)

HOUSING Minister Ms Sankie Mthembu-Mahanyele said yesterday that neither she nor her family members were involved, in any capacity, in awarding a R190-million rural housing contract to Motheo Construction.

Mthembu-Mahanyele said she believed that Public Protector Mr Selby Baqwa's office was the best and most cost effective institution to investigate claims that she, her family or friends benefited improperly from the contract.

She said she would be submitting a report to President Nelson Mandela and expected a decision on further action by the government to be made soon.

"The allegations are inaccurate and to a certain level malicious. To say that my family has benefited is determining my family and I take special exception to that."

"I have nothing to do with the awarding of contracts. Even if I had wanted to, there was no way I would have managed because of the procedures and processes that we have in place," Mthembu-Mahanyele said.

She opposed auditor-general Mr Henri Kluever's recommendation to Parliament yesterday that a judicial commission of inquiry be appointed. — Political Staff

Housing minister wants 'speedy probe'

12
Jacob Dlamini

CAPE TOWN — Housing Minister Sankie Mthembu-Mahanyele said yesterday she was innocent with regard to the Motheo rural housing controversy, and asked that the public protector be called in to investigate to "speed up" the clearing of her name

Mthembu-Mahanyele was reacting to a recommendation by the auditor-general that a judicial commission of inquiry be set up to establish if her family or friends had benefited improperly from the R190m housing project in Mpumalanga

She said she would welcome an inquiry into the possible involvement of her family. However, she was "very keen and anxious" that the process take place quickly. A judicial commission would take at least a year to complete its investigation

BD 16/9/97
Mthembu-Mahanyele said she would welcome an investigation by Public Protector Selby Baqwa, as this would be the "shortest and most cost-effective way" of looking into Motheo

Mthembu-Mahanyele said the auditor-general, who launched an investigation into the project after a request from the housing department's then director-general Billy Cobbett, had not found any irregularities "attributed to Motheo Construction in its submission of the rural housing proposal to the Mpumalanga housing board"

The problem identified by the auditor-general had related only to the evaluation and approval by the provincial housing board, she said

The problem had been caused by the provincial housing board's failure to follow the complex manual used to allocate subsidies

In a report tabled in Parliament

(1278)
yesterday, the auditor-general found that important regulations had not been adhered to and that the housing board and government officials had been "influenced by the possibility of a financial institution being involved". The investigation had also uncovered "substantial disregard for the due process and proper procedure by individuals in positions of public trust"

The auditor-general said a commission of inquiry would be asked to find out if individuals or organisations connected with Motheo had misrepresented matters to the housing board

Mthembu-Mahanyele said she had instructed the housing department to rewrite the subsidy manual to make it user-friendly

She said provinces had expressed problems with the way the manual, which she said was bigger than the Bible, was written.

Housings probe widens

Sowetan

16/9/97

(127B)

(127B)

By Rafiq Rohan
Political Correspondent

ALTHOUGH individuals could face action by the public protector, there are still areas around the Motheo Construction issue that need investigating by a commission of inquiry, the auditor-general revealed in his report yesterday.

Mr Henri Kluever recommended that the inquiry should try to establish whether misrepresentation occurred, whether family and close relationships had played a role in the awarding of the housing project to Motheo Construction, and what the full impli-

cations of the agreement with the construction company were.

Allegations, hotly debated in Parliament, were that relatives or friends of Housing Minister Mrs Sankie Mthembu-Mahanyele, may have unfairly benefited from a lucrative housing contract in Mpumalanga.

Yesterday the auditor-general also concluded that there was "substantial disregard for the due process and proper procedure by individuals in positions of public trust".

Kluever's general conclusions are that

- Proper approval for the rural housing project was not obtained.
- "Although the Mpumalanga

Housing Board took a decision in this regard, this decision is considered to be invalid as there was no quorum at the particular meeting, the information needed to make a proper decision was largely lacking and no funds were available to finance this project".

- Funds were overcommitted to a considerable extent.
- No conclusive evidence was found that any misrepresentations took place. There is a reasonable possibility that misrepresentation concerning the involvement of a financial institution did occur.
- While there is a written agreement between the Mpumalanga Housing Board and Motheo

Construction (Pty) Ltd, it was not signed with the proper authority of the board and neither did it comply with the terms and conditions applicable to the housing subsidy scheme.

- "There was almost complete disregard for the due process and proper procedure in terms of the requirements of the Ministry of Housing's implementation manual".

No names of individuals are mentioned in Kluever's report.

An amount of R9 million had already been paid over to the construction company.

Yesterday Mthembu-Mahanyele said she welcomed any inquiry into any matter "I or a member of my fam-

ily was involved in". She said that allegations made in the media were untrue and "I reject them".

She said that Kluever's report "absolves the Ministry of any involvement in the receipt or evaluation of the Motheo project proposal".

"The Ministry has recommended that the public protector be asked to investigate these matters.

"I support that view," she said.

Three housing officials, director general Mr Billy Cobbett, Mpumalanga Housing Board chairman Mr Saths Moody and member of the board Mr Job Mthombeni, all resigned when the issue became public knowledge.

Housing minister lashes out at claims of family involvement

By **LOYAL RANTAO**
Political Correspondent

Cape Town - Housing Minister Sankie Mthembu-Mahanyele says she and members of her family were not involved, in any way, in the awarding of the R190-million rural housing contract to Motheo Construction.

Mthembu-Mahanyele said yesterday she believed that Public Protector Selby Bagwa's office was the best and most cost-effective institution to investigate claims that she, her family or friends benefited improperly from awarding the contract to Motheo Construction, owned by Dr Thandi

Ndlovu.

She said she would be submitting a report to President Nelson Mandela and expected a decision on further action by the Government to be made soon.

"The allegations are inaccurate, wrong and to a certain extent malicious. To say that my family has benefited (from the awarding of the contract) is really undermining my family and I take special exception to that. I don't know why this is being done.

"I have nothing to do with the awarding of a contract. Even if I had wanted to, there was no way I would have man-

aged because of the procedures and regulations that we have in place," Mthembu-Mahanyele said.

She opposed Auditor-General Henri Kluever's recommendation that a judicial commission of inquiry should be appointed into the matter.

In a report tabled in Parliament yesterday, Kluever called for a full-scale commission of inquiry to establish whether relatives or close friends of Mthembu-Mahanyele had improperly benefited from the rural housing contract.

The minister said: "My interest is that the issue should

be finalised as soon as possible. If the commission of inquiry will take a week, I will be happy."

"The Department of Housing has recommended that the public protector (should) be asked to investigate these matters as it is the most cost-effective and speedy way for such an investigation to be done. I support that view."

It has been estimated that at least 90 000 houses could have been built in the period that the controversial issue was under investigation.

Mthembu-Mahanyele said the auditor-general's report absolved her ministry and

the national Department of Housing of any involvement in the receipt or evaluation of the Motheo project's proposal.

"The problem identified by the auditor-general relates to how that proposal was evaluated and approved by the Mpumalanga housing authorities," she said.

She also noted that Kluever was not recommending a commission of inquiry into the matter because of what he had discovered during his investigation into the Mpumalanga housing project, but because the media had forced him to do so.

Star 16/9/97 (1275)

Minister mum on Cobbett's claims

STAFF REPORTER AND SAPA

Housing Minister Sankie Mthembu-Mahanyele refused to comment today on claims by former housing director-general Billy Cobbett that he had been dismissed after asking auditor-general Henry Kluever to probe irregularities in the Motheo housing project.

Cobbett said he had not resigned, as claimed by Mthembu-Mahanyele. His contract was ended prematurely, after he reported the irregularities, he said.

"As the accounting officer for the South African Housing

Fund, I referred certain information to the auditor-general on April 24 1997.

"At my request an investigation was launched which culminated in the report being released yesterday.

"My contract as director-general was terminated prematurely following processes initiated by the minister in the immediate aftermath of my reporting this information to the office of the auditor-general."

Cobbett said the state had subsequently met its contractual obligations in full.

Kluever's report, tabled in Parliament on Monday, alleges

incompetence and a disregard for proper financial control by the Mpumalanga housing department and board.

It also calls for a commission of inquiry to investigate alleged family or other "close relationships" to the Motheo project, headed by Thembi Ndlovu.

Newspapers reported that Ndlovu was a close friend of Mthembu-Mahanyele, but Mthembu-Mahanyele dismissed allegations that she was involved in awarding the contract to Motheo.

Cobbett is now the director of housing for Cape Town.

Star 17/9/97

(127B)

Commission to probe Motheo project

Robyn Chalmers

(127b)

MD 18/9/97

MPUMALANGA premier Mathews Phosa has reacted swiftly to the auditor-general's report on the Motheo rural housing project, announcing yesterday that he had appointed a commission of inquiry to investigate further.

The inquiry, which would include a forensic audit to look at the payments already made to Motheo Construction in terms of the project, should be completed within 14 days of being formally appointed. Phosa said this could be achieved given the work already done since the initial interim reports were released by the auditor-general.

Deloitte & Touche MD Hugh Dreyer would chair the commission and had been requested to put together a team to investigate whether any misrepresentation was made by an individual or organisation to the Mpumalanga housing board, the housing, local government and land administration departments, or any party to the project.

The commission would also look into the reasons for and full implications of the "contrived nature of the agreement with Motheo Construction".

"In addition to making findings on possible undue processes in the appointment of Motheo, I would also like to request the commission to carefully examine our management practices during this process and come up with specific proposals to improve them," he said.

The commission would not look into matters that affected the national housing department as this did not fall within the ambit of his constitutional competence, Phosa said.

The auditor-general called for a judicial commission of inquiry to investigate a number of issues, including

whether there were any family or close relationships involved in the awarding of the project to Motheo.

Housing Minister Sankie Mthembu-Mahanyele said this week that the housing department believed that the public protector should conduct the investigation as this was "the most cost-effective and speedy way for such an investigation to be done".

Phosa said the Mpumalanga housing ministry had already undertaken further investigations into the matter after receiving the auditor-general's interim report. The findings of this investigation, conducted by a firm of chartered accountants, would be made available to the commission. He said the legislature would, through its standing select committee on public accounts, also pay attention to the issue.

Comment: Page 15

Cut-off Motheo battles to pay staff

CT(BE) 18/9/97

MIRANDA STRYDOM

(1278)

Johannesburg — Motheo Construction, which won the controversial R189 million Mpumalanga rural housing tender, was battling to pay its employees and fulfil its contract because the provincial government had cut off further payments to the company until investigations were completed, Leon Mbangwa, a spokesman for the Mpumalanga housing department, said yesterday.

This year, Motheo was awarded a two-year contract to build low-cost houses in Mpumalanga.

But Billy Cobbett, the former director-general of the national housing department, questioned the manner in which the tender had been awarded. He then referred the matter to the auditor-general for further investigation. Subsequently, Cobbett left the department, claiming a breakdown in trust between Sankie Mthembu-Mahanyele, the housing minister, and himself.

"Motheo is unable to pay for materials and to pay its labourers. The company had only been paid R9 million," said Mbangwa. The company had delivered less than 500 houses out of the 10 500 required. Motheo had only been paid an initial R9 million.

He said although the government had not ordered a freezing of further payments to Motheo, there was uncertainty within the provincial housing board.

The balance of the money owed to Motheo would probably be paid once the auditor-general had completed his investigation.

Motheo was alleged to have been awarded the contract without a proper tender. But Mbangwa said earlier this year that Motheo did not have to tender because no other companies had submitted proposals. He said the bigger construction companies did not bother to put forth proposals because they believed the areas to be developed were high-risk and were therefore not interested.

There were also questions raised about Motheo, which was registered in February and awarded the contract a month later. But Thandi Ndlovu, the founder and director of Motheo, said the company was first registered last year as Topihada and then changed its name to Motheo.

Auditor general in the firing line

M+G 19/9/97 (127B)

**Mungo Soggot, Andy Duffy
and Marion Edmunds**

The Cabinet has closed ranks around Minister of Housing Sankie Mthembi-Mahanyele, backing her attack on the auditor general's investigation into the Motheo housing scandal

President Nelson Mandela's office was due to decide this Friday (September 19) whether to heed Auditor General Henri Kluever's advice and launch a full-blown commission of inquiry into the R190-million Mpumalanga project. The alternative is to pass the case to the public protector.

The *Mail & Guardian* understands that Mandela believes Kluever failed to find anything to warrant a full inquiry. Instead questions are being raised about whether the auditor general is pursuing a political agenda against the African National Congress.

Minister of Justice Dullah Omar and Mthembi-Mahanyele are advising Mandela on the decision. Omar is thought also to believe that Kluever found nothing substantial, Mthembi-Mahanyele has publicly claimed his report puts her and her ministry in the clear, and that Kluever is merely bowing to media pressure.

The auditor general, already reeling from Minister of Minerals and Energy Penuell Maduna's attack on him over the auditing of the state's oil business, stands by the report.

The Mpumalanga housing scandal broke in May when it emerged that Mthembi-Mahanyele had sacked former housing director general Billy Cobbett after he blew the whistle on the scheme.

Cobbett found that the low-cost housing project, steered by two close associates of Mthembi-Mahanyele, had flouted procedures and would have given the minister's associates outrageously large profits. Motheo did not even exist when Mpumalanga's housing authorities gave the project the green light.

Mthembi-Mahanyele, ignoring Cobbett's concerns, unveiled the scheme in April with huge fanfare — and fired Cobbett weeks later.

After the scam surfaced, Mpumalanga housing chief Saths Moodley quit and Nedcor fired the banker who had organised huge interest-free loans to Motheo, Kevin Gibb.

Kluever's report, officially released this week, details a series of "gross procedural"

breaches surrounding the deal, not least the close relationships between the minister and various players in the scam. Gibb, in his own words, had a "close working relationship" with the minister, while Motheo founder Thandi Ndlovu described Mthembi-Mahanyele as her "mentor".

Kluever recommended to Mandela that a full commission of inquiry — with wider investigative powers — was needed to get to the bottom of the saga.

The ANC's response to Kluever was swift. Mthembi-Mahanyele told a press conference in Cape Town that Kluever had recommended a commission of inquiry "not because of what he discovered during his investigations, but because the public media is forcing him to do that". She wants Mandela to ignore Kluever and call in the public protector instead, claiming such a move would be cheaper and faster.

The chairman of the National Assembly's Portfolio Committee on Housing, Titus Mafolo, joined Mthembi-Mahanyele's attack, and widened it to criticise Kluever for taking so long to report.

Mafolo says Kluever should have "put the matter to rest. Instead we still have a long process. The report says there must be an investigation about the relationships, but there is no evidence that leads to that conclusion in the report."

Mandela's office released a statement on Wednesday, saying the president was still studying Kluever's report, and that his decision on following Kluever's recommendations was imminent.

Presidential aide Parks Mankahlana said Mandela urged public figures to stop comments that undermined watchdog bodies such as the auditor general. "The president does not deem the public exchanges on whether the public protector or a commission of inquiry should examine the Motheo project helpful in any way."

Mankahlana declined to comment on the president's opinion about Kluever's efforts. But the *M&G* understands the initial verdict is that Kluever's report has failed to live up to Mandela's expectations, and provides little evidence to justify a commission of inquiry. Kluever's report is instead seen to exonerate Mthembi-Mahanyele and her ministry.



Henri Kluever: Questions being raised about whether he is pursuing a political agenda against the ANC

It is understood the president also has no plans to call in Cobbett for his side of the story, and no other ANC heavyweights have contacted the former director general about Motheo.

It is thought that Omar shares similar views, and is not even convinced the matter should be handed across to the Public Protector, Selby Baqwa.

Instead, Kluever is being accused of failing to do his job and of pursuing an agenda against the housing minister, which has raised doubts about his motives.

The Constitution protects the auditor general and other key watchdogs from attack by other organs of state. All these watchdogs are accountable to Parliament.

The *M&G* faxed a series of questions to Mthembi-Mahanyele earlier this week relating to the contradictions between the report and her claims. She failed to respond before going to press.

Motheo housing scandal tests the government's commitment to accountability

Phosa appoints independent inquiry

M+G 19-25/9/97

(1278)

Justin Arenstein

In a clear attempt to be seen to be acting decisively, Mpumalanga Premier Matthews Phosa has appointed an independent private-sector commission of inquiry into the Motheo housing controversy.

The commission, headed by Deloitte & Touche managing partner Hugh Dreyer, will use a team of experts from Deloitte & Touche and from auditing firm KPMG. It will investigate information uncovered by Auditor General Henri Kluever in his report into the

Mpumalanga housing debacle

The commission will also probe Mpumalanga's seemingly flawed management practices and may recommend tighter controls.

Phosa's carefully worded statement announcing the commission emphasised that it did not have the constitutional authority to investigate the Minister of Housing, Sankie Mthembu-Mahanyele, or any officials in her department, or even "matters affecting the national department".

It will instead investigate whether either Motheo or Nedcor and their representatives

made misrepresentations to the provincial housing board during the project's approval process

The role played by the disgraced former board chairman, Saths Moodley, in presenting Motheo's scheme to the board will also be probed, as will the "contrived nature" of the board's contract with Motheo.

Phosa refused to be drawn on who would investigate media allegations and the auditor general's concerns that Mthembu-Mahanyele's close links to Motheo founding director Thandi Ndlovu may have played a role in the contract's approval

Housing inquiry unlikely

(127B)

RAY HARTLEY: Political Editor

ST. 21/9/97

NO FURTHER investigation into allegations that the Minister of Housing, Sankie Mthembu-Mahanyele, was involved in irregularities regarding the Motheo housing scandal is likely to be ordered by President Nelson Mandela

Although Mandela had made no announcement on the matter by late yesterday, the Sunday Times understands that he will not ask for a commission of inquiry as requested by the Auditor General, Henri Kluever, or for the public protector to look into the matter as requested by Mthembu-Mahanyele

This follows a dramatic week in which the former director-general of housing, Billy Cobbett, made his first public statement since his contract was terminated earlier this year

Cobbett said his contract was scrapped after he reported irregularities relating to Motheo to Mthembu-Mahanyele

The housing minister has steadfastly maintained that Cobbett resigned after differences of opinion had destroyed their relationship

Kluever recommended that a commission of inquiry investigate the Motheo saga "to address all the uncertainties that still exist", although his report did not find that Mthembu-Mahanyele was directly involved in any irregularity

Mpumalanga Premier Mathews Phosa has launched a provincial inquiry into the actions of his housing department and housing board in awarding the Motheo contract

Contacted this week, Kluever said he still believed a full national commission was needed

He said he was disappointed that headlines were painting a picture of strained relations between himself and the government

"It creates the wrong impression that there is a complete breakdown between the government and the auditor general," he said

MOTHEO HOUSING CONTROVERSY

Mthembu-Mahanyele not yet off the hook

Opposition parties vow to pursue the issue, after Mandela spurns Auditor-General's call for a judicial inquiry *FM 26/9/97*

President Nelson Mandela's decision not to appoint a judicial commission of inquiry into the Motheo housing controversy in Mpumalanga and its links to Housing Minister Sankie Mthembu-Mahanyele is likely to further strain the bad relationship between Auditor-General Henri Kluever and the ANC.

It also raises a constitutional dilemma, as it places the ruling party deeper in conflict with government's constitutionally appointed chief financial overseer.

Despite attempts in the past week by the ANC to downplay the issue, the housing debacle is likely to remain in the public eye for at least another 12 months — near enough to the 1999 elections to cause the ANC embarrassment at the hustings.

Still smarting from an attack on his personal integrity by Mineral & Energy Affairs Minister Penuell Maduna, Kluever called last week for a full-scale judicial commission to establish whether Mthembu-Mahanyele's family and friends benefited improperly from the R198m Motheo Construction rural housing scheme. It propelled him into still more criticism from ANC parliamentarians who say his report failed to substantiate his call for an inquiry.

Kluever found that contract costs for the project had been inflated by R23,6m and that there were no funds available for it when the contract was signed.

"The contrived nature of the agreement is clearly evident, but the reason and full implications thereof are not," he said.

He said the only way to investigate alleged family or other "close relationships" to Motheo was through a commission and not through the Public Protector, as suggested by the Minister.

Motheo founder Thandi Ndlovu has described Mthembu-Mahanyele as her "mentor," and others involved with Motheo — such as former Nedcor banker Kevin Gibb and Mpumalanga housing chief Saths Moodley — as having had close "working relationships" with her. Ndlovu and Mthembu-Mahanyele both acknowledge they were "best friends" while in exile.



Mthembu-Mahanyele & Phosa bound by unanswered questions

Mandela's spokesman Parks Mankahlana told the *FM* this week that the President will not appoint a commission as recommended by Kluever. The President's office, advised by Mthembu-Mahanyele and Justice Minister Dullah Omar, does not believe that there is enough in Kluever's report to warrant a commission, he says.

"It is up to a citizen or a political party to lay a complaint with the Public Protector," Mankahlana says. "But the President is satisfied with the processes undertaken thus far and will not be taking any such action."

It is understood that the ANC is considering taking the issue to the Public Protector itself, as Mthembu-Mahanyele and the Housing Department have suggested, to deflect criticism that it is trying to sweep the matter under the carpet.

The party, meanwhile, has closed ranks behind Mthembu-Mahanyele, with party officials and parliamentarians saying Kluever's report exonerates the Minister. Parliament's housing portfolio committee chairman Titus Mafolo says Kluever's report is "not helpful at all" and leaves the

committee without direction on where the matter should go.

Mthembu-Mahanyele says she wants the case handled speedily and with minimum cost. She says Kluever did not recommend a commission because of what he discovered "but because the public media are forcing him to do that." Since the official release of the report last Monday no action has been taken except for an independent private-sector inquiry started by Mpumalanga premier Mathews Phosa.

Phosa's spokesman Oupa Pilane denies a

suggestion that the inquiry is simply duplicating the work done by Kluever's office. It is an attempt, he says, to investigate whether representations made to the provincial housing board were proper.

The inquiry, headed by Deloitte & Touche managing partner Hugh Dreyer, will focus on financial dealings of the provincial housing department, but not on the crux of the present furore whether there was

impropriety on the part of the Minister and to what extent her links to the Motheo founder and others influenced the deal. It must report to Phosa within 14 days of its establishment.

Nonetheless, it seems likely that the call for a judicial commission will surface again, despite its seeming defeat this week. Parliament's public accounts committee chairman, DP MP Ken Andrew, points out that the AG's report has been put before parliament, not before the President. That means the public accounts committee still has to examine Kluever's report.

"As a committee we will apply our minds and might call for a commission or not," says Andrew. As the report was tabled in the provincial and national legislatures, an elaborate procedure must be followed, which could delay a hearing until next year.

National Party MP Jac Rabie, meanwhile, says it is premature to write off a commission of inquiry.

"The matters range wider than just Motheo and the financial implications," he says, hinting that other irregularities could surface in such an inquiry. *Justice Malala*

'No housing inquiry'

Sowetan 26/9/97

(105)

(2660) (127B)

PRESIDENT Nelson Mandela has rejected auditor general Henri Kluever's call for a commission of inquiry to investigate whether friends or relatives of Housing Minister Sankie Mthembu-Mahanyele benefited improperly from the contract for the Motheo housing scheme in Mpumalanga

Mandela acquainted himself with Kluever's special report on the awarding of the housing contract to Motheo Construction, and the report called for a commission of inquiry, his office said yesterday

"The President notes that, according to the auditor general, unspecified media allegations constitute the basis for recommending such an inquiry, and that no evidence emerged specifically from the auditor general's report in support thereof"

Mandela's view was that the matter did not warrant the appointment of a commission of inquiry, which was a clumsy, expensive and lengthy way of investigating media allegations of improper conduct pertaining to a friend or relative of a public representative, the office said.

...the office said... Sap... ..

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Mandela turns down call for commission to probe housing minister

PRESIDENT Nelson Mandela has rejected a call by the auditor-general to have a commission of inquiry investigate whether friends or relatives of Housing Minister Sanku Mthembu-Mahanyele improperly benefited from the awarding of a housing contract in Mpumalanga to Mthembu Construction.

Mandela's office said yesterday the president's view was that the matter did not warrant the appointment of a presidential commission of inquiry. Such commissions were clumsy, expensive and very lengthy ways of investi-

gating media allegations of improper conduct pertaining to a friend or relative of a public representative, it said. Mandela had noted that the bulk of the issues referred to in the auditor-general's special report's conclusion were already being investigated by a commission of inquiry appointed by Mpumalanga premier Mathews Phosa.

The president notes that, according to the auditor-general, unspecified media allegations constitute the basis for recommending such an inquiry, and that no evidence emerged specif-

ically from the auditor-general's report in support thereof. It is precisely to investigate such matters that the construction establishes the office of the public protector. The president has every confidence that, if requested, the public protector will do so impartially and expeditiously.

Mthembu-Mahanyele has called for Parliament's public accounts committee chairman and Democratic Party MP Ken Andrew said Mandela's decision was premature. "The auditor-

general reports to Parliament and the provincial legislatures, not to any member of the executive, including the president (and) premiers of any province. "It is appropriate therefore that Parliament should express a view on the matter before any final decisions are made." Neither commissions of inquiry nor the public protector should be used to pre-empt the work of the public accounts committee, he said.

"The auditor-general's report will be considered by the standing committee on public accounts, which will then decide on the appropriate process, and make any other substantive recommendations that it deems fit," Andrew said. This could include a recommendation for a commission of inquiry.

Former housing director-general Billy Cobbett lost his job after he asked the auditor-general to investigate the R198m Mthembu-Mahanyele project. Cobbett did not consult Mthembu-Mahanyele before making the request.

Mthembu Construction is headed by Thandi Ndlovu, allegedly a friend of Mthembu-Mahanyele — Sapa.

Motheo affair 'undermining auditor-general's position'

Wyndham Hartley

CAPE TOWN — The position of auditor-general, which was constitutionally entrenched, was being undermined by government's refusal to act on recommendations that a judicial commission of inquiry should investigate the R198m Motheo housing affair, the Democratic Party (DP) said yesterday.

Instead, government had opted for a low-key provincial investigation.

DP MP Douglas Gibson told Deputy President Thabo Mbeki in the National Assembly that government's insistence that the provincial commission set up by Mpumalanga premier Mathews Phosa to investigate the housing scandal being by law prohibited from investigating the allegations of nepotism involving Housing Minister Sankie Mthembi-Mahanyele was a method of containing the probe.

Gibson was speaking in an interpellation debate, called by the DP, into the failure of government to accede to the recommendation by Auditor-General Henri Kluever that a judicial commission of inquiry investigate the problems he had found in the Motheo housing contract in Mpumalanga.

Mbeki confirmed during the debate that the government and President Nelson Mandela felt that, in spite of

Kluever's recommendation, there was no need for a judicial commission.

Mbeki said unsubstantiated media allegations did not prove the need for a judicial commission.

Gibson said: "The DP is disappointed in the reaction of the president and the deputy president. Both are good politicians, but their instincts let them down in this instance." He suggested that there were two sets of standards. One which had a judicial commission established to probe the situation in SA rugby, and another which refused to have a similar commission investigate what was done with R198m of taxpayers' money in spite of a recommendation from the auditor-general.

The provincial commission established by Phosa — headed by an accountant and not a judge — could not provide answers to the auditor-general's questions, including the statement that the contract costs in Motheo were inflated by R23,6m.

The National Party also introduced a motion to the National Assembly yesterday calling for the immediate appointment of a judicial commission. The motion called for the allegations that the housing minister and her friends benefited from the Motheo contract to be investigated as the Motheo contract was R23m more than normal.

Joubert

Continued from Page 1

preferred word, "eliminate" Joubert admitted it could mean the killing of anti-apartheid activists. "Eliminations" had taken place in conjunction with the SA Police (SAP), but new SADF authorisation procedures which put an end to covert activities had been introduced "after a certain incident in late 1986".

This is understood to refer to the murder of Mamelodi doctor Fabian Ribeiro and his wife Florence in December 1986. Joubert is understood to have included the killings in his amnesty application, which is also believed to refer to the poisoning and

hurling by special forces of nine young men from Mamelodi recruited on the pretext of being taken to Botswana for training by Umkhonto weSizwe and also the murder of former homelands politician Piet Ntuli.

Joubert said SAP approval had been given for every killing involving the SADF special forces, but a lawyer for former SAP commissioner Johan Coetzee denied this. He said Coetzee also denied Geldenhuys' claim that the police had been aware of special forces involvement in the Ribeiro murders after the fact.

Geldenhuys said he had not deemed it necessary to inform the attorney-general or a police investigation into the murders of SADF involvement because "the information was available to others, too".

Fedsure

Continued from Page 1

Christo Wiese and Durban-based Commercial Finance Company. The remainder is listed in the group's share register under nominee companies.

The move was expected to "clean up" the BofE structure, which had become unwieldy and top-heavy following the separate listing of Orion Holdings and Orion Selections, market sources said.

Basserabie said the investment in BofE Corporation was not a strategic one, but a valuable interest that had shown substantial growth "We had

the opportunity to realise our capital gains — Fedsure realised more than five times its original investment — and will apply what has been realised to augment our investment portfolio."

Speaking at a Boland Bank economic presentation yesterday, Wiese said Orion Selections was well positioned to take advantage of investment opportunities in SA, southern Africa and internationally. "Negotiations are already under way in the international arena and with a neighbouring African country." With a market capitalisation of more than R15bn, the group represented the fourth largest investment company in SA, he said.

'No irregularities' in MEC's employment of family members

BD&I/O/97 (197B)

NELSPRUIT — A one-man commission probing alleged nepotism in Mounmalanga found no overt irregularities in the appointment of family members of leading politicians to the provincial environmental affairs department.

The commission did find that the appointments presented the government with an ethical problem because of a public perception that the practice was wrong, African Eye News Service reported yesterday.

The investigation was launched after the National Party last week pointed out that environmental affairs MEC David Mkhwanazi's wife Celia had been appointed in his own department as a deputy director. His daughter Thoko was appointed an assistant director, his cousin Emon a bureau office official and his sister-in-law Josephine Mlotshwa as an unspecified senior official. Pule Molebelo reports that Mkhwanazi's department faced another probe after

premier Mathews Phosa announced yesterday he had asked the internal audit unit to further investigate allegations of unauthorised spending by the department and the provincial Parks Board. Phosa acted swiftly after receiving a special report by director-general Frank Mbatsha about alleged irregularities in the buying of computers, repairs made to the roof of a private building rented by the department and charges of nepotism.

The report recommended that the transfers and appointments of family members by Mkhwanazi to his department and parastatals be investigated still further and, where necessary, be corrected. The report found the department and the provincial parks board to have acted outside their authority in ordering more than R5,3m worth of computers and services, of which only just less than R1,3m has been paid.

Phosa asked the audit unit, expected to report within 14 days, to investigate the process that led to the placing of the order and part of the payment. It is believed that procedure was allegedly flouted as the government's information technology service was responsible for buying computers. The purchase was also way above the department's R250 000 limit.

The MEC was also found to have acted irregularly in his decision to pay R400 000 for fixing the roof of a building after it was damaged by a storm earlier this year. According to the contract, the owner of the building was responsible for the repairs, unless damages were caused by the negligence of the lessee. Phosa said he wanted the money back. Asked whether the report recommended any suspensions of officials, Phosa said he preferred to wait for the outcome of the audit before he took any action. — Sapa.

DP attacks Mandela decision not to have Motheo inquiry

(127B) sfaw 9/10/97

Cape Town - President Nelson Mandela felt it was unnecessary to appoint a judicial commission of inquiry into the controversial Motheo housing project in Mpumalanga, Deputy President Thabo Mbeki said yesterday

Mpumalanga Premier Mathews Phosa has established a provincial commission of inquiry to investigate the controversy

"At this stage and as matters stand, the president will await the recommendations of the provincial commission of inquiry," Mbeki said during an interpellation.

In a special report on the R198-million project, presented in mid-September, the auditor-general called for Mandela to appoint a commission of inquiry to investigate whether or not any friends or family of Housing Minister Sankie Mthembu-Mahanyele had improperly benefited from being awarded a contract for

the project

Mbeki said Mandela would take account of Parliament's public accounts committee's recommendations on the auditor-general's report

“
**President
will await
provincial
commission
report first**
”

But he said he had every confidence in the Public Protector's ability to investigate the matter

The Democratic Party's Douglas Gibson criticised Mandela's decision

He said neither the Public Protector nor the provincial commission of inquiry were appropriate to investigate Motheo

The commission appointed by Phosa was precluded by law from inquiring into national affairs, Gibson said

It certainly could not provide answers to the questions raised by the auditor-general, who stated that the contract cost for the project had been inflated by R23,6-million and that there were no funds available when the contract was signed

"The office of the auditor-general is there to make certain that the money which the Government takes from the taxpayers and spends on the taxpayers' behalf is not stolen, wasted or misspent," Gibson said.

He added: "This Government is slowly but surely undermining that office" - Sapa

BD (127B)
**Housing Board
members 'never
knew' of Motheo**
BD 10/10/97

NELSPRUIT — Four Mpumalanga Housing Board members testified before the provincial commission into the R198m Motheo housing project yesterday that they had not heard of Motheo Construction and were not aware that they approved the project before it was launched this year.

The commission was told the four members regularly approved decisions already taken by their chairman, Saths Moodley, because it was impossible to read through all the documents presented to them at board meetings.

The four-man commission, established by premier Mathews Phosa last month, is checking whether proper procedures were followed and whether anyone benefited unduly during the signing of the Motheo contract.

However, the commission is not mandated to investigate the auditor-general's concerns about whether relatives or associates of Housing Minister Sankie Mthembu-Mahanyele or any other national departmental officials may have benefited.

The commission was told no board meetings this year had a quorum.

The January 30 meeting, where Moodley insists the project was approved by the board, was attended by only six of the board's 14 members, the commission was told.

"I was at the January 30 meeting where we approved the Motheo project but the first time I heard Motheo's name or anything about a rural housing project was much later, after it had already started," said board member Peter Marks.

Another board member, Elsie Mthethwa, said: "I went home without knowing that I had approved a R198m project, the biggest in SA."

Board member Philip Meyer said: "It was quite impossible to read through everything given to us and also impossible to get a full picture of what was going on. We soon realised that issues were being bulldozed through the board. We were absolutely a rubber stamp — and not even of the executive committee, because I sat on that and the decisions were not taken even there" — Sapa

Board members 'not aware' they had approved Motheo project

Four Mpumalanga Housing Board members who testified before the provincial commission into the R198-million Motheo rural housing project yesterday said they had not heard of the company, and were not aware they approved the project before it was launched this year.

The commission was told the four regularly approved decisions already taken by the chairman, Saths Moodley, African Eye News Service reported.

This was because it was impossible to read through all the documents presented to them at board meetings.

The four-man commission, established by Premier Mathews Phosa last month, is checking whether proper procedures were followed and whether

anyone benefited unduly during the signing of the Motheo contract.

The commission is not mandated to investigate the Auditor-General's concerns about whether relatives or associates of Housing Minister Sankie Mthembu-Mahanyele or any other officials may have benefited.

"I was at the January 30 meeting where we approved the Motheo project but the first time I heard Motheo's name or anything about a rural housing project was much later," said board member Peter Marks.

Another board member, Elsie Mthethwa, said: "I went home without knowing that I had approved a R198-million project." The hearing continues. — Own Correspondent.

(127B)

Star 10/10/97

Mothoe probe told of board's rubber stamp

No quorum for housing projects' approvals

JUSTIN ARENSTEIN

AT LEAST four Mpumalanga low-cost housing schemes may be illegal if evidence led before the Motheo commission of inquiry in Nelspruit this week is correct. The revelation, which could further stall delivery of the province's faltering housing project, follows findings by the auditor general that there was no quorum of the Mpumalanga Housing Board when it supposedly approved the R198-million Motheo rural housing initiative.

Evidence from six of the board's 14 members indicates there were no quorums at other meetings where smaller mass-housing projects were approved or where funding for related development was granted.

The commission was established by Mpumalanga Premier Mathews Phosa last month to probe the auditor general's concerns that procedures were repeatedly ignored during the build-up to the Motheo project. The commission was not mandated to investigate concerns that family or friends of national Housing Minister Sanke Mthembi-Mahanyele may have benefited from the scheme.

Thembu Ndlovu, the head of the project, is a close friend of Mthembi-Mahanyele. Testimony from the board members and administrative officials points to a dysfunctional and ineffective board which simply rubber-stamped the decisions of sacked board chairman, Sathis Moodley. Board members said they had repeatedly voiced concern about the growing inability of technical staff to monitor how grants were being used and about their own ineffectiveness.

Logon Appasamy, the board's administrative head, acknowledged during testimony that the secretariat was forced to simply provide logistic support services for Moodley, instead of the advisory role envisioned by the national housing implementation manual. "It got to the point where our input was simply ignored," he told the commission. "At no time did we appraise Motheo's application for funding because there never was one." Approval was, however, pushed through by Moodley. None of the board members who testified even knew they'd approved the Motheo initiative after a board meeting on January 30. Many only heard Motheo's name for the first time after the scandal broke in the press. "I went home after that meeting without the slightest idea that I had allocated R198-million of low-cost housing funds to South Africa's biggest project of its kind," said Eliste Mthethwa. It was also revealed this week that Motheo was given a blanket 15 percent increase on its R15 000-a-house grant without the usual deliberation or approval by the board. Most board members said they had never seen the hefty housing implementation manual they were supposed to use to evaluate housing projects. This could, housing experts say, lead to a review of all Mpumalanga's housing projects. The commission hearing will continue on Monday.



TROUBLE BREWING: National Housing Minister Sanke Mthembi-Mahanyele

Young doctors flee community service

CAROL PATON

BRITISH recruitment firms have stepped up their efforts to attract medical interns from South Africa in the light of impending legislation that will compel them to perform a year of community service before being allowed to register as doctors.

The one-year contracts being offered in Britain are being taken up by a growing number of interns and the Medical Association of South Africa estimates a third of interns could leave South Africa if community service comes into effect next year.

This week the parliamentary health committee approved the Medical, Dental and Supplementary Health Services Professions Amendment Bill, stipulating that community service would be limited to one year. Yakoob Karrim, an intern at Kalafong Hospital near Pretoria and a member of the National Interns Alliance, said, "These firms are becoming very aggressive and are actively canvassing us now more than ever. South African doctors are very well qualified and they are very keen to have us over there."

A broad spectrum of interns interviewed said they would be signing British contracts due to the uncertainty around community service and to earn pounds to pay back large study loans. However, many said they would not have considered going to Britain before the community service proposal was made. "I am definitely going and I know many of my colleagues are considering it. The regulations are effectively encouraging a lot of doctors to leave," said one. Professor Dave Morrell, spokesman for Masa, said "We may lose a third of our interns if community service is implemented next year. Maybe some will come back but community service will be a disincentive to do so."

But Health Minister Dr Nkosazana Zuma said: "The majority of patriotic South Africans who want to contribute will stay." The minority who would leave would have done so anyway.

She said she remained convinced of the positive aspects of community service which would give rural people access to care by doctors and would expose young doctors to the health needs of the country. It not yet clear whether the Bill will be passed in time for implementation next year.

Meanwhile, a significant number of doctors continue to emigrate from South Africa. Official statistics gathered from airport departure forms show that last year 103 doctors emigrated, 71 left in 1995 and 93 in 1994. Morrell said he believed the official figures revealed only the tip of the iceberg and the result was a "frightening dearth of specialists" in secondary hospitals.

ST 12/10/97

ST 12/10/97

Motheo to sue Mpumalanga for possible breach of contract

Star 17/10/97 (1270)

Nelspruit – Motheo Construction has served notice on the Mpumalanga government that it will sue for breach of contract unless the housing department pays R12,5-million for physical work done by the company to date

Motheo's contentious R198-million rural housing scheme is being probed by the Motheo Commission in Nelspruit following a special report by the Auditor-General

The report found the province's housing board had ignored all 15 prescribed conditions in the national housing grant manual when it awarded the contract to Motheo. It found the board did not have a quorum when it approved the project and that it in effect extended a R9,2-million interest free loan to Motheo

Motheo director Alfon Meyerdricks rejected the AG's view that the R9,2-million payment had been a loan, African Eye News Service reports

He testified yesterday that it had been a legal contractual payment to

Motheo for conceptual work completed at that time, including house and site plans, research and professional fees

"It's all there in our contract with the department. This was in no way a start-up loan to Motheo as has been alleged."

"The AG's misunderstanding and resulting press reports have caused serious damage to Motheo's image," Meyerdricks said

"Our bankers, Trust Bank, have withdrawn our credit facilities, while our relations with suppliers and contractors have also been affected"

Meyerdricks told reporters at the commission that Motheo had served notice of possible legal action unless the government paid it an additional R12,5-million for infrastructural work done on all seven of Motheo's Mpumalanga project sites

The work included water installations, roads and some sewerage infrastructure – Sapa

Cobbett's chance to tackle Sankie

MHG 17-23/10/97

(127b)

Peta Thornycroft and Mungo Sogget

Billy Cobbett will have the chance next week to stand up and publicly link his former boss, Minister of Housing Sankie Mthembu Mahanyele, to the R185 million Motheo housing scandal.

Cobbett, former housing director general, has been called before the Mpumalanga government's public commission of inquiry into the low cost housing deal.

Until now he has kept silent about the concerns he raised when he reported the deal to the auditor general — a move that cost him his job.

Among the concerns surrounding the project is the minister's close relationship with the owner of Motheo, Dr Thandi Ndlovu, whose company stood to make millions of rand from the deal.

The minister also had a close working relationship with sacked Nedcor banker Kevin Gibb, who is accused by other players in the Motheo scheme of masterminding the deal. Mthembu Mahanyele and other senior ANC officials have dismissed talk of the relationships as "media speculation".

Premier Matthews Phosa, who also knew Ndlovu well, has insisted his inquiry will not cover these relationships. Mthembu Mahanyele's representative said the minister had "no comment" on whether she had met Gibb after he was fired, and said she had not been asked to testify at the Mpumalanga commission.

Nevertheless Cobbett could take the opportunity to detail what he knows of the relationships — and would be protected by the privileged status of the commission.

Cobbett's testimony could be crucial in determining whether Mthembu Mahanyele will escape the scandal unscathed. The public protector says he is awaiting the outcome of the Mpumalanga probe before investigating.

Cobbett insists his contract was "prematurely terminated", but the minister has publicly stated that he resigned. Cobbett asked the minister

not to launch the project in March, after discovering a string of procedural irregularities surrounding it.

Auditor-General Henri Kluever's request to Parliament for a commission of inquiry has so far been denied and the matter has instead been passed to the public protector.

Since the scandal broke in May a clearer picture has begun to emerge of the relationship between Gibb and the minister. Gibb said this week that he had seen the minister on a "very regular basis" up until Nedcor ousted him, but says he only discussed the Motheo project with her once.

He confirmed, however, that he saw the minister in Pretoria two days after he was fired. Gibb said he

frequently spoke to Mthembu-Mahanyele about Cobbett's failure to cooperate with him over other housing initiatives.

Gibb also confirmed that he arranged car financing for the minister's former private secretary, Berta Nene, but said Mthembu Mahanyele knew nothing of it.

Gibb dismissed the auditor general's report this week as "factual garbage" and said the investigators had not contacted him. The auditor general's office was unable to confirm this at the time of going to press, but the official who steered the investigation said it was unlikely the private sector auditors recruited for the probe had spoken to the sacked banker.

He said they had worked through "official channels" and had not contacted people who had "left the scene". It has also emerged that the investigators did not contact some of the contractors who were lined up for the deal. Deputy Auditor-General Berta Loots said he did not know details of who had been contacted, but said his office stood by the report.

Gibb, meanwhile, dismissed suggestions that Motheo stood to make at least R4 000 on each R14 000 house — a taking that would have landed it at least R40-million. He said the company was more likely to have made a 5% profit, or R10-million — which is still high for low-cost housing.

Gibb said that compared with many other housing contracts, the Motheo deal was relatively sold. One of the contentious parts of the contract was the decision on the part of the provincial government to award the company an extra R2 250 for bad soil — a discretionary subsidy that is not supposed to be granted in bulk, but on a case-by-case basis.



Billy Cobbett To appear at Inquiry

In twelve countries we've got the recipe for preserving the environment.

we've cleaned up much of the

South African environment (That may not

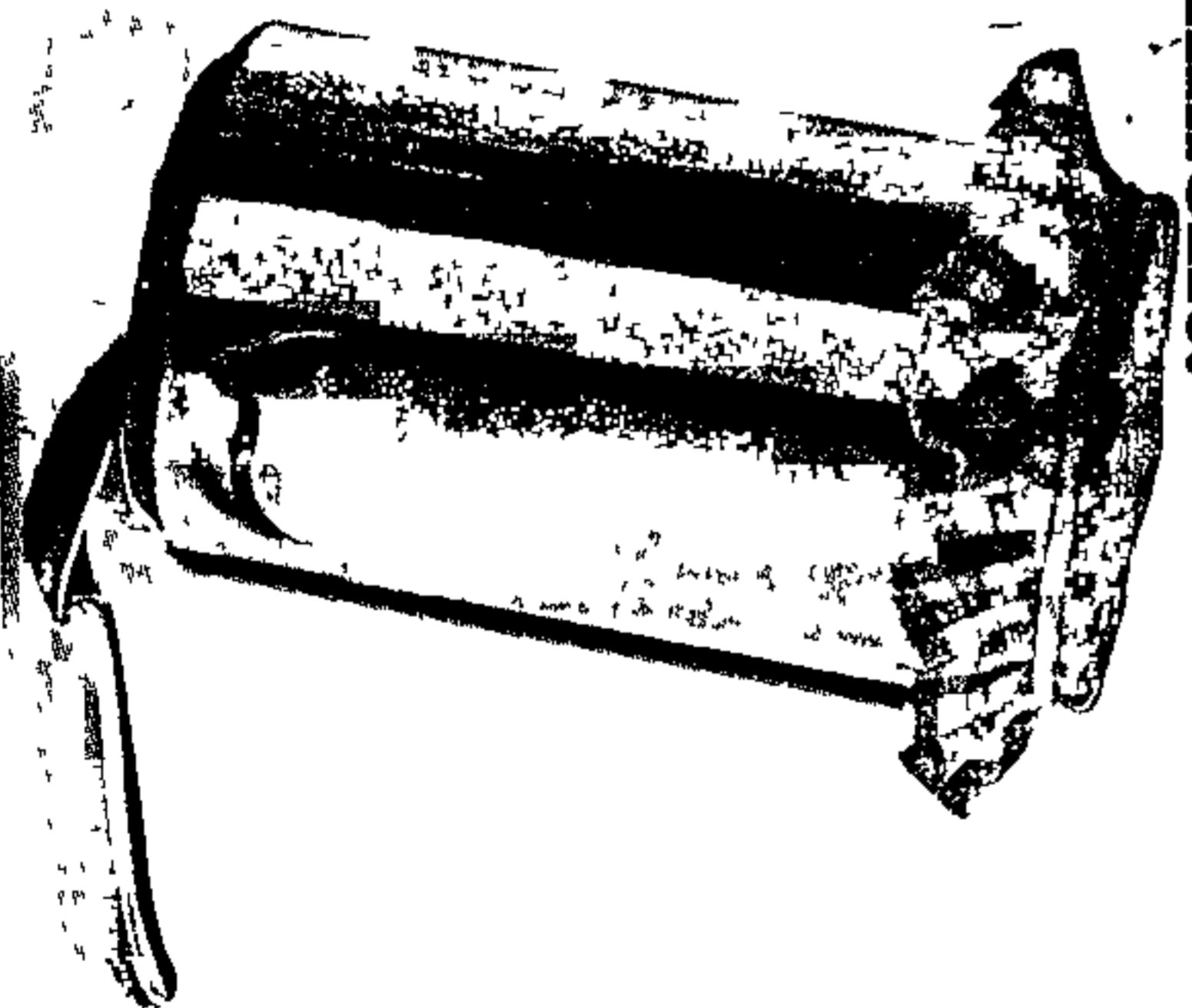
sound modest, however, collecting 1,7

billion used beverage cans in a year makes

a difference that's easy to see.)

But Lesotho, Swaziland,

Namibia, Zimbabwe and Botswana too



Discrepancy over Cobbett's package

Robyn Chalmers (27B)

FORMER housing department director-general Billy Cobbett said yesterday he was paid a lump sum of R774 759,66 after being dismissed by Housing Minister Sankie Mthembu-Mahanyele earlier this year.

Mthembu-Mahanyele told Parliament this week that Cobbett received an all-inclusive severance package of R396 558,53 when his contract was "redetermined". It emerged yesterday that this figure related to the total payout after tax.

Cobbett said the package was paid out for the period July 1 this year to July 31 1999, to compensate for the premature termination of his contract.

Analysts said the payment made it clear that Cobbett did not resign as stated by the minister.

Cobbett said last month his contract had been terminated after he reported alleged irregularities relating to the Motheo housing project to the auditor-general. He said he had not asked Mthembu-Mahanyele to relieve him of his duties, as she had claimed. The minister did not elaborate yesterday.

Homes probe drama

Housing inquiry hears how top officials awarded contract

By Russel Molefe

FORMER executive chairman of the Mpumalanga housing board Mr Saths Moodley implicated Government and business officials yesterday in the controversial multimillion rand housing project contract awarded to Motheo Construction

In a written submission to the Phosa Commission of Inquiry, Moodley said he had information that the head of the Mpumalanga finance department and superintendent general of the Mpumalanga Provincial Administration, a Mr Erasmus, secretly met former director general of national housing Mr Billy Cobbett "to reach agreement on how best to handle this project"

A letter was sent from the office of the director general of Mpumalanga informing Cobbett that the R9,24 million authorised by him and paid by the housing department to Motheo would be returned.

Became involved

"Why did Erasmus become involved in the affairs of another department? Why was such a letter not written by Steve Ngywenya, the accounting officer in the finance department?"

"Who issued a mandate to write the letter and to negotiate with Cobbett?" Moodley asked.

He said at a meeting in Sandton on April 21 Nedcor chief executive Mr Richard Laubscher had insisted that Motheo be investigated by the auditor-general

"Laubscher is an experienced chief executive and understands the implications of an investigation by the auditor-general.

"He would have made this demand only if he knew of misrepresentations that were made

"The involvement of Nedcor in this saga is clear

"It is clear to me that public funds were committed to settle agendas of a financial institution and for the former DG to embarrass the African National Congress (ANC) and the Minister of Housing," Moodley said

He said the April 21 meeting raised a number of issues, including possible collusion between Cobbett and Laubscher and between Nedcor and senior Government officials

The selective leaking of the audi-

Laubscher 19/10/97 (127B)

tor-general's report by officials in the employ of national and provincial governments confirmed the ongoing collusion by senior officials and the private sector to undermine the efforts of the democratic Government, he said

Mischief-making

"This commission has a responsibility to expose those responsible for this mischief-making and put the matter to rest once and for all

"The auditor-general and acting director general of the Housing Ministry have failed to say if the draft report was discussed with Nedcor

"There are allegations that the draft report of the AG was discussed with Nedcor because they were

aware of misrepresentations," he said.

Denying any irregularities by the Mpumalanga housing board in the awarding of the multimillion contract, Moodley pointed out that Motheo was subjected to processes far more stringent than any other project in the province

He also said that the friendship between Premier Mathews Phosa, Minister of Housing Mrs Sankie Mthembu-Mahanyele and Nedcor's Mr Lot Ndlovu had no bearing on the awarding of the contract to Motheo

"I'm confident that an audit of all Mpumalanga housing projects will reveal no 'wasted expenditure' and enough checks and balances to ensure that public funds are spent effectively," Moodley said

Motheo builders may have to refund millions

(127B)

Mpumalanga project flouted procedures, inquiry told

BY JUSTIN ARENSTEM
Nelspruit

Motheo Construction may have to refund R3-million and scrap a R12,5-million invoice to Mpumalanga's housing department

This emerged in testimony to a commission of inquiry yesterday

The commission was set up by Mpumalanga Premier Mathews Phosa after an auditor-general's report found none of the 15 procedures outlined in the National Housing Manual had been complied with.

Alleged irregularities around the R198-million project - billed as a pioneering attempt to build about 10 000 houses on rural and tribal unproclaimed land - led to the resignation of the national Department of Housing director-general Billy Cobbett earlier this year

So far, nine showhouses have

been built, while three have been demolished because they were built on land belonging to a chief. The project was put on hold last month.

Yesterday's testimony was the first direct admission that billing procedures were irregular and that substandard materials were used in construction.

The about-turn follows testimony from a subcontractor that the R12,5-million bill had been incorrectly formatted and that building plans, for which the Mpumalanga had already paid R3-million, were invalid

Motheo last week threatened to sue for non-payment of the R12,5-million.

Motheo's contracted consulting engineer, Ben Nortier of Nortier & Associates, told the commission he had formulated the R12,5-million bill by estimating expenses on uncompleted work using an unapproved progress-payment method. Motheo's contract

stipulates it would be paid only for completed work.

A letter from Nortier to Motheo, handed in as evidence, indicates Motheo may have to refund R3-million of the R9,2-million it had already received, as planning work for two of the project's six sites was of no use to the government. Nortier conceded he had ordered the use of cheaper, non-South African Bureau of Standards-approved water pipes, out of line with project specifications - African Eye News Service.

Hopewell Radebe reports that former Mpumalanga Housing Board member Job Mthombeni told the commission he had been promised 1% to 5% of the shares in Motheo if he joined the company

Mthombeni, who was appointed to the board to represent the Association of Emerging Builders and Constructors, said he knew nothing about the company

Star 21/10/97

Cobbett tells probe why he lost his job (127B)

Star 23/10/97
By HOPEWELL RADEBE
Nelspruit

Former housing director-general Billy Cobbett alleged yesterday that he lost his job because he opposed the breach of policy procedures which led the Mpumalanga Housing Board to award a tender for a R198-million housing project to a company that had no track record and no funds.

Cobbett, who lost his job in May, made the submission to the Dreyer Commission set up by the Mpumalanga government to investigate the circumstances around which the Motheo construction company was awarded the tender.

The project was billed as a pioneering attempt to erect more than 10 000 houses on unproclaimed tribal and rural land. To date only nine houses have been built and the housing board has been suspended.

The project soured relations between Cobbett and Housing Minister Sankie Mthembu-Mahanyele, who has claimed that Cobbett asked to be relieved of his post.

Cobbett said yesterday he was led to believe the project would have the backing of the Nedcor group with financial, technical and managerial skills provided by the group's chairman of mortgage lending, Kevin Gibb.

On the eve of the official launch of the project by Mthembu-Mahanyele and Mpumalanga Premier Mathews Phosa, Cobbett said he had established that the project was going ahead without his authorisation.

The official launch of the project had come as a surprise, as he had contacted a Nedcor executive who had told him that Gibb had been dismissed because of his involvement in the project.

"I hit a panic button and called Steve (Mpumalanga housing chief director Steve Ngwenya) and told him that Gibb had been suspended and asked how the project was approved if Nedcor was not funding it. Steve said the project had been given the go-ahead but called an hour later to say it had not been approved."

"A few things did not add up because, on the one hand the minister was preparing to launch a project which went against her stated policy. On the other hand, the sequence of the housing board's approval of the project was suspicious."

"Later the minister told me that I was blocking funds for the project. I subsequently lost my job for questioning the proceedings and the sequence of how the tender was awarded."

Motheo was denied funding — Cobbett

BD 23/10/97 (127B)

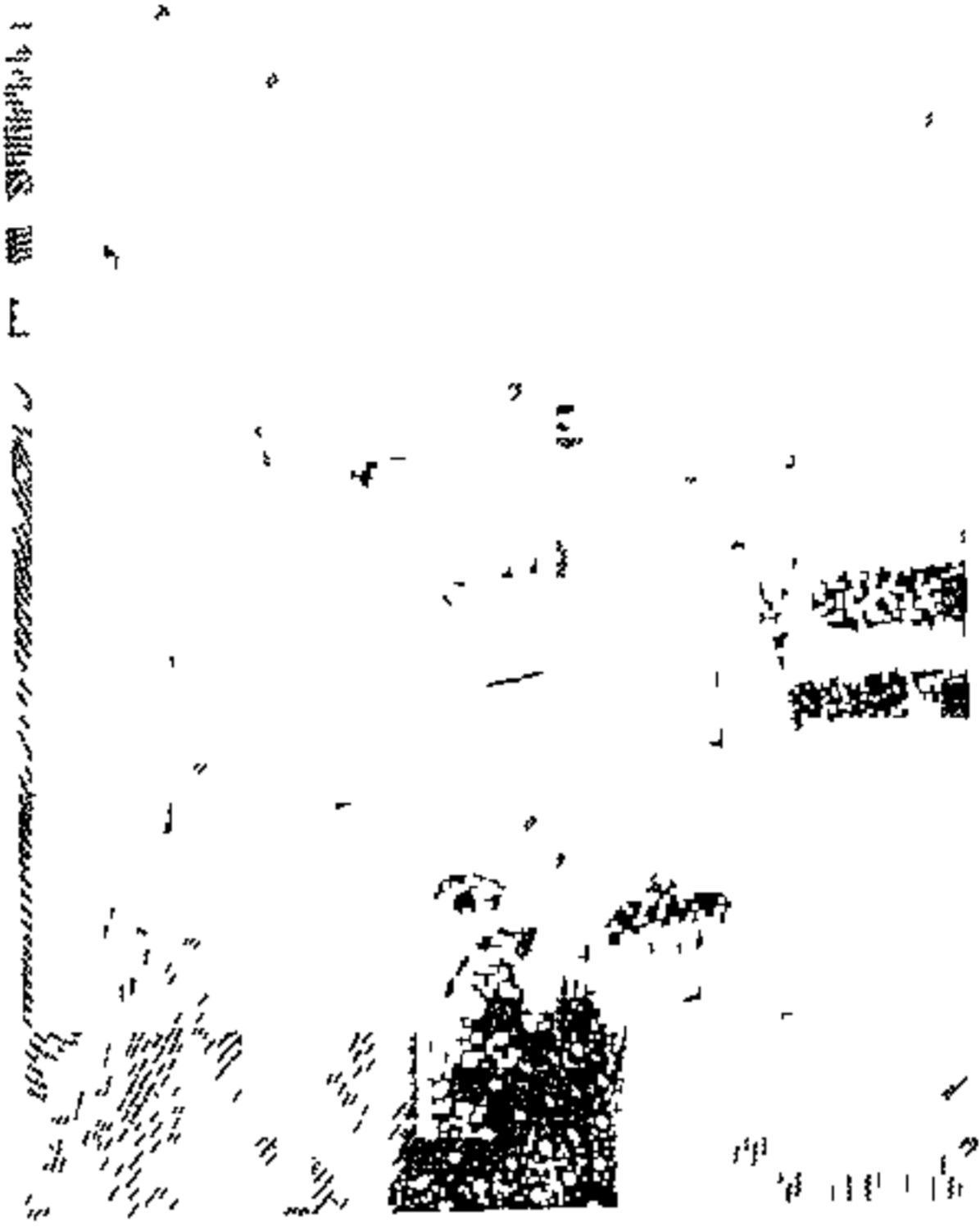
Robyn Chalmers

NELSPRUIT — The national housing department had specifically denied funding for the R198m Motheo housing project and this, together with procedural irregularities, had forced him to alert the auditor-general when it went ahead, former housing director-general Billy Cobbett said yesterday.

Testifying before the Motheo commission of inquiry, Cobbett said he, along with senior politicians, was led by former Nedcor credit GM Kevin Gibb to believe the bank was backing the Motheo project. "When I found out Gibb had been suspended, I immediately hit the panic button."

His department had initially been enthusiastic about the rural housing project, Cobbett said. However, at a meeting on March 5 with his department heads, Mpumalanga housing director Steve Ngwenya and other Mpumalanga officials, he had specifically stated that there were no national housing funds available for the project.

He had, however, encouraged Ngwenya to find "dead" or inactive projects that could be shelved to free up funds which could then be reallocated



COBBETT

to Motheo. A national housing team was dispatched to Mpumalanga to assist in this process, he said.

"It then became clear how badly Mpumalanga was overcommitted (and) the team expressed deep unhap-

piness with the financial situation there." By early April, Mpumalanga had already overcommitted its R455,6m annual allocation by R217m.

As a result, Cobbett said Mpumalanga "would not be able to enter into any agreement in respect of the proposed Motheo project."

Provincial governments need written authorisation from the national housing director-general before they can overcommit funds.

Despite the lack of authorisation, he said, the project was approved and launched by Housing Minister Sankie Mthembu-Mahanyele in late April.

He had started investigating the project following Gibb's suspension, and had been told by Nedcor Bank executive director Mike Leeming that the bank was not involved in the scheme.

"I asked (Nedcor head) Richard Laubscher and (Nedcor chairman and former finance minister) Chris Liebenberg to inform the minister of their concerns about the project before it was launched," he said. Asked why a national payment of R11m had been made to Mpumalanga, of which R9,2m

Continued on Page 2

Cobbett (127B)

BD 23/10/97
Continued from Page 1

went to Motheo, Cobbett said this was part of a routine call on funds by provinces and was too small to warrant special attention.

Once it had been ascertained that the bulk of the funds had gone to Motheo — against express instructions — he had attempted to retrieve the funds.

After Cobbett had threatened legal action, Mpumalanga premier Mathews Phosa intervened and it had been agreed that the funds would be repaid, he said. This has not yet happened.

Among the "huge" concerns Cobbett had about the awarding of the project to Motheo were that it had no track record and had been created on February 20 with a share capital of R400.

"Track record is everything (and) with Nedcor out of the equation Motheo had no such record, yet was awarded the biggest housing project since the new government was elected."

Cobbett said the project also seemed to violate subsidy procedures. Funds for the scheme were allocated on January 16 although the company had been formed only in February and one of its directors, Job Mthombeni, sat on the Mpumalanga housing board which awarded the contract.

Top Nedcor executives 'knew about Motheo'

BD 24/10/97(127B)

Robyn Chalmers

SENIOR Nedcor executives were well aware of the R198m Motheo project, and had been briefed on the initiative at various stages, former Nedcor employee Granny Seapa told the Motheo commission of inquiry yesterday.

Seapa, who is a sister of Motheo Construction head Thandi Ndlovu, accused Nedcor of using relationships when it suited them. "But now these relationships are being criminalised."

Seapa denied there had been any misrepresentation about the Motheo project either to Nedcor or to government. She said it was common practice for Nedcor's name to be attached to presentations made to provinces and local authorities on low-cost housing projects. "Neither I nor anyone in my unit was prohibited from involving Nedcor in joint ventures as long as there was no risk sharing," she said. "The Motheo contract had no risk sharing arrangement and would have been a joint initiative/venture."

Nedcor housing team members se-

cured multimillion-rand housing contracts for Condev, Grinaker, Megacom International and Motheo.

Seapa said there was a map in Nedcor's low-cost housing unit depicting the bank's initiatives and the Mpumalanga rural housing project was on that map, which was used in presentations to senior managers.

"The project was never a secret. These allegations can only be challenged by (Nedcor Bank executive director Mike) Leeming and (Nedcor affordable housing unit senior manager Pieter) Marais — (however) both were aware of the project because (it) was discussed at various stages," she said.

When former Nedcor credit GM Kevin Gibb had identified Ndlovu as the project developer, Seapa said she had asked Marais if she could recuse herself from direct participation because of the family relationship, but Marais had said "it would not work", she testified. She did not explain what Marais had meant by this.

See Page 15

National Mthoeo probe clearly needless

FOR the uninitiated, it is a struggle to find room 32 of the Nelspruit Magistrate's Court where the provincial commission of inquiry into the Mthoeo project is under way, and one can only wonder whether this is not a telling analogy for the way national government has approached the Mthoeo scandal — particularly in the light of President Nelson Mandela's decision not to hold a national commission of inquiry or any other form of national investigation despite the auditor-general's recommendation that this be done.

Ousted national housing department director-general Billy Cobbett's testimony before the commission this week was the first time that national government's role in the Mthoeo Construction project was outlined and his evidence was really damning stuff — particularly for the Mpumalanga government.

Provincial housing officials such as Mpumalanga housing director Steve Ngwenya have testified that they believed the province had the housing department's sanction to approve the R198m Mthoeo project. After one official meeting and a chance encounter in a hallway with Cobbett, Ngwenya said he was confident he project had the blessing from up high. He was under "enormous political pressure" for it to go ahead.

Former Mpumalanga housing board chairman Saths Moodley believed there was a "conspiracy" by not only Cobbett and his department, but also by the auditor-general and none less than Nedcor and the minister's strongest supporters in the past) to discredit Housing Minister Sankie Mthembi-Mahanyele.

He alleged that Cobbett and Mpumalanga finance department head Abel Erasmus had met secretly to conspire against the minister. Erasmus and Cobbett dem-

Former housing director-general Billy Cobbett's evidence is seen as crucial to the probe into the Mthoeo housing project. Specialist writer Robyn Chalmers was there

(a7B) B2 at 10/97



COBBETT

thus, saying they have never met. Moodley believed also the auditor-general had "blatantly" lied by saying Mpumalanga had no funds to sign the Mthoeo contract.

What was clear from the testimony of four Mpumalanga housing board members was the lack of a quorum at the board meeting where the project was approved.

It appears Moodley would take a decision on schemes and the board would merely rubberstamp it because of the volume of documentation — a dangerous loophole which must be eradicated.

In the light of this and other evidence, the sequence of events — evidenced by documentation submitted thus week by Cobbett to his inquiry — is vital. In terms of his testimony, Cobbett met former

Nedcor credit GM Kevin Gabb — who was also the newly appointed Association of Mortgage Lenders chairman — on two occasions for dinner at the beginning of the year. A third dinner date was cancelled as Nedcor had an audience with Deputy President Thabo Mbeki.

Gabb showed him a draft proposal for an innovative rural housing project being punted as a Nedcor joint initiative where 10 500 units would be delivered in 10 months — which Cobbett described as "impressive". Cobbett said Gabb made it clear there was "big political support" for the scheme and that Mpumalanga premier Mathews Phosa among others was interested. All of which is understandable in view of the criticism of the housing programme as being too urban-based.

Cobbett said he was enthusiastic about the scheme. He called his top officials to a meeting on March 5 with Ngwenya and other Mpumalanga officials where the Mthoeo scheme was discussed and enthusiasm was expressed all around. Cobbett said he made it clear, however, that no new national funds could be committed and the province would have to cancel some "dead" projects and reallocate these funds to the R198m Mthoeo scheme. This was backed up by a letter from Cobbett to Ngwenya dated April 11 after a visit by a department team to Mpumalanga found province finances in disarray.

Moreover, if the Mpumalanga housing board decided to go ahead, said the letter, it would be at the risk and for the account of

the province. Ngwenya then met Cobbett on April 21 and said the project was going to be launched in a few days. Cobbett said he expressed "surprise" but was not overly concerned. It was only when news came on April 23 that Gabb had been suspended that Cobbett started investigating, calling Nedcor Bank executive director Mike Leeming, who said Gabb's suspension was "vaguely" related to some rural housing initiative, and asking Ngwenya to ascertain the fate of the project.

Ngwenya first said no and then, an hour later, yes. Cobbett, Nedcor CE Richard Laubscher and Nedcor chairman Chris Liebenberg all warned Mthembi-Mahanyele not to launch the project and Cobbett warned her he was taking the matter to the auditor-general.

This proved to be the final straw in their already tenuous relationship. But why would Mthembi-Mahanyele ignore their advice and possibly risk her reputation? It was the launch of an important rural project which she had supported until then, and Mthoeo head Thandi Ndlovu was a close friend who was probably relying on her. It was not unreasonable for her to be sceptical about rather vague evidence presented to her on the eve of the launch, although coming from the level it did she might have considered it more closely.

What is unclear is why she initially objected to Cobbett taking his suspicions — based largely on Mpumalanga clearly overriding his express instructions on funding — to the auditor-general.



MTHEMBI-MAHANYELE

During Cobbett's investigations, a company search revealed Mthoeo was officially registered on February 19 with R400 share capital and a sole director, Cynthia Thandi Ndlovu. Why was one of SA's biggest rural housing projects awarded to a company with no track record? The housing board and Ngwenya would initially have taken comfort from the fact that the project was punted by Gabb as a Nedcor joint initiative. This reasoning becomes less clear once Nedcor withdrew from the picture, although it could be argued that no black economic empowerment initiatives would ever get off the ground if each company had to have a solid track record. The answer must be to first test new com jammers with a number of

small schemes to ensure they have the manpower and expertise to cope with larger projects. We also need to know why Mthoeo was paid R9.2m in April, the same month the project was launched, and why these funds have not yet been repaid despite an assurance from the Mpumalanga government — backed by Phosa — in a letter dated May 26 that this would be done within the "next few days".

A crucial question is why the Mthoeo project was punted as a Nedcor scheme in the first place. This will become clearer when Gabb testifies today but Granny Seapa, Ndlovu's sister and a former colleague of Gabb's at Nedcor, said yesterday she was never required to seek authorisation to initiate housing programmes, that Leeming and others were aware of the Mthoeo project, and there was no misrepresentation.

Another point of interest is the relationships of the players involved in the scheme which include Mthembi-Mahanyele, her close friend Ndlovu, Ndlovu's sister Seapa, Gabb who was Seapa's Nedcor colleague, Moodley and Ngwenya. This may well be coincidental, but the scope of the provincial commission does not include whether there were any family or close relationships involved in the awarding of the project to Mthoeo, so it is difficult to tell. No evidence has been forthcoming that there was any plan to defraud government of millions of rand, and there is no doubt that enthusiasm to get low-cost housing programmes off the ground along with disorganised structures is to blame, in part, for what happened with Mthoeo.

But the unanswered questions remain, and it is surprising that national government has not made more of an effort to clear the name of senior officials. Only a national commission of inquiry can

Motheo: Sankie's not off the hook

(127B) M+G 24-30/10/97

Sankie Mthembu-Mahanyele clearly knew of irregularities around the Motheo deal, write Mungo Soggot and Justin Arenstein

The government documents at the heart of the Motheo scandal have finally been made available and they indicate that the case against the Minister of Housing, Sankie Mthembu Mahanyele, is even stronger than previously thought.

The documents show that — contrary to the minister's claims that whistle blower Billy Cobbett was "incoherent" when he attempted to tell her of the scandal — she was fully and clearly informed of the irregularities when she fired him as housing director general.

They show auditor general Henri Kluever held back some of the more sensational facts available to him from the papers in his much criticised report on the affair. They offer startling insights into the Mpumalanga government's irresponsible handling of housing funds and into the opportunism of the developers and their accomplices. And — perhaps most significantly — they provide further evidence of Mthembu Mahanyele's relationship with key players in the scheme.

It is now five months since the Motheo scandal exploded with Sankie Mthembu Mahanyele's sensational firing of Cobbett — the trusted lieutenant of the minister's predecessor, Joe Slovo. Since then the controversy has become bogged down in barrages of charges and counter-charges, ranging from the minister's extraordinary claim that she had never fired Cobbett to allegations that the auditor general himself was pursuing a hidden agenda.

The documents contain two crucial memoranda in which Cobbett details the core of the Motheo scandal: that an unknown housing developer managed to secure a R198-million contract for the construction of 10 500 houses in the middle of nowhere, with the unwitting help of a bank, after provincial housing officials rode roughshod over a string of key procedures.

He gave both memoranda to the minister before she fired him.

The story starts two months before, on March 5, when Mpumalanga housing officials approached Cobbett to discuss an ambitious low-cost housing project, which needed financial backing from the government. They wanted to tap money from the national housing fund to give to the developer behind the project — an unknown company called Motheo headed by a woman called Thandi Ndlovu who was a close friend of Mthembu Mahanyele.

Cobbett told the officials that as the province had already locked up millions in subsidies in dead projects — schemes which had come to a standstill — it could not take further national housing fund money for Motheo.

On April 11 Cobbett wrote to provincial housing director Steve Ngwenya to confirm all this, repeating that Mpumalanga's housing finances were in such a mess that it could not have further national money

"Mpumalanga is already over committed to such an extent, your administration will not be able to enter into any agreement in respect of the rural subsidy initiative with Motheo." Mthembu Mahanyele approved Cobbett's letter to Ngwenya on April 4. She said in a handwritten note: "Approved. Help Mpumalanga and Free State to speed up the process of disqualifying non-performing projects so that funds are directed to projects that will deliver."

Just 21 days later, Mthembu Mahanyele was to go Mpumalanga to open the Motheo project. Cobbett need not have bothered with his letter to Ngwenya. The Mpumalanga housing board had already given the project the green light — on January 16. In fact, Cobbett's department on March 26 had issued it a R9,2-million national housing fund grant without his knowledge even though he was the chief accounting officer.

When Cobbett found out on April 24, he wrote to Ngwenya demanding the R9,2 million back. On April 25,

Auditor general Henri Kluever held back some of the more sensational facts available to him

while the minister was launching the project, Cobbett sent her the four-page memo, fleshing out a conversation with her the previous evening in which he had warned her not to

open the project. "I hope that this makes more apparent why I was so concerned about possible misrepresentations in respect of your involvement," the former director general wrote.

Cobbett said that his "level of extreme concern arose" when he heard the previous day that Nedcor banker Kevin Gibb — one of the architects of the Motheo scheme — had been suspended by the bank on April 18 (Gibb, who has admitted to a close working relationship with the minister, has emerged as a pivotal player in the scheme. Indeed, some other players say Gibb started lining up contractors last year and only started mentioning Motheo early this year.)

In Cobbett's memorandum to the minister, he said Gibb had shown him plans for the Motheo project in February and he had been very impressed. But he said he was concerned when Gibb asked him to line up 10 500 subsidies at R17 250 each, as it would have involved the government handing out discretionary allowances on a blanket basis.

Cobbett then explained how he had turned down provincial officials' request for national funding for Motheo because the province was already severely overextended. Cobbett pointed the minister to the fact that many of the dead projects in Mpumalanga were run by a combination of Nedcor and Murray & Roberts (Ironically, Murray & Roberts were called on to build the show houses for the Motheo launch.)

He reminded his minister how Mpumalanga province had failed to come back to the national department over the R9,2 million it owed. He told her how after discovering the Motheo project had already been ap-

proved in Mpumalanga, he had set about investigating Motheo. "It transpires that the funds for this project were committed on January 16, which means that the funds were already committed when we were approached by Mpumalanga and the funds were committed to a company that had yet to be created."

He noted that Motheo was only created on February 20 with a share capital of R400, that it had never built a house that one of its directors was related to a senior Nedcor employee [Granny Seape, Ndlovu's sister, who resigned immediately after Gibb's departure], that it had unlawfully lined up national funds, and that it had purported to be involved in a joint venture with Nedcor.

The government documents include a second memo from Cobbett to his minister on Motheo, dated May 15, in which Cobbett alerts her to the sudden resignation from Nedcor of Seape, who headed the bank's low cost housing division. He also informs her that Nedcor's "alleged involvement in the project was not correct, and had not been properly authorised."

The documents provide intriguing evidence about the minister's relationship with Motheo's director Thandi Ndlovu, who has called Mthembu Mahanyele her mentor. Relations between Ndlovu and the minister were even closer than previously suggested. In a letter dated May 2, Ndlovu wrote to Nedcor chief Mike Leeming to complain that the bank was bouncing her company's cheques.

Ndlovu informed Leeming at the bottom of the letter that she had forwarded a copy to the minister. Gibb has confirmed he met the minister in Pretoria two days after being fired.

This week Cobbett told the Motheo commission of inquiry in Nel-spruit that Gibb had had an "incredibly close relationship" with Mthembu Mahanyele and he testified that his minister had introduced him to Seape, whom Mthembu Mahanyele met "with some regularity — so much so in fact that the minister suggested Seape for a position on one of our industry boards."

Cobbett told the commission that after realising that Mpumalanga had actually approved the project,

he checked the minutes of the board meeting.

"The information was incredibly skimpy," he said. He then testified about the minister's reply when he first telephoned her with his concerns and said he was going to the auditor general. "Well, her response falls outside the scope of this commission but after this I phoned my wife to tell her I had probably lost my job."

Question marks still hang over any improper gains that individuals stood to make from the scheme. It is understood that unsubstantiated evidence was forwarded to the auditor general that Moodley — and possibly Gibb — each had shares in Motheo and thus stood to gain financially from the deal.

Motheo directors have confirmed that the profit margin in their sights was 10% — far above that of most low cost housing schemes and double the estimate Gibb gave this newspaper when trying to shoot down suggestions that the developers stood to make R4 000 on each R14 000 house.

The documents also contradict claims last week by a representative of the Mpumalanga housing department, Leon Mbangwa, that there was no reason for the province to recover the R9,2-million from Motheo. The

See no evil Mthembu Mahanyele ignored Cobbett's tale of irregularities, claiming it was 'incoherent'

documents show that Mbangwa's own premier, Mathews Phosa, wrote to Cobbett in May to say "It is hereby confirmed that the provincial government undertakes to return to your department the amount of R9 240 000 within the next few days." Five months later, the national department is still waiting.

The commission, which was called by Phosa after the auditor general released his findings, was told by Moodley last week that the saga actually boiled down to an elaborate plot on the part of senior government officials and Nedcor to embarrass Mthembu Mahanyele. Nationally, the ANC has distanced the minister from the scam, claiming that it was a provincial matter and blaming the auditor general's recommendation of a national inquiry into the scandal on media speculation.

On the further evidence of the Motheo papers released this week, that position has become insupportable.



Motheo buddies still in business

Leading figures in the Motheo scandal are earning consultancy fees from the controversial company, writes Justin Arenstein

Despite getting their fingers burnt and losing their jobs for bulldozing the R198-million Motheo rural housing deal through Mpumalanga's housing board, the central figures in the scheme are still doing business with each other.

Sacked Nedcor credit general manager, Kevin Gibb, currently works at least eight hours a day for Motheo through a close corporation called Reeves Enterprises & Tours

Motheo director Alfons Meyerdricks confirmed that Gibb had begun consulting for the developer almost immediately after leaving Nedcor and told the *Mail & Guardian* that Gibb did substantial financial and budgetary planning for Motheo, as well as marketing

He added that Gibb also handled much of Motheo's negotiations with contractors but stressed that these services had only been paid for by Motheo after Gibb was dismissed from Nedcor

The first payment to Gibb was made on August 26 Meyerdricks refused to discuss how much Gibb was earning but sources confirm that he receives at least R20 000 a month for his efforts, as well as an unspecified vehicle and travel allowance.

Gibb's colleague at Nedcor, Granny Seape, is also employed as a consultant by Motheo and has been paid at least R70 000 for her services since resigning from Nedcor just after Gibb was fired in April.

Seape, who played a major role in establishing the concept of rural housing while at Nedcor and who initially canvassed support for the project from local authorities as a Nedcor representative, is also the sister of Motheo majority shareholder, Dr Thandi Ndlovu. Seape stressed during testimony that she had recused herself from these duties after Gibb announced that Ndlovu and Motheo would be the developer

Ndlovu, Seape and Gibb are all close friends of Housing Minister Sankie Mthembu-Mahanyele. Other indications of the close personal links between the major players include confirmation that Gibb arranged vehicle financing for Mthembu-Mahanyele's secretary, Bertha Nene, while he was still at Nedcor

Payment for Seape's services as a "highly skilled" liaison with local authorities and target communities are currently made through a separate company which is fully owned by Meyerdricks, called Coral Sands Property CC. "Granny was uncomfortable working directly for Motheo because of her sister's ownership of the company and particularly with all the controversy going on. I don't see anything sinister in it at all, but she asked me to [pay] her indirectly," explained Meyerdricks.

Seape's initial services included setting up Motheo's offices after the company had signed its R198-million contract with Mpumalanga and recruiting Motheo's core staff

(1276)

M+G 24-30/10/97



Mthembu-Mahanyele: Ndlovu, Seape and Gibb are all close friends.
PHOTOGRAPH: HENNER FRANKENFELD

Seape is also a partner with Meyerdricks in another, unconnected, development company called Secured Housing Management (Pty) Ltd. She was paid a R40 000 retainer by Motheo for setting up its offices over two months. Seape said this week that she was consulting through a close cor-

poration, Ahamang CC, of which she is the sole member. She described herself as a "development facilitator" and said that Motheo was one of three large clients she had. She denied involvement in any business ventures with sacked Mpumalanga housing board chief Saths Moodley or Gibb but

added that Moodley also consulted for some of the same clients as she did. She declined to name the clients. "This entire Motheo thing has caused me a lot of distress."

During her testimony before the Mpumalanga commission investigating the deal on Thursday, Seape vehemently denied allegations by Dr-Block chief executive Paul Jewkes that Seape had negotiated for between 25% and 50% shares in a development company which later became Motheo. "I don't know what Jewkes is talking about. He must have been hallucinating a lot at that time. My only discussions with him, in line with my Nedcor mandate, were how to involve him in low-cost housing. At no stage did we discuss shareholding, either including me or anyone else."

The only name mentioned other than Ndlovu's during shareholding discussions, Jewkes said, was that of a woman by the name of Zanele who had been proposed as a director because of her position. Seape denied ever mentioning her name in discussions with Jewkes and also dismissed allegations that the woman was in fact Zanele Mbeki, a prominent banker and the wife of Deputy President Thabo Mbeki.

"We are the victims of some political or commercial plot," said Meyerdricks. "The charges against us keep on changing. First it was nepotism, then not following procedures and not being a registered company. If this whole circus hadn't blown up, there would be 11 000 families living in new houses today." — *African Eye News Service*

Motheco: Sankie's not off the hook, PAGE 31

Cobbett's testimony hits housing minister

JUSTIN ARENSTEIN

(127B)

ST 26/10/97

THE ousted director general of the Department of Housing, Billy Cobbett, this week provided an Mpumalanga commission of inquiry with documentary proof of how he had repeatedly warned the Minister of Housing, Sankie Mthembu-Mahanyele, not to launch her close friend Dr Thandi Ndlovu's Motheo scheme.

Cobbett's evidence included memorandums to the minister setting out "highly suspicious" circumstances surrounding the awarding of the scheme to a firm with no track record, no offices and no capital of its own.

After Mthembu-Mahanyele ignored similar telephonic warnings from Nedcor chief Richard Laubscher and former finance minister and Nedcor chairman Chris Liebenberg, Cobbett also warned her that he had requested the auditor general to probe the contract.

"Her response was outside the scope of this commission, but let's just say I telephoned my wife and told her that I thought I'd just lost my job," Cobbett said.

Letters presented to the commission by Cobbett refuted testimony by provincial housing officials that they had the national department's tacit support for the project. In one letter in April, Cobbett told Mpumalanga housing head Steve Ngwenya the province's housing finances were in such a shambles that, unless officials could scrap up to 9 000 "dead" subsidies, they'd have to pay Motheo out of their own pockets.

Cobbett demanded, in increasingly irate letters, the return of R9,2-million paid out to Motheo just days after Mpumalanga signed its contract with Ndlovu for "conceptual and planning work". He said the payment had directly contradicted his written instructions.

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Picture AP

Dreyer commission due to hand in report on Motheo

BD 4/11/97 (1270)
NELSPRUIT — The Dreyer commission of inquiry is due to hand in its report on the R198m Motheo rural housing initiative in Mpumalanga to premier Mathews Phosa tomorrow.

Phosa's spokesman Oupa Pilane said yesterday "It is a bit difficult to say exactly when we would be ready to comment and act, because we have no idea yet just how long the report is going to be."

The office of the commission chairman, Deloitte & Touche managing partner Hugh Dreyer, said the report's annexures filled four box files and totalled thousands of pages.

Phosa appointed the commission two months ago after the auditor-general found that none of the 15 procedural requirements stipulated in the national-housing manual had been complied with when Mpumalanga's housing board approved the project.

The board also did not have a quorum or proper documentation when it approved the initiative.

The Attorney-General said in his special report to Parliament that while no overt evidence of misrepresentation could be found, the possibility existed that the housing board and provincial housing department may have been misled about the extent of Nedcor's financial involvement in the scheme.

The Attorney-General also expressed concern that family or friends of Housing Minister Sankie Mthembu-Mahanyele and other politicians may have benefited from the scheme.

His recommendation for a national commission of inquiry into the concerns has been resisted by Mthembu-Mahanyele and President Nelson Mandela, who have said that any investigation should rather be conducted by public protector Selby Baqwa.

Phosa said when announcing the Dreyer commission that it was a

provincial body and was therefore not mandated to probe any concerns that Mthembu-Mahanyele's acquaintances or any other officials in the national government may have benefited from the contract.

Witnesses have mentioned the close friendships between Motheo owner Thandi Ndlovu, Mthembu-Mahanyele and sacked Nedcor credit manager Kevin Gibb.

They have also mentioned Ndlovu's relationship with her sister, former Nedcor affordable-housing senior manager Granny Seape and the role played by Gibb and Seape in marketing Motheo. Gibb and Seape are consultants for Motheo.

Seape told the commission she recused herself from duties in Mpumalanga after it became obvious that Motheo would be the developer in the schemes she had been promoting, while Gibb said that he had acted within his mandate from Nedcor and showed Motheo no more favour than any other developer.

Ndlovu repeatedly rejected allegations that her friendship with Mthembu-Mahanyele's may have influenced the Mpumalanga housing board's decision to award the contract to Motheo. Motheo had no balance sheet, traditional track record or company structure when the scheme was approved.

Other witnesses included sacked national housing director, Billy Cobbett, who denied Mthembu-Mahanyele's statement that he had resigned. He told the commission he was fired for reporting irregularities in the scheme to the Attorney-General.

The 10 500-unit Motheo rural housing scheme, which accounts for 20% of Mpumalanga's contribution to the country's goal of 1-million houses by 1999, was the third-largest housing project in SA since 1994 — Sapa

ANC suspends mayor and councillors

Officials rapped over big housing deal

Inquiry finds agreement on Mpumalanga project was illegal, but R9-million has been spent

Political Staff

Mpumalanga Premier Matthews Phosa has ordered disciplinary steps against senior provincial housing officials after an inquiry found an agreement to fast-track a R198-million rural housing project was illegal and invalid. He did not name the officials.

He also recommended that negotiations to restructure the project, to put it on a solid legal footing, begin immediately.

His statements followed the release yesterday of the Dreyer Commission's report of inquiry into the circumstances that led to the award of a contract to build 10 500 low-cost houses on rural and tribal unproclaimed land to Motheo construction company.

A total of R9-million has already been paid out to Motheo and its subcontractors, but the project has been on hold for six months.

The commission has recommended that the number of sites to be developed be reduced and the programme be tackled in manageable phases.

Auditor-General Henri Kluever called for an inquiry.

President Mandela rejected that request, and the subsequent Dreyer inquiry held last month was not permitted to inquire into allegations of nepotism arising from the fact that Housing Minister Sanku Mthembu-Mahanyele is a close friend of Motheo director Thandi Ndlovu.

The Dreyer report was handed to Phosa on Tuesday and was made public yesterday. In a statement accompanying it, Phosa - himself a signatory to the contract - said "I accept that the agreement with Motheo was illegal in terms of improper procedures, a flawed process, an incomplete agreement and a lack of funds."

"I accept that the chairman of the board (Seth Moodley)

specifically and members of the board, the secretariat of the board and the housing department generally all share in the blame for the flawed process and product.

"I accept that no evidence could be found of improper benefit or of conduct by individuals or groups involved in

Law approach to procedures seen as part of problem

the matter."

According to the conclusion of the report, the provincial housing board's approval of 10 500 housing subsidies was invalid because the board had met in January without a quorum. The board then supplied inadequate information to the executive committee which ratified the subsidies.

Efforts to establish the extent of the financial backing from Nedcor were reported but Nedcor had not misrepresented its involvement.

In an apparent vindication of former national housing director-general Billy Cobbett's stance that funds might have been intentionally misappropriated, the inquiry found that the province, Nedcor and Motheo were genuinely committed to providing rural housing.

The report states: "The issue may, of course, become academic in view of the invalidity of the contract."

It recommended that the issue of securing further funding be resolved through negotiations at Mmamec, a forum for discussion between the provinces and the government.

The commission found that the "primary responsibility for the failed approval lies with the chairman and, to a lesser degree, the head of the secretariat."

SAW 6/11/97

But it found that Job Mthombeni, a housing board member who became a Motheo director in March and who was asked to leave the housing board in August, was "a patently honest and credible witness". He had been genuine in his acceptance of a director's seat on the company's board so that he could represent emerging builders.

On the issue of the possible misuse of public funds, the commission found that no taxpayers' funds had been wasted. In its conclusion, the commission stated that although the contract was invalid, a significant amount of work had been done by or on behalf of Motheo.

"Some three or four thousand sites have water services available for connection when construction of houses begins, service roads cover significant areas of the proposed project sites, and expectations of the community have been raised."

Uproar over R198-m housing bungle

AR 6/11/97 (127B)

Nelspruit - Motheo Construction's R198-million contract to build houses in Mpumalanga was technically illegal because the province's housing board failed to follow the required procedures, according to the Dreyer Commission's report.

The commission recommended that the Government attempt to channel Motheo's application for the project through the proper procedures to "legalise" it

It said this was necessary because of the amount of work already done by Motheo, the amount of money already spent, and the widespread expectations for the delivery of houses in targeted communities

The report, released yesterday, also said the housing board had neglected to ensure there were budgeted funds for the project or that it had a complete and proper agreement with Motheo before approval

The commission said it could find

no proof that any group or individual improperly benefited from the "mould breaking" contract or that Housing Minister Sankie Mthembi-Mahanyele had attempted to influence the approval process

This, however, should be read within the context that the commission's mandate explicitly precluded any probe into the role of Ms Mthembi-Mahanyele or any other national government figure in the scheme, the report added - Sapa

Dreyer finds Motheo deal was illegal

(127B)

BD 6/11/97

Robyn Chalmers

THE Dreyer commission has found that the R198m Motheo contract, one of SA's largest rural housing projects, was illegal and that top Mpumalanga officials were largely responsible.

The commission also recommended that, in light of community expectations and work already undertaken by Motheo, the contract application be renegotiated — with qualifications.

These included a more manageable building programme and that a significant portion of the planned 10 500 houses be scrapped. It was also vital to ascertain what funds were available at national level, as the province was significantly overcommitted.

Former Mpumalanga housing board chairman Saths Moodley was taken to task by the commission — headed by Deloitte & Touche managing partner Hugh Dreyer — for his role in approving the project. Provincial housing director-general Steve Ngwenya and all the board's members were also criticised.

The commission found there was no basis for a R9m interest-free loan granted to Motheo, there was no quorum in the board meeting that approved the project, there were no funds available; and information on the scheme was "hopelessly inadequate".

However, it found no evidence any person or organisation benefited unduly; taxpayers' funds were not abused; the national housing ministry had not influenced the awarding of the scheme; and Nedcor had not misrepresented its involvement in Motheo.

Mpumalanga premier Mathews

Phosa said yesterday a report would be completed on how the rural housing initiative could regain momentum; and negotiations to restructure the process would start thereafter.

"I accept that (Moodley), specifically, and other board members, the board secretariat and the housing department generally, all share in the blame for the flawed process and product." Disciplinary discussions would be conducted internally.

The African National Congress (ANC) welcomed the report, saying the fundamental problem lay with Moodley's management style, which had led to these "unfortunate developments".

It called on those who had cast aspersions on Housing Minister Sankie Mthembu-Mahanyele to apologise. However, the provincial commission was not mandated to investigate allegations that the minister's friends and family benefited.

A housing department spokesman said Mthembu-Mahanyele had not yet received the report and would comment once she had examined it.

Moodley said it was a moot point whether there was a quorum in the board meeting that approved the project; and took the commission to task for some "glaring omissions", including the fact that the commission ignored "crucial" information given by members of the Mpumalanga housing department and of the housing board.

"This omitted information would have contributed to a greater transparency to the public and enabled those outside the housing industry to understand why the Motheo contract was awarded."

Damage control over Motheo debacle

Star 7/11/97 (127B)

POLITICAL STAFF

Just days after a commission of inquiry declared Mpumalanga's Motheo rural housing project invalid and illegal, the province has moved into top gear to rescue the ill-fated scheme

Housing director Stephen Ngwenya told The Star yesterday the department wanted to reach a decision about Motheo's role and evaluate the contract by Monday.

He said the department would also hold talks with the Motheo company and its subcontractors to renegotiate new

terms and evaluate the scale of the project before the newly constituted housing board meets next Friday.

The board was reconstituted with three new members last month and its new chairman is Charles Makola, who was a former chief executive officer of the Highveld Rural Council

"We would race against time to house at least 1 000 families before Christmas," he said.

"I regret that the rural people's expectations of moving into new homes before Christmas were delayed because my officials and the housing board

breached state procedures in a bid to achieve that goal

"I admit that the buck must stop at my door as the chief accounting officer," Ngwenya added.

Asked about the future of former housing board member Job Mthombeni, who was asked to resign from the board by Housing MEC Craig Padayachee because he worked for Motheo, he said Padayachee and Premier Mathews Phosa would decide on the matter

Mthombeni said he accepted the premier's apology because that was "restoring his dignity"

Mthembu-Mahanyele denies playing a role in

BD 10/11/97

Belinda Beresford

HOUSING Minister Sanke Mthembu-Mahanyele has denied she played any role in the awarding of a controversial housing project tender to Motheo Construction and reiterated that she had not fired former housing director-general Billy Cobbett.

Mthembu-Mahanyele said at the weekend the publication of a report from the Dreyer commission into the Mpumalanga rural housing project had freed her to respond to "speculative and ungrounded suggestions or innuendo" on her involvement in the matter.

She said the commission of inquiry into the tender had "confirmed that the ministry had no influence over the awarding of this contract". She also denied dismissing Cobbett. Her spokesman said Cobbett had left by mutual agreement rather than being fired. Cobbett left the ministry after he asked the auditor-general to investigate the Motheo contract. But Sapa has reported that Cobbett told the Dreyer commission he had been fired by the minister.

The housing minister said the relationship between herself and Cobbett "became such that Cobbett himself on May 5 1997, offered to accept an early release from his fixed term contract, subject (to) being appropriately compensated therefore". She said the true nature of this termination could neither be described as a "resignation" nor "being fired" and therefore "it is really a waste of time to embark on a public debate simply in regard to the proper legal term to be used to describe it".

The Dreyer commission found the R198m Motheo contract was illegal, and castigated top Mpumalanga officials for their role in approving the contract. The terms of reference of the commission specifically excluded Mthembu-Mahanyele's role in the awarding of the contract, and she did not give evidence.

The minister had earlier backed a statement by President Nelson Man-

(127b)

delata that concerns raised by an investigation by the auditor-general's office could be investigated by the public protector.

Presidential spokesman Joel Ntshintzane said the president's office had not formally asked the public protector to investigate the matter. He said anyone could ask for such an investigation.

Mthembu-Mahanyele said media

reports had not provided proof of the "damaging and defamatory allegation" that her relationship with a director of Motheo Construction had resulted in the company receiving a housing project tender.

The minister was "as a rule of thumb not speaking on Motheo," to the press because there were processes under way which could not be circumvented, her spokesman said.

Motheo tender

Former board chairman defends Motheo project

(127B) 12/11/97

Robyn Chalmers

FORMER Mpumalanga housing board chairman Saths Moodley, who has borne the brunt of the blame for the R198m Motheo debacle, has come out fighting

Fingers were pointed at Moodley last week by Mpumalanga premier Mathews Phosa and the African National Congress after the Dreyer commission of inquiry found the Motheo project — one of SA's largest rural housing projects — was illegal

The commission found there was no quorum at the board meeting where the Motheo project was approved; Mpumalanga had insufficient funding for the scheme; and information presented on the project was "hopelessly inadequate". It recommended that the project be scaled down

Moodley said yesterday that while he accepted the results of the Dreyer commission, there were several key omissions

He said that at a meeting of the housing board in December last year, only half of the board's members had been present. A decision was taken to

ask Mpumalanga housing MEC Craig Padayachee to ratify all its decisions, which was done. "Two meetings approved the Motheo project — the executive committee meeting of January 16 this year and the board meeting of January 30," he said.

Moodley said the board had created a precedent to ratify the decisions of board meetings where there was no quorum

Moodley said funding was never regarded as an obstacle

"I believe we could have managed the project in terms of funds. We were on top of our cash-flow projects — far more so than any of the other provinces," he said

Former housing director-general Billy Cobbett testified before the commission that he had specifically denied the additional funds to finance Motheo.

On the paucity of the documentation, Moodley said officials of the department and local authorities had been involved in the project since November last year. "The same officials reported to the (board) meetings at which the decision to award Motheo the contract was taken," he said.

Housing & Hostels

- MUMBAI LANGKA -

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Housing fraud to be probed

By Joshua Raboroko

THREE provinces are probing claims of massive housing subsidy fraud amounting to millions of rands allocated to struggling homeseekers who unwittingly signed papers that made it easy for officials to enrich themselves.

More than 300 such cases involving government officials have been reported in Mpumalanga, Gauteng and KwaZulu-Natal. The affected housing boards have already started investigations.

The homeseekers who were used by allegedly unscrupulous officials, are now calling on the Government to address the situation as a matter of urgency.

Mr Craig Padayachee, Mpumalanga MEC for housing and local government said his department, together with the South African Police Service had started investigations into allegations of housing subsidy fraud.

The areas included the former self governing territories of KaNgwane, KwaNdebele and Lebowa, whose jurisdiction now falls under Mpumalanga.

He said 240 housing subsidies were supposed to provide poor communities with up to R15 000 for homes which were meant to be constructed, but these houses were either incomplete, did not exist or were in the planning stages.

In some instances, he said, officials paid out the subsidies to unknown people while in others money was abused.

His department was interviewing several officials regarding the cases.

"We will not hesitate to press criminal charges against anybody who has abused the government's help" said Padayachee.

In Gauteng, MEC for housing and local government Mr Dan Mofokeng has referred several cases of housing subsidy fraud to the Public Protector Selby Baqwa to investigate. A source estimated the amount at R6-million.

The Kwazulu-Natal housing board has referred cases relating to about 10 law firms in the province to the Natal Law Society for investigation after they failed to submit monthly reconciliations on housing subsidies that they handled.

15/1/88
Housing

Baby dies after water supply cut

By Charity Bhengu

An eight-month-old baby died of diarrhoea yesterday after allegedly being infected by unclean water in Amersfoort, Mpumalanga, where the local town council cut water supplies to residents three weeks ago.

The dead baby was identified as Nomfundo Motosamai. She is one of scores of children in the area who have fallen sick since the town council cut water supplies to about 15 000 residents of Zamokuhle township. Residents reportedly owe the council more than R1 million. Her cousin Sinethemba, also eight months old, is suffering from diar-

rhoea as well and was in a critical condition yesterday.

The dead baby's mother, Miss Thandeka Motosamai, said: "I believe my baby died because of the dirty water. I had to feed her from a nearby spring."

Nomfundo, Motosamai's only child, fell sick after water supplies were cut on March 29 because local residents failed to honour their rent account payments.

Lost weight

Motosamai said her child had vomited a lot and could not eat anything. "She lost weight and at the time of her death you could count the number of her ribs"

(127B)

A local medical practitioner, who wished to remain anonymous for professional reasons, said there was a high number of sick children since the water supplies were cut.

"I examine about three children a day who are suffering from diarrhoea as a result of unclean water."

He said he had referred Nomfundo to a local hospital twice recently.

Nomfundo's condition worsened because of the lack of clean water.

Also seriously affected by the lack of water are about 2 000 pupils from two local schools who have been unable to attend classes for the past two weeks.

Soweran found Amersfoort

15/08

Combined School teachers standing outside the building yesterday with not a single pupil in sight.

At Hlelufundo Secondary School there were only two pupils and a teacher present.

Far behind

A matric pupil, Osborne Nkabinde, said "We are far behind with our lessons and I doubt if we will finish the syllabus before the examinations."

"We have held meetings and marches to put pressure on the government, but nothing has helped."

A teacher, Mr Sipho Buthelezi, said he was concerned that if they did not use weekends and holidays to catch up, the pupils were likely to fail

their final examinations.

Deputy chairman of the local civic organisation Mr Mzo Zwane said nine of his colleagues had been arrested during a recent protest march.

They are alleged to have assaulted the deputy mayor and of having burnt down his house.

The mayor, his deputy and their families are believed to be staying at the local police station.

There were long, winding queues in the township as residents left their homes to get water from a nearby spring.

The spring water is dirty, Residents said the queues lasted until 11pm each day.

World Health Organisation, said Neil Collishaw, disputed the claim, saying there had been a long-term decline among "youth" smokers in Norway, Iceland and Finland, all of which had banned tobacco advertising and taken other antitobacco measures in the 1970s.

Collishaw said an independent 1991 study of Organisation for Economic Co-operation and Development countries showed that price increases and advertising bans had both been successful in reducing smoking over 26 years.

Opposition to challenge Moi victory

NAIROBI — Kenya's second most popular political party said yesterday it would file a legal challenge to President Daniel arap Moi's fifth electoral victory.

"We will take Moi to court," Jackson Munyao, secretary-general of the Democratic Party, said at an opposition rally in central Nairobi's Uhuru Park where Moi took the presidential oath on Monday.

"I would like to say: reject the election results," Munyao told 2 000 supporters. In contrast to past opposition events, no police were deployed to control the crowd.

Moi won a chaotic, two-day general election with 40% of the vote. His nearest challenger was Mwai Kibaki, the Democratic Party's candidate, who gained 31%.

Kibaki, runner-up to Moi, said his party would sit in parliament but continue to reject the results. "The DP will not accept the elections were not rigged," Kibaki said.

The electoral commission yesterday said the ruling Kanu party could nominate six extra MPs, while the DP could name two MPs and the NDP, FORD-K, SDP and Safina one each. — Sapa-AP, Reuter.

Department lifts freeze on housing projects

PRETORIA — The national housing department had lifted a freeze it imposed on the Mpumalanga housing department, preventing it from approving new housing projects in the province, Mpumalanga director of housing administration Piet du Plessis said yesterday.

He said the freeze was lifted to allow the province to complete a housing project approved in 1995, and to pay the developers of a second housing project.

Du Plessis said the housing projects at Christiesmeer near Ermelo and Vukuzakhe near Volksrust were worth more than R8m.

He said 500 houses worth R7,5m would be built at Christiesmeer, while the developers of the 50 houses at Vukuzakhe could now be paid. The freeze had delayed the approval of about 10 000 houses in Mpumalanga.

He was confident the 53 000 houses scheduled for construction would be completed by next year.

The department had already completed 25 000 houses.

The national housing freeze, which has been effective since March 10 last year, was imposed because of massive overcommitment on housing budgets in a number of provinces and because "some provinces did not know their commitments."

Du Plessis said talks were continuing between the housing department and the provinces to have the freeze lifted. — Sapa.

NEW YORK — Lounges, Beanie sports utility ve the US is filing bankruptcy.

According to a card association the number of declaring them rupt shot up 1 million last year at any other time in history, in Great Depression. The amount of debt discharged

Construction work deemed up to speed

(127B)

Controversial Motheo paid R13-million

STAN 12/12/98

SAPA
Nelspruit

Mpumalanga's portfolio committee on public accounts yesterday gave its blessing for a R13-million payment to Motheo after an external surveyor had verified that the construction company had completed all the work it had claimed for.

Both the auditor-general and the Dreyer Commission last year found Motheo had entered into a technically illegal R198-million contract with the province's housing board to build 10 500 rural low-cost houses.

The commission noted in a report to Premier Mathews Phosa that almost all the country's existing housing procedures were either ignored or broken when the Mpumalanga housing board awarded the contract to Motheo.

The commission said, however, it did not appear that Motheo misled the Government or otherwise tried to commit any irregularities. The company should therefore be allowed to continue with a scaled-down version of the contract

Housing department head

Steve Ngwenya yesterday told the portfolio committee an external quantity surveyor was sent by the national Department of Housing to verify that all work being claimed for by Motheo was completed and up to standard.

"The surveyor found everything in order and has approved the payment.

"We would also like to stress that Motheo never stopped working, even during the height of the controversy when they were being accused of irregularities," he said.

Ngwenya conceded that both he and sacked housing board chairman Saths Moodley knowingly broke regulations or allowed regulations to be broken when awarding the contract to Motheo.

He said the department had learnt from the experience, and all applications were now dealt with strictly according to housing manual regulations, African Eye News Service reported.

Ngwenya repeatedly said the current mass of regulations and a new-found respect for red tape slowed down or delayed large numbers of private/public sector housing projects

New-found respect for rules retards housing

Robyn Chalmers

IMPLEMENTATION of most private and public sector low-cost housing schemes around the country has been slowed by a new-found respect for the rules since the Motheo housing debacle

Mpumalanga housing department head Steve Ngwenya, who was at the centre of the Motheo saga last year, said yesterday the approval of dozens of housing projects in Mpumalanga had been affected

"There is a danger that investigations of this nature (such as Motheo) develop into repeated studies of minute detail that waste more public time and funds than they were designed to protect," he said

However, Ngwenya said the Motheo saga had highlighted the need to safeguard

the aims of "sometimes cumbersome procedures" in government's attempts to address the inequalities of the past

The Dreyer commission of inquiry, which sat last year, found the R198m Motheo contract, one of SA's largest rural housing projects, was illegal and top Mpumalanga officials were largely responsible. The officials had committed funds to the project when there were none available in the provincial kitty and the province was significantly overcommitted financially

The commission recommended that, in the light of community expectations and work already undertaken by Motheo, the contract application be renegotiated, with a number of qualifications

These included a more manageable building programme and a recommenda-

tion that a significant number of the planned 10 500 houses be scrapped

Ngwenya defended again the provincial housing board's decision to enter into a multimillion-rand contract with the then unknown company, Motheo, in May last year. He said Motheo was going ahead with its projects, though at a slower pace

"Motheo never stopped working. The company continued to complete about R13m worth of work while allegations of irregularities were being investigated"

On how Mpumalanga could commit funds to Motheo it did not have, Ngwenya said provinces worked on cash-flow projections, with funds being held and paid out by the national housing department

Provincial overspending was not the problem last year that it was today.

BO 12/2/98

(127B)

Motheo to enter contract with Mpumalanga

Vuyo Mvoko

CAPE TOWN — Motheo, the construction company that was last year embroiled in a scandal over a R198m Mpumalanga government rural housing project, is to sign a new contract to continue with the building of rural housing in the province, Parliament heard yesterday.

Mpumalanga housing MEC Craig Padayachee, accompanied by his deputy director-general Steve Ngwenya, told Parliament's portfolio committee that Motheo had been told that it would not get the 15% illegal across-the-board "geotechnical allowance" promised in terms of last year's controversial contract.

An independent consultant employed by the state had established that Motheo's work was worth R13m, Padayachee said. The com-

pany had received R9m.

In terms of the recommendations of the Dreyer commission of inquiry that looked into the scandal, Motheo would have to make separate submissions for each project it wanted to undertake, and the submission would be evaluated by the provincial housing board.

Padayachee was asked yesterday why the provincial government had not reopened the tender process or found another developer.

He replied that the Dreyer commission had recommended that Motheo be given the opportunity to continue, as it had already done work, "but (should) rectify what was done" previously.

Had the commission recommended that Motheo be done away with the Mpumalanga government would have done this, Padayachee said.

He said the communities and the local councils wanted Motheo and no one else.

Padayachee was also asked whether he was personally responsible for the "sum" of alleged overcommitment of funds thought to have exacerbated the problem.

However, he said that even "with hindsight this project was not overcommitted".

"We did not understand what the national government called overcommitment," Padayachee said.

SA had a huge housing backlog and one could seldom find a housing project that started and finished in one year.

Padayachee said the province later received a letter from national government, admitting that the much-flouted notion of provincial overcommitment "has been a mistake".

Mpumalanga had learnt lessons from the Motheo debacle, Padayachee said.

Strict adherence to set rules and procedures should be ensured at all times, he said.

Although departmental officials had clearly "erred" in the Motheo instance, and were subsequently reprimanded for not adhering to the procedures' manual, Ngwenya and his officials could not be fired as they did this to have houses built for the homeless and not for material reasons.

The Dreyer commission found that there was no quorum in the board meeting that approved the project last year.

It also found that information on the scheme was "hopelessly inadequate".

However, it found no evidence of abuse or of a person or organisation that benefited unduly from the contract.

Clinton to address a joint

Move to set role for traditional leaders



Motheo back in running for housing project

JOMAL RANTAO

MOTHEO Construction, the company which was embroiled in the rural housing scandal in Mpumalanga but was absolved of irregularities, has been given a chance to continue with the R198 million project.

Mpumalanga Housing MEC Mr Craig Padayachee told Parliament's housing committee that Motheo, owned by Gauteng-based Dr Thandi Ndlovu, had been asked to resubmit its proposals for the project. Instead of submitting a single contract for many projects, Motheo had been ordered to

table separate contracts for each housing project, he said.

Padayachee said the Dreyer Commission of Inquiry, appointed by the Mpumalanga government to probe the multi-million rand deal, had found that the contract awarded to Motheo was invalid because the provincial housing board did not have a quorum when it approved it.

The commission also found that Motheo had not provided the board with adequate information.

Padayachee said a forensic audit conducted by a reputable company had found that no

individual had benefited from the contract. It also found that there was no conflict of interest in the dual membership of Mr Job Mthombeni, a member of the board and a director at Motheo.

"There was no conflict of interest or evidence of corruption.

"There was no conflict of interest with regard to Mthombeni because he was not there when the contract was awarded to Motheo," Padayachee said.

He said the provincial government was convinced that Motheo had the capacity to deliver the houses required by the rural com-

munities. To date the construction company had been paid R13m for work done.

National Party MP Mr Jacobus Albertyn was unhappy that Motheo was the sole company being considered for the project and urged the provincial government to consider inviting tenders.

The project, which was the first massive rural housing project of its kind, was put on ice after allegations of serious irregularities were made.

The controversy has also been linked to the departure of former national housing director-general Mr Billy Cobbett from his post

(127B) CT 25/3/98

Motheo Construction gets nod to continue with housing project

By JOWIAL RANTAO

(127B) Star 25/3/98

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The commission also found the construction company did not provide the provincial housing board with inadequate information.

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It also found that there was no conflict of interest in the dual membership of Job Mthombeni, a member of the provincial housing board who was also a director in Motheo.

"There was no conflict of interest or evidence of corruption. There was no conflict of interest with regard to Mthombeni because he was not there when the contract was awarded to Motheo," Padayachee said.

He said the provincial government was convinced Motheo had the capacity to deliver the houses required by rural communities.

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Water project unites rival communities

Border dispute forgotten as Bushbuckridge Water opens

(1230)

TWO communities that have been at each other's throats because of a border dispute are smoking the peace pipe - thanks to the opening of a dam.

A lot of blood was spilt last year when residents of the Northern Province and Mpumalanga rioted against each other even though their premiers, Nqosho Ramathodi and Mathews Phosa both belong to the ANC.

This week all was forgiven for the moment when Water Affairs Minister Kader Asmal opened the Injaka Dam, which serves both communities.

During the inauguration of Bushbuckridge Water, which is overseen by Rand Water, Asmal asked for unification among the people who attended the ceremony and said the project was an example of better things to come.

The project has been spearheaded by the community of Bushbuckridge, the United States Agency for International Development (USAID), Rand Water and the Committee of Eleven, led by Patience Nyakane. They have a vision of making Bushbuckridge a leading community.

Asmal said: "Water doesn't belong to any politicians or engineers. We must make sure that we look after it all the time. We are not talking about water taxes, as some hostile politicians suggest, but about normal user charges."

Criticising the National Party for keeping information about water secret, he said: "When a scheme such as the massive Orange River Project was announced, largely for political reasons after the shocks of Sharpeville (massacre), it was kept secret till the very last moment, with only the government's tame journalists being given privileged access to information."

In those days queries about water by media and politicians were treated with great suspicion, and often not answered. For water was a way of controlling people, controlling their settlement and removal. The state had to have all the information, the public - the oppressed - none."

Asmal is so concerned about water that it was no surprise when Mpumalanga Premier Mathews Phosa "baptised" him "Matiti" or "Meier" (water). Phosa said he hoped that by giving As-

After strife in the area last year, peace reigned between residents of the Northern Province and Mpumalanga at the opening of the Injaka Dam, writes MOSES SHIBA.

mal new names, the two provinces would also have a new dispensation. "Because what I do, I do not for myself and Ramathodi, but for the divided people who may be united by water."

The project, started on December 5 last year, is the brainchild of the Presidential Lead Project - a Nelson Mandela initiative - and will supply bulk water to the local authorities of Bushbuckridge from North, South, Midlands, Hazyview and Ntsikazi North.

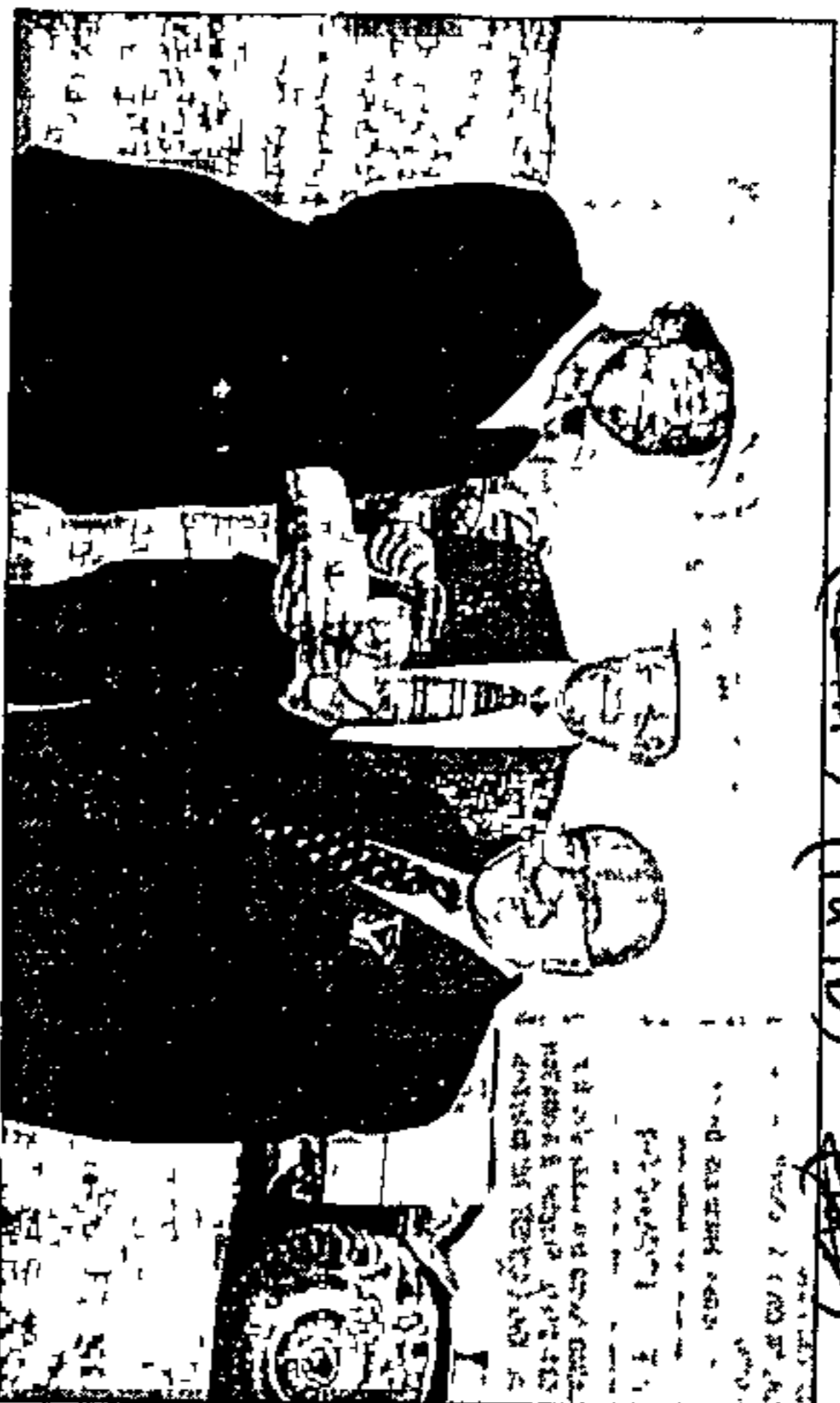
Asmal said his challenge was to transfer some assets presently under his department's control to the water board and local authorities.

"This will be done if these institutions are able to manage the operation of water supply and sanitation and to respond to the clients and potential clients needs. His department has been hard at work addressing the backlog of 12 million people who had no water for ten years - "to the very low basic standards established in the RDP document".

"To achieve this, we need to spend R1 billion annually and maintain that for five to seven years," Asmal said.

The project's chairperson, Patience Nyakane, promised the community would be served and water delivered to Mpumalanga and the Northern Province.

Both Asmal and Nyakane expressed the hope that the communities they would help would also pay for the services rendered.



ANOTHER CELEBRATION ... Chairperson of the Bushbuckridge Water, Patience Nyakane, Rand Water CE Vincent Bath and Minister Kader Asmal at the opening of the Injaka Dam in Bushbuckridge last month. Pict AP

Asmal said "It is heartening to find old women and men prepared to pay for their services out of their pension allowances - while working people, some of them teachers, police officers, nurses and other

professionals, are evading service payments. It is worse when the same professions are urging other people not to pay, citing one reason or another."

Carleene Dei of USAID said they had been helping the country with funds since 1996.

USAID offered Rand Water R6 million to start the pilot project and Dei said they hoped the project would create jobs and deliver healthy water with the help of the local governments.

"Our job is to assist South Africa and we want to assist in the objectives of the government to have affordable houses, sanitation and water."

"And for as long as our programme is here, we will be with them (the community and local governments) to assist where we can," said Dei.

The Northern Province's MEC for Education, Joe Phaahla, said about Asmal: "Contrary to what lawyers do, Asmal is down to earth and action orientated on a daily basis."

"He will always remind us that we will succeed if we're one and that we have a better future and if we act responsibly by paying for the services we receive."

Phosa also a lawyer, said he believed that if the people of South Africa will unite, they would be a force to be reckoned with.

He said he had seen proof of this when he went to Northern Ireland, where South Africa was helping that country and Britain to move towards reconciliation - by following the South African example where blacks embraced whites after apartheid had kept them apart for many years.

Vincent Bath of Rand Water said they would work with other provinces who showed the same commitment as Bushbuckridge.

"We are proud to be associated with this committee (led by Nyakane) and the people of this area for the commitment they are showing because but they have to realise that in the world services are paid for," said Bath.

The end result of this toying and hinting things for themselves also means that residents of the two provinces will one day be able to proudly tell their children and grand-children that they were the ones who provided them with the water they are using, instead of blaming apartheid for preventing them from surviving.

Eastern Cape will hand new land to councils

Kevin O'Grady

CENTRAL government has handed the Eastern Cape custody of more than 2 500 lots of state land which will be donated to municipalities to assist them with development projects such as housing schemes

Provincial housing and local government MEC Smuts Ngonyama said the transfer of 2 508 pieces of land by the national land affairs department followed the transfer of 83 properties in April last year

More than 20 municipalities would benefit from the transfers which would make land, previously untouchable because it was held by national government, available for housing and other projects

Ngonyama said the municipalities set to receive land included East London, Umtata, Queenstown, Alice, Butterworth, Umzimkulu, Tsolo, Mount Fletcher, Flagstaff

and Qumbu

Most of the towns affected were those that were once part of the former Transkei and Ciskei homelands, because ownership of common land in former homeland towns — unlike land in former Cape provincial administration areas — was vested in national government by the interim constitution

Since the new constitution came into effect, the land affairs department had taken the view that state land within municipalities, with the exception of properties used for national functions such as magistrate offices, police stations and prisons, should be vested in the provinces

Ngonyama said his office had been in contact with local authorities to ensure adherence to conditions attached to the release of the land

The provincial government wanted to protect and uphold the rights granted to

(1248) BD 22/6/98
communities using common land within municipalities

In addition to this, the provincial government would only release land to municipalities after ensuring that there was no claim on the land lodged with the Land Claims Commission "Only uncontested land will be released to communities," Ngonyama said

"Should people's rights on common land be affected in the use of (the) land for housing or any other development, alternative land satisfactory to the affected parties should be made available," he said

As several housing projects in Eastern Cape towns had been stalled because land was held by national government, it was hoped releasing the properties to the towns would "provide a ray of hope for masses of homeless people by accelerating housing development in the province"

Witbank areas get R108m boost

WITBANK — Mpumalanga's only city, Witbank, has earmarked R108,9m to upgrade electricity and water infrastructure in the region's previously black townships (127B)

The city's management council chairman, Ali Mathaila, said last week that the drive to upgrade previously neglected areas formed part of a new Masakhane campaign

The campaign was designed to show residents that the council accepted responsibility for improving services

Witbank city council offices worth R3m in Lynville were recently torched by rates protesters after services were cut when residents refused to pay their bills

"We have embarked on improving our entire electricity network," he said

The council also announced that over R395, 973 would be used to upgrade electrical workshops in KwaGuqa township, as well as electrical equipment and substations in the Clewer area

KwaGuqa and Witbank also received R89m to improve roads and storm water drains

The council will also build hawker's cubicles, a clinic, a library and toilet structures in the township

Mathaila confirmed that local government MEC Craig Padayachee had warned Witbank to improve its financial management record and enforce stronger credit controls —

AENS BD 22/16/98

(119)

Nelspruit's 'financial viability threatened'

(1270)

THE number of rates defaulters in Nelspruit, Mpumalanga, had increased by 43 percent over the past year, provincial auditor general Mr Douglas Maphiri disclosed yesterday

This was threatening the town's financial viability, Maphiri warned. In a five-page public report, he described the increase from R25 million to R36 million in debt as unreasonable

He said it was of the utmost importance for the council to immediately institute firm measures against defaulters to prevent the city's financial status from deteriorating

The council managed to close its books for the 1996-97 year with a R2,7 million surplus, up from an accumulated deficit of R589 000 at the beginning of the financial year, African Eye News Service reported

He said the council's R47 million

salary bill accounted for over 40 percent of Nelspruit's total expenditure over the 1996-97 financial year. It was higher than accepted norms

Praising the council for operating its trading services profitably, Maphiri said that its economic services did not break even and that losses amounting to more than R1 million were sustained

Major losses were experienced by the council's airport, which cost taxpayers R206 723 and the city's cleaning services, which costs R798 991

Delays in the council's commercialisation of water services also contributed to a 17,8 percent loss on water distribution which he cautioned was substantially above norms

The report will be officially tabled for public debate at a council meeting scheduled for next Monday, July 27. Sapa

sameban 21/7/98

New probe into housing scandal

M+G 7-13/8/98

Justin Arenstein (127B)

The Mpumalanga government has ordered a new investigation into the Motheo housing scandal after it expressed concern at the lack of financial controls in the national Department of Housing

Mpumalanga public accounts chair Hein Mentz said this week Parliament has been requested to address a perceived absence of checks and balances. Confirming that he has

already addressed the issue with his national counterpart, Mentz said his committee believes it is unacceptable that funds are released to provinces without verification that they are for approved projects

Citing the R198-million Motheo housing scandal in the province last year as an example of the confusion surrounding exactly where national and provincial accountability for funds begins, Mentz said current control systems are "unsound". His committee has re-

quested the auditor general to determine whether the state received value for money

The auditor general has also been requested to ensure there was no fruitless expenditure in the Motheo project

"The request for transfer of this money was made without any motivation by the provincial government and, instead of being queried, the money was simply paid over because it didn't exceed Mpumalanga's allocated housing budget," said Mentz

"The committee finds it unacceptable that funds are requested without any indication of when the national department's accounting responsibility stops and the provincial housing head becomes accountable"

Big housing drive on for rural areas

Lawetom 25/8/98
(127B)

By Joshua Raboroko

MPUMALANGA will build more than 20 000 houses at a cost of R300 million for rural communities, starting next March.

MEC for local government, housing and land administration Mr Craig Padayachee said yesterday that his department would embark on a vigorous drive to build homes for rural communities

Addressing developers after releasing a housing priority list, Padayachee said some of the areas to be developed were Amsterdam, Badplaas, Bethal, Moutse, Ermelo, Hazyview, Witbank, Siyabuswa, Dag-

gakraal and Standerton.

Padayachee said his department wanted to upgrade the lives of rural people. He appealed to developers not to focus their attention on urban development only, pledging his support to any developer who wanted to build houses in rural areas.

Meanwhile, Minister of Housing Mrs Sankie Mthembu-Mahanyele has announced that disabled people would receive a low cost housing subsidy for the first time.

Speaking at the launch of a housing project in Wedel, Northern Province, the minister said the disabled would be able to get custom-built houses that suited their special needs.

The minister also announced that the Cabinet had approved the increase in subsidy from R15 000 to R16 000. This would give people who preferred to build their own houses a wider range of options in the size of home they wanted.

Mthembu-Mahanyele said she had also introduced norms and standards for housing development. This meant that houses built with the aid of the grant would have to adhere to these standards.

This will make sure that people are protected from taking delivery of inadequate units.

This will discourage unscrupulous developers from taking advantage of poor people, she said.

Mpumalanga housing aims to get things right

(127B)

Nelspruit - Mpumalanga will focus over 85% of its R300-million housing budget on rural development from next year and believes that it will build an estimated 20 000 low-cost houses by the year 2001

Provincial housing spokesperson, Leon Mbangwa, said Mpumalanga's new focus would also force contractor housing contractor, Motheo, to compete against established contractors for some of the rural projects illegally awarded almost two years ago.

The Mpumalanga government slashed Motheo's R198-million contract to build houses in a series of rural or peri-rural settlements last year after media reports, an auditor-general probe and an independent commission of inquiry all pointed out that the deal was technically illegal

Motheo has since been attempting to renegotiate a scaled down contract with the province and extract payment for work already done.

"There have been payment and other problems, but we have finally sorted them out and Motheo should be signing a new but much smaller agreement with us by the end of the month,"

said Mbangwa

"They will, however, have to compete against other large developers if they want to win back the projects we took away from them in places like Hazyview and Badplaas."

Mbangwa confirmed that provincial housing MEC, Craig Padayachee, had already met with Grinaker and Megacom to discuss the new strategy and had drawn up a priority list of 24 rural settlements where new projects would be fast-tracked.

"This government's purpose is to upgrade the lives of rural people and this objective can only be met if developers go out to rural areas and start identifying viable projects," said Padayachee in a statement.

He pledged the province's full support to developers wanting to initiate rural housing projects and said that rural building programmes would be able to begin in March, 1999, as soon as budgets for the projects had been transferred from the national government

Padayachee stressed that developers should work closely with local authorities while identifying projects and added that developers should ensure all regulations were followed perfectly to avoid the kind of problems encountered by

Target is for 20 000 low cost homes to be built by 2001

Motheo Mhangwa also confirmed that although Mpumalanga had approved all 53 000 housing grants allocated to it by central government, it had to date only built 37 000 houses.

"We've still done a lot better than many other provinces when you look at the percentages and available resources but we don't expect to meet our target of 53 000 units by next year," he said.

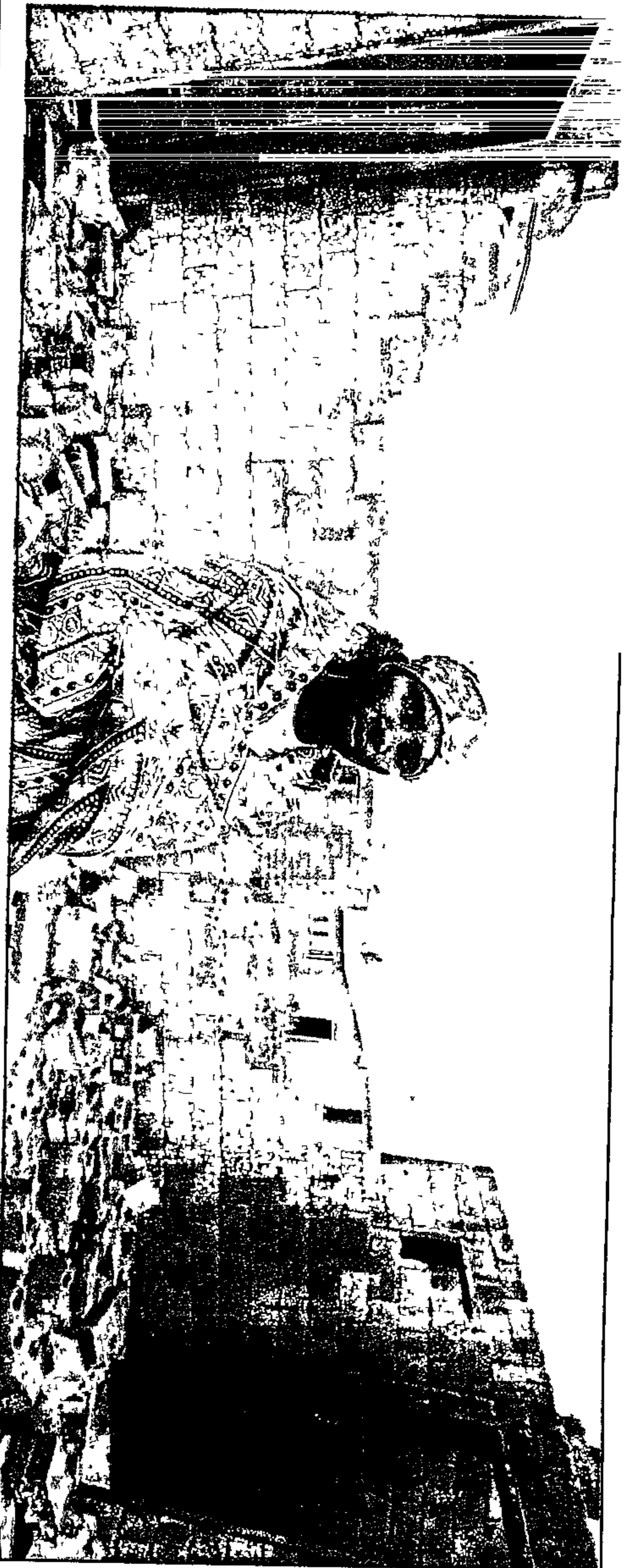
The areas identified on the province's priority list include Amsterdarn, Badplaas, Bethal, Ekangala, Elandsdoorn, Ermelo, Hazyview, KwaMhlanga, Mhibane, Mkobola, Silindile and Embalenhle.

Other peri-urban settlements include Siyabuswa, Zamekomst, Witbank, Mathanjana, Empuluzi, Ehlukwatini and Ekuhundeni

The Mpumalanga housing board will begin processing and evaluating a number of priority list projects today - African Eye News Service

ENDLESS
WAIT: Anna Mhlongo, who lives in a traditional mud hut, in the ruins of one of the houses in Tonga that could be her new home

Pictures:
JON HRUSA



It was to have been the biggest housing project in South Africa, but the controversial R185-million Mthombo housing project in Mpumalanga cost housing Director-General Billy Cobbett his job, has been the subject of a commission of inquiry and has thrown a cloud over Housing Minister Sankie Mthembu-Mahanyele.

CAROL PATON investigates why it has cost R17-million to house only two families to date

ST 13/9/98

CAN YOU SEE THE RAIND IN THIS CEMENT?



TONGA is a village on the banks of the Komati River in the remote eastern corner of South Africa, sandwiched between Mozambique's Lebombo mountains in the east and the Swaziland hills in the south.

Like many other villages in the former homelands, Tonga — apart from a brand new hospital — is dusty, dirty and overpopulated, with a legacy of years of neglect by government authorities.

By now, as well as the hospital, there should have been another impressive showpiece — 900 new houses on each side of the Komati River.

But this is not the case. Of the houses that were promised by the government as part of the Mthombo project, only two have been occupied — and they are not being lived in by the people they were intended for.

Another 12 houses are either incomplete or have deteriorated so badly that they are no longer habitable.

Goats wander through them and chickens roost on the rusted window frames. Bathroom fittings, windows and door frames have been stolen, and some of the bricks have been taken away.

A small pile of rubble is all that remains of one house, where people have helped themselves to the bricks, door and window frames.

On the eastern side of the river at Tonga, 300 septic tanks for toilets lie in the veld, and window frames and brick-making machinery stand idle, gathering dust.

No work has been done on the sites since May last year, leaving the community disillusioned and angry with their councilors and local authorities.

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suspected irregularities and intended to refer the matter to the Auditor-General, Henri Khever.

Despite objections from Mthembu-Mahanyele, Cobbett went ahead and was later fired as a result.

The auditor-general recommended a commission of inquiry and the building work, where the installation of water pipes had already begun, was stalled.

But the commission found that although the Mpumalanga Housing Board had erred in awarding the contract by not following procedures and not ensuring that funds were available for it, there was no evidence that either Mthombo or Mthembu-Mahanyele had acted improperly.

It recommended that Mthombo be paid for work it had already done and that it be allowed to renegotiate a new contract with the board.

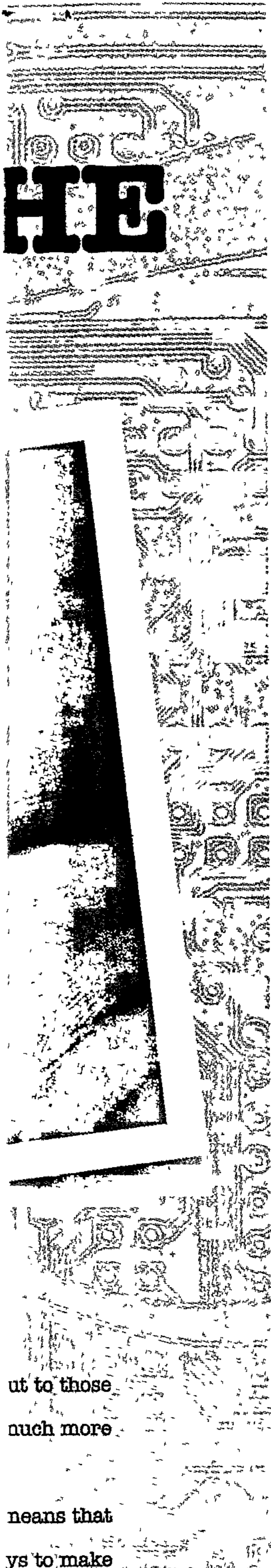
Now there are plans to get the project started again — despite all the reservations raised about Mthombo's capacity to carry it out, the rejection of the house designs by communities, as well as the many mistakes that the company has already made.

The MEC for housing in Mpumalanga, Craig Padayachee, confirmed that the housing board had decided Mthombo would be given a second chance and that it would approve a R50-million contract for the ill-fated company to build 4 000 houses at Tonga, Moutse and Amsterdam.

"In principle the board has agreed that the project will go ahead subject to all the information and documentation, such as land availability agreements, being available," Padayachee said. Mthombo

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"We got hopeful when they started building these houses here — but now we have no hope because they have been standing unfinished for a long time," said Anna Mhlongo from Tonga, who lives in a traditionally designed Swazi mud hut with her husband and two children.

The local councillor for the area, Simeon Mlubisi, said the unbuilt houses had made councillors unpopular and turned them into "liars".

"People still feel strongly that the houses should be built. This process is haunting us now — every time we go to a meeting in the community, people raise the problem of the houses. Now when we talk of houses we become unpopular," said Mlubisi

It is the same depressing scenario at four other sites, where Motheo was contracted to build 10 000 houses in the country's biggest-ever housing project.

The Motheo project was meant to be a showpiece of rural housing and an example to other provinces.

Behind it were two close associates of the Minister of Housing, Sankie Mthembi-Mahanyele, the owner of Motheo, Thandi Ndlovu — a personal friend — and Kevin Gibb, a manager at Nedcor with whom she had developed a close working relationship.

The huge contract was awarded to Motheo before it was registered as a company and without the knowledge of the head of the housing department, Director-General Billy Cobbett.

On the eve of project's launch, Cobbett told Mthembi-Mahanyele that he

suspected irregularities and intended to refer the matter to the Auditor-General, Henri Kluever.

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The MEC for housing in Mpumalanga, Craig Padayachee, confirmed that the housing board had decided Motheo

would be given a second chance and that it would approve a R60-million contract for the ill-fated company to build 4 000 houses at Tonga, Moutse and Amsterdam

"In principle the board has agreed that the project will go ahead subject to all the information" and documentation, such as land availability agreements, being available, Padayachee said Motheo submitted a new application, "but the department of housing hasn't processed it yet because not all the information was there".

Mlubisi is desperate for the houses to be built so that the councillors' reputations can be saved. He

said Padayachee and Mthembi-Mahanyele had both assured him that the project would go ahead

"On August 1, I spoke to the minister. She said she was trying to kick-start the project and was pushing to make sure it went ahead," he said. "We did ask her to put it in black and white, because it was just an informal discussion, but that has not happened yet"

Padayachee said the main reason it had taken almost a year between the end of the commission's work in November and the renegotiation of a new contract was that Motheo had still not provided the land availability agreements.

What this means is that Motheo went ahead and planned sites, installed water pipes and started building houses on land it did not own or have legal permission to build on.

The provincial government has already paid out R17-million for this work, although some of it is described by an expert close to the project as "quite frankly just not good enough".

Motheo, however, blames the provincial government for stalling the project. It says the government has run out of money and will only be getting a new budget in April next year

Motheo will not be continuing work.

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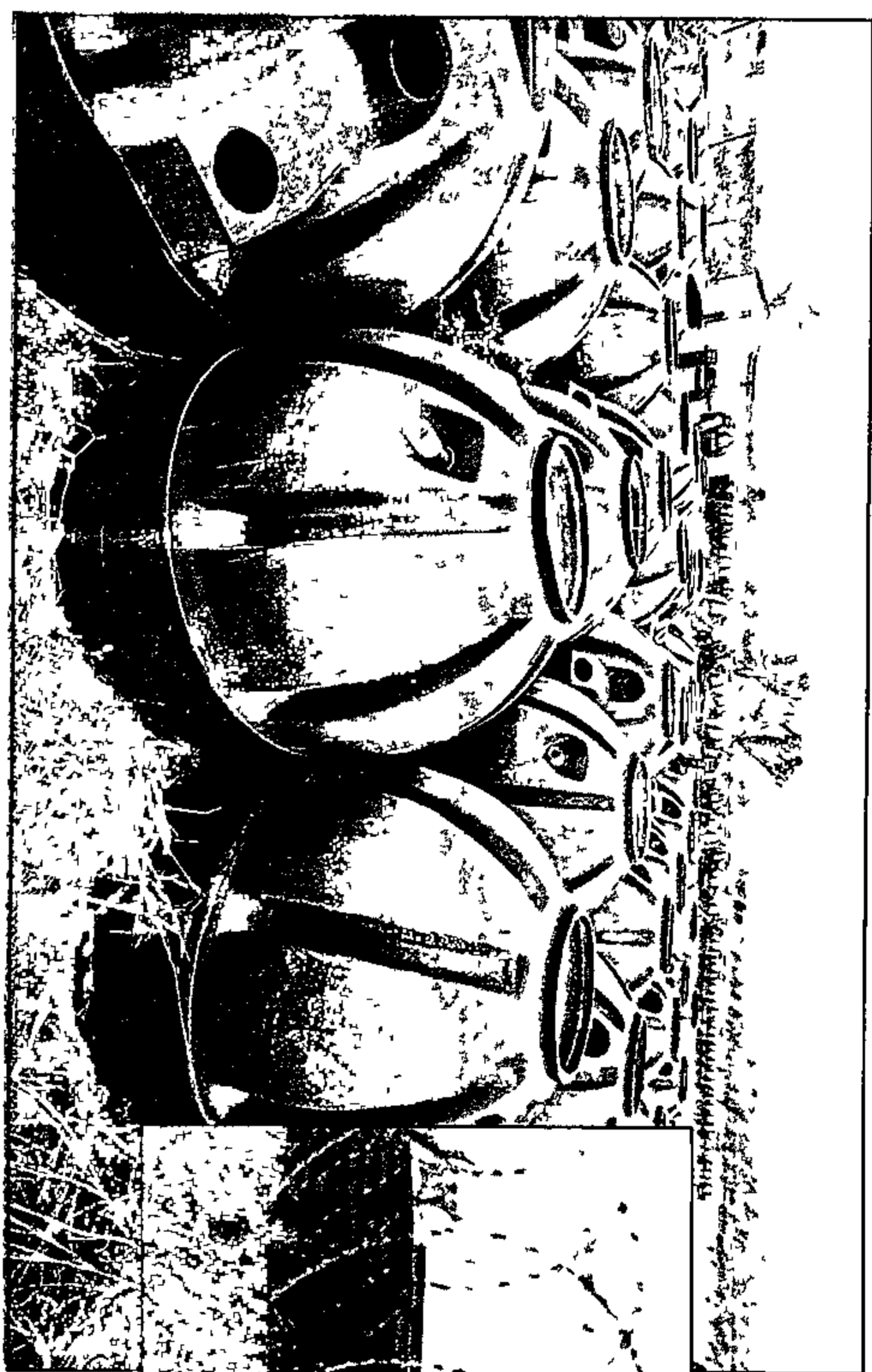
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The village of rubble and broken dreams

But despite protests, the government is set to give the housing contractor a second chance — and R60-million



Dust, delays and dashed hopes

SEMI-DETACHED SHAMBLES Hundreds of septic tanks (left), resembling a battalion of alien invaders, litter the void near the village of Tonga in Mpuhlanga, while a machine (above), that should be churning out bricks for the Mthetho housing project, gathers dust behind a razor-wire fence

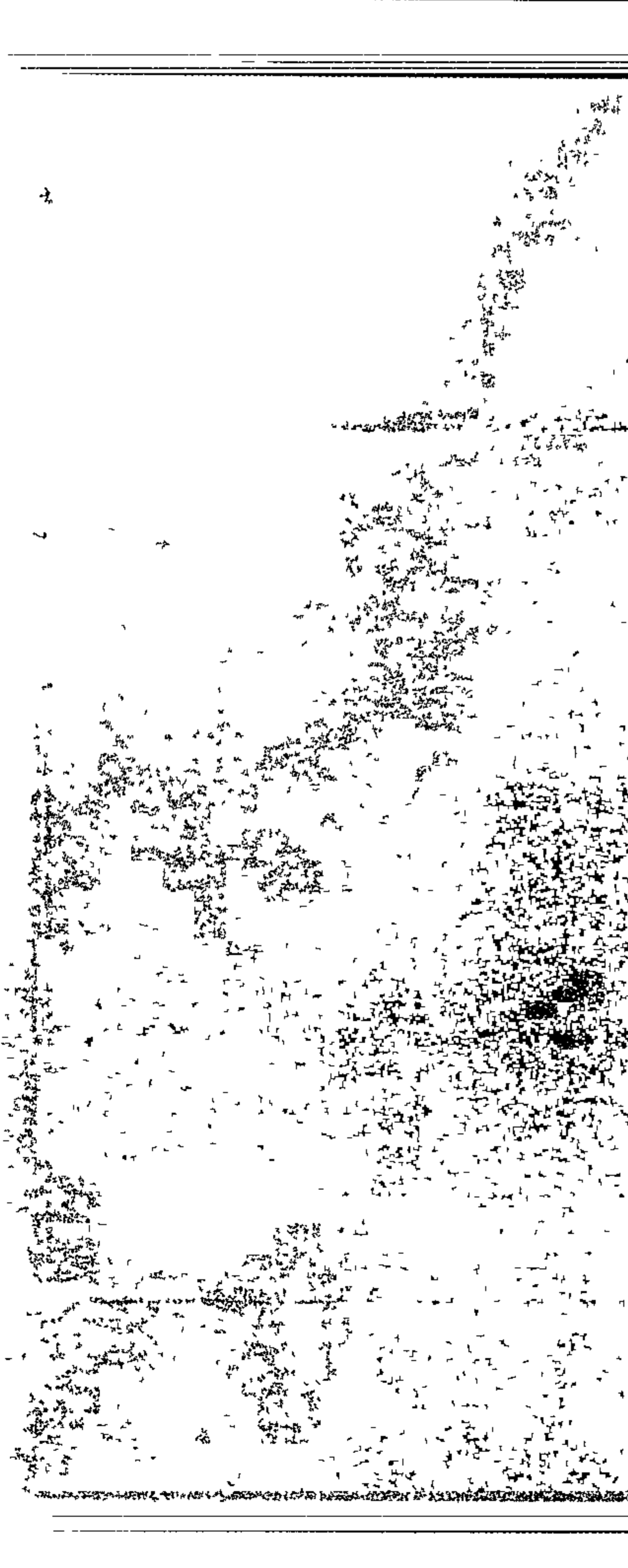
at two other sites where it started work last year — Hazyview and Badplaas — due to the unanimous rejection of the design of the houses by the community. Paddyachee said Mthetho's houses are semi-detached, with two houses joined back to back. "I want a house but not one like this," said Henry Malase of Badplaas when the Sunday Times met him near the former Mthetho site last week. "These houses are like living in a compound."

A councillor from Badplaas, Robert Ndlovu, said, "When Mthetho started to build those houses we went to the MEC and told him that people in this community did not want those types of houses. They want free-standing houses that they can extend in the future."

Although councillors in Tonga said the design had been accepted by the community, everyone interviewed by the Sunday Times in the area said they disliked it.

"This design doesn't suit me. I have two kids and sharing the house and yard with another family won't work," said Anna Mhlongo.

Mhlongo is one of the few people in the Tonga



paid by the provincial government after the report had been submitted. In addition, the provincial government had held back a sum of R1.3-million for "maintenance liability" as the project's infrastructure had already begun to deteriorate, they said.

The province also did not pay Mthetho for the design work it did for the two sites that were cancelled.

However, industry sources close to the project questioned the intrinsic value of the work done by Mthetho, saying that mistakes had been made and a lot of taxpayers' money wasted.

"Some of the work done is quite clear by not of intrinsic value. The town planning is flawed and some of it is just not good. It is as clear as mud — Mthetho doesn't have the skills. They desperately need some technical assistance," said the source.

The semi-detached option was also unpopular, he said, and would need to be changed — but new designs would have to take into account the fact that water pipes had already been laid down.

Makola said the housing board was in the process of initiating dis-

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Mhlongo is one of the few people in the Tonga area who still lives in a mud house. Most people have already built their own tin-roofed brick and mortar houses.

Local ANC leader Jerry Nkomane said there was no desperate need for housing in the Tonga area.

"We will be taking people from all over the province. There is nobody here who is homeless — people have built their own homes. But, of course, rural people are entitled to modern houses just like anyone else."

Padayachee and the new chairman of the housing board, Charles Makola, both justified the payment of R17-million to Motheo, saying the company had adhered scrupulously to the rules.

The work the company had done had been evaluated by an independent engineer hired by the national department of housing, and Motheo had only been

paid by the provincial government after the report had been submitted. In addition, the provincial government had held back a sum of R1,3-million for "maintenance liability" as the project's infrastructure had already begun to deteriorate, they said.

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Makola said the housing board was in the process of initiating discussions with the affected local authorities about who would be responsible for the costs of work and money wasted.

"There still has to be a discussion about who will bear the costs of these things," he said.

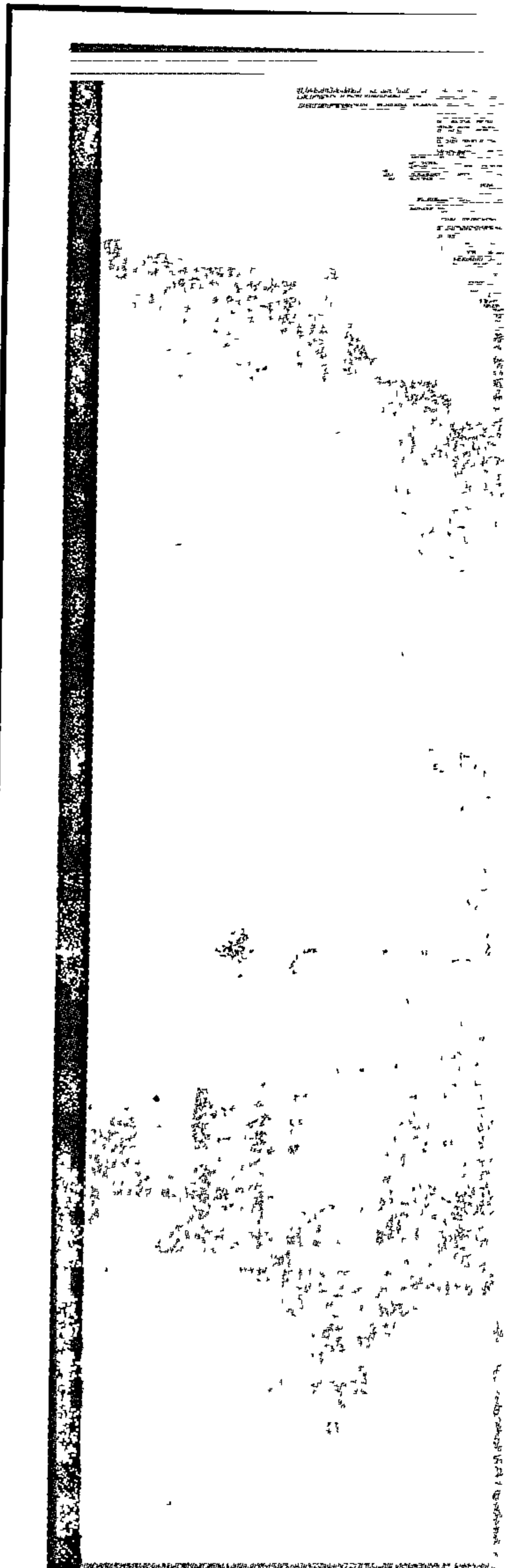
Motheo director Fony Meyeridicks said the company would soon have signed land availability agreements for all the sites.

He said the delay in continuing with the project was not due to the failure to secure the agreements, but because the provincial government had indicated it did not have funds for them this year.

Meyeridicks said Motheo would use small-scale builders to build the houses and was also looking for well-established partners to provide the necessary bridging finance.

Banks were not keen to get involved in providing the finance, he said.

'We got hopeful when they started building ... but now we have no hope because they have been standing unfinished ...'



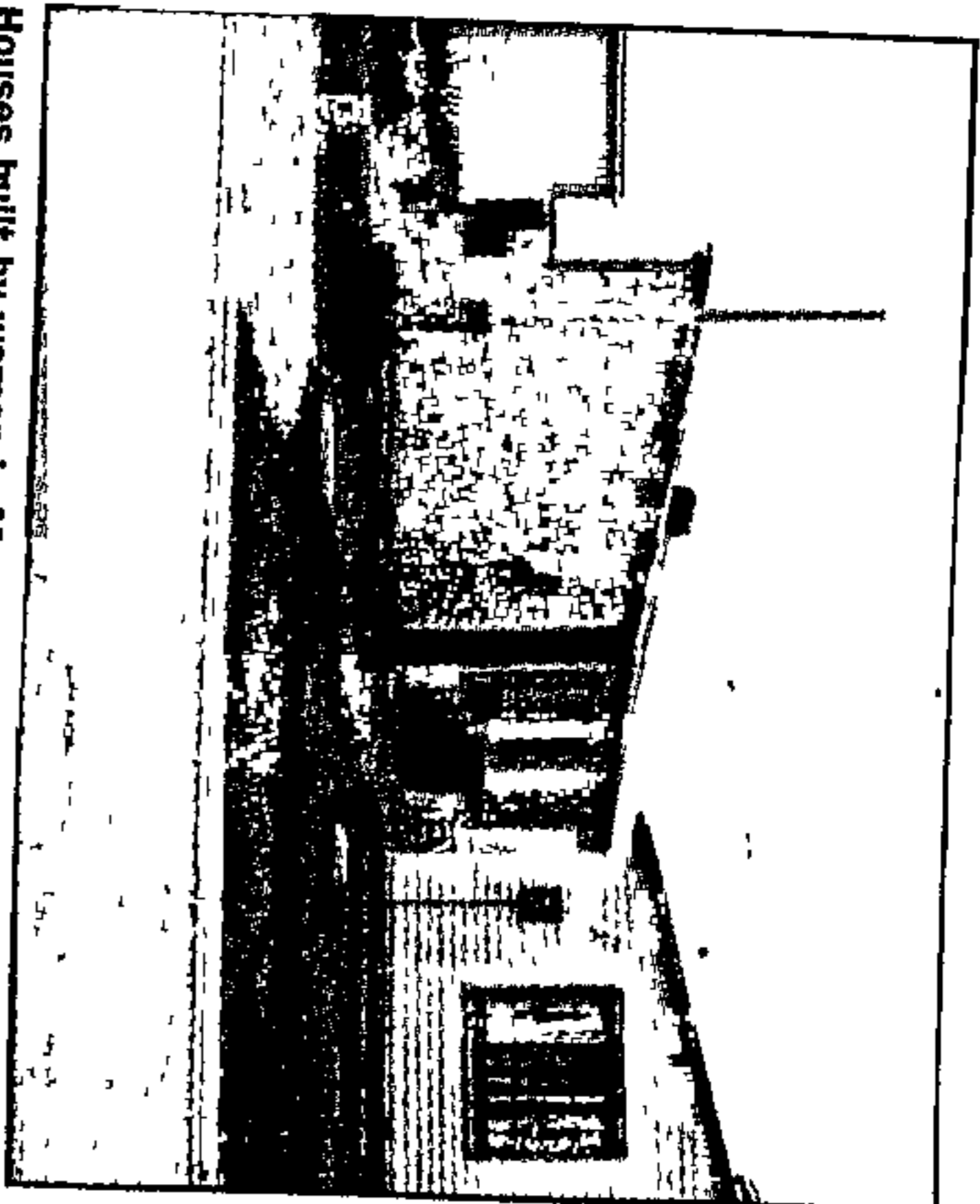
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More and more women in rural and urban community groups are building homes for themselves.



Houses built by women in Mpumalanga.

Women brings about revolution in housings

(1278)

HOUSING delivery in South Africa is undergoing "a silent, women-driven revolution", according to Mr Piet du Plessis, director of housing in Mpumalanga.

"More and more women in rural and urban community groups are building homes for themselves after acquiring government subsidies and municipal assistance," says Du Plessis.

These groups may vary from traditional stokvels to church groups but their members all agree on the need for a home.

"These women no longer wait for developers to build lots of identical-looking homes in their communities. Once they realise they can build for themselves, a group will approach the municipality for land, handling of finances or help with brick making.

The local authority then either applies on their behalf for subsidies or refers the applicants to the department. We are seeing the same trend in all

the provinces with Mpumalanga becoming a leader in this field. In a few years this will be the mainstream of housing delivery and women will be driving the process," Du Plessis said.

"The Mpumalanga housing department currently supports seven such initiatives - dubbed Peoples' Housing Process Initiatives. In each case the people defined their own needs deciding for themselves what type of homes they preferred and could afford as well as where the structures should be erected. In most cases the participants build their own homes enabling more of the subsidy to be translated into bricks and mortar and less into professional fees and other overheads.

"This bottom-up housing delivery process presents our Government with a steep learning curve. Each community has different requirements. Some want to be trained to build their own homes and some hire their own sub-contractors thus needing assistance with contracts.

"Our minimum requirement at the moment is that the group should create some form of legal entity to which subsidies can be allocated. To this end we will make available a technical support grant of R570 a qualifying beneficiary to assist communities to meet their goals.

"This amount can be spent on anything from legal-aid to brick-making machines. Their mass involvement in the process of buying building materials ensures the lowest mark-ups. It involves all the talent in a community, and results in homes which people are proud to call their own," concludes Du Plessis.

The People's Housing Process Initiatives could contribute to the depressed state of the building and construction sector by excluding developers from low-cost housing.

Mrs Pinki Vilakazi, representative of the Peoples Housing Partnership Trust under the National Department of Housing, said her division has created a

policy framework from the vast pooled expertise and experience available in rural areas.

Addressing a group of women who plan to build 100 homes in Kanya-mazane, near Nelspruit, Vilakazi said her division discovered that rural women frequently have the skills to build, plan and build very practical and roomy homes for themselves despite the handicaps of illiteracy and poverty. She added that these women were no longer content to wait for delivery. They had started to build bigger homes more cheaply by cutting out the developer. "It is time that we truly empower people at grassroots levels by de-mythologising the professions and acknowledging the contributions that rural women can make," Vilakazi said.

She congratulated Mpumalanga's department of local government, housing and land administration for the Peoples Housing Process.

The next project will open on June 25th in Kanya-mazane.

Excellent housing guide for employers

THE National Business Initiative has produced a guide entitled "Housing and the World of Work" in association with AECI and Matthew Neil and Associates.

Endorsed by the Minister of Housing, the guide sets out how to develop and refine housing policies for employees.

This follows research conducted by the NBI on the housing policies and provisions among its member companies.

Having reviewed how much was done for employees, it also became apparent that many other companies wished to develop housing policies but did not have the experience or anyone to turn to. This guide provides companies with the information they require to identify and implement employee housing assistance programmes.

While the general aim of the guide is to offer suitable mechanisms to meet the needs of all employees, special emphasis is placed on the lower wage earners who live in the worst conditions. The key aims of the guide are to assist companies to:

- Understand the benefit of implementing a housing policy,
- Identify the various types of housing policies,
- Choose a policy to suit their needs and circumstances, and
- Implement the chosen housing policy and identify organisations that can assist.

The private sector has a crucial role to play in transforming South Africa. Hopefully this guide will encourage more companies to become involved in the transformation process by implementing housing programmes that will benefit their workers and improve the general socio-economic climate.