

# PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

## ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

WEDNESDAY, 7 JULY 2021

### COMMITTEE REPORTS

#### 1. REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ANNUAL REPORT OF THE DEPARTMENT OF HEALTH FOR THE YEAR ENDED 31 MARCH 2020.

##### 1. Report of the Public Accounts Committee on the annual Report of the Department of health for the Year ended 31 March 2021, dated 9 July 2021

##### 1.1. Delay in the oversight of the Annual Report of the Department of Health for the 2019/20 financial year

The Public Accounts Committee did not examine parts C (Corporate Governance) and E (Financial Information) of the Department's annual report during the week of 25-29 January 2021 when it considered the annual reports of all the departments and entities of the Western Cape Government. This is due to the fact that the Annual Report of the Department of Health was not tabled with the Western Cape Provincial Parliament at that time.

The reason for the late tabling was because the Auditor-General of South Africa (AGSA) was unable to complete its audit due to the COVID-19 pandemic, including the lockdown regulatory levels 4 and 5 which was in place in South Africa at the time of the audit process (April to September 2020). The lockdown regulations negatively impacted on the audit process. This resulted in the AGSA indicating that it will delay the signoff of the Audit Report of the Department from 30 September 2020 to 31 January 2021.

##### 1.2 Referral of the Annual Report to the Public Accounts Committee

Standing Rule 92 of the Western Cape Provincial Parliament directs that: "*A matter is referred to a committee by the Speaker, resolution of the House and in terms of the Rules*". The Annual Report of the Department of Health was referred to the Public Accounts

Committee on 20 May 2021 by the Speaker of the Western Cape Provincial Parliament. The referral empowers the Committee to conduct its oversight function and enables it to examine the financial statements of the Department, including any audit reports of the Department. This is in compliance to Standing Rules 101(1)(a)(i), (ii) and (iii) and 101(2) of the Western Cape Provincial Parliament. The financial statements of the Department, including the Audit Report of the AGSA, are contained in Part E (Financial Information) of the Annual Report of the Department.

### **1.3 Audit Outcome of the Annual Report of the Department of Health for the 2019/20 financial year**

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2019/20 financial year of the Department, having obtained an unqualified audit report with no findings on pre-determined objectives, key legislation nor internal control deficiencies. This audit outcome remains unchanged from the 2018/19 financial year, where the Department obtained an unqualified audit report with no findings on pre-determined objectives and internal control deficiencies.

### **1.4 Audit Opinion**

The Department received a clean audit outcome for the 2019/20 financial year.

### **1.5 Financial Management**

At the end of the 2019/20 financial year, the Department of Health spent R24,773 billion of an appropriated budget of R24,852 billion, which resulted in an underspending of R78,768 million (99,7% budget spend). At the end of the 2018/19 financial year, the Department spent R23,043 billion of an appropriated of budget of R23,099 billion, which resulted in an under-expenditure of R56,386 million (99,8% underspending).

The under-expenditure of R78,768 million occurred under the following programmes:

Programme 1: Administration	(R11,616 million);
Programme 2: District Health Services	(R17,487 million);
Programme 3: Emergency Medical Services	(R3,206 million);
Programme 4: Provincial Hospital Services	(R9,524 million);
Programme 5: Central Hospital Services	(none);
Programme 6: Health Sciences And Training	(R12,112 million);
Programme 7: Health Care Support Services	(R9,213 million); and
Programme 8: Health Facilities Management	(R15,610 million).

In addition, the total estimated departmental revenue budget of R544,178 million was over-collected by R141,194 million, which resulted in a departmental receipt of R686,092 million. During the 2019/20 financial year, the Department's estimated receipts of R563,068 million was over-collected by R114, 323 million, which resulted in a departmental receipt of R677,391 million. The revenue over-collection occurred under the following line items:

Sale of goods and services other than capital assets	(R112,854 million);
Interest, dividends and rent on land	(R1,370 million);
Sale of capital assets	(R4 000);
Financial transactions in assets and liabilities	(R26,374 million); and
Transfer received	(R1,312 million).

The Department did not incur any unauthorised, fruitless and wasteful expenditure as per Note 24 of the Annual Financial Statements of the Department. However, Note 23.2 indicates that the

Department incurred irregular expenditure of R6,472 million. The expenditure is under investigation to determine whether the expenditure will be condoned or not condoned.

Moreover, it should be noted that, as disclosed in Note 22.3 to the Annual Financial Statements, the accrued departmental revenue was significantly impaired. The impairment allowance amounted to R253 million, as compared to R230,6 million during the 2018/19 financial year. The impairment was the projected irrecoverable amount in respect of the following factors:

Road Accident Fund	(R158 million),
Unaffordable Customer Patient Debt	(R70 million),
Debt older than 3 years	(R22 million), and
Medical Aid debt due to depleted funds	(R3 million).

## **1.6 Resolution/s**

None

## **1.2 List of Information Requested**

The Committee requested that the Department of Health provides it with:

- 1.7.1 a report on the R1,023 million that was spent on an award that was made to a wrong bidder, as indicated under Note 23.2 on page 239 of the Annual Report.
- 1.7.2 a report which highlights the challenges experienced by the Department in terms of the procurement of local content within the Western Cape and/or South Africa, as read against Note 23.3 (Local Content not applied & local Content policy applied incorrectly) on page 239, and referenced to page 21 (Challenges Experienced in SCM) of the Annual Report.
- 1.7.3 a report on the irregular expenditure which amounted to R38,3 million (548 cases) that was submitted to Provincial Treasury, as reflected on page 240 of the Annual Report.

## **1.8 Inputs received from the public**

Members of the public were provided an opportunity to pose questions or make oral submissions, based on the contents of the 2019/20 Annual Report of the Department of Health. However, no members of the public were present in the meeting to pose questions or to make oral submissions. In addition, no inputs were received from members of the public prior to the meeting between the Committee and the Department, as requested via advertisements placed in an English, Afrikaans and isiXhosa newspaper.

## **1.9 Conclusion**

The Committee commends the Department of Health for maintaining an unqualified audit with no findings on predetermined objectives or compliance with laws and regulations.

The Committee will continue to engage the Department on its expenditure, the implementation of legal requirements and outstanding matters that were identified in the aforementioned sections, which contains the Committee's request for information.

### **1.1.10 Acknowledgments**

The Chairperson expressed the appreciation of the Committee for the inputs of the various role-players, such as the Auditor-General of South Africa and the Audit Committee, to enhance the oversight work of the Committee which relates to the Annual Report of the Department of Health for the year ending 31 March 2020.

## **2. Annual Report of the Standing Committee on Human Settlements for the 2020/2021 financial year, dated 18 June 2021, as follows:**

### **Members**

The Committee comprised of the following members:

Maseko, LM (Chairperson) (DA)  
 America, D (DA)  
 Herron, BN (GOOD)  
 Lili, A (ANC)  
 Van der Westhuizen, AP (DA)

### **Alternate Members**

Baartman, DM (DA)  
 Bakubaku-Vos, NG (ANC)  
 Marran, P (ANC)  
 Makamba-Botya, N (EFF)  
 Mitchell, DG (DA)  
 Schafer, BA (DA)  
 Smith, D (ANC)

### **1. Introduction**

The mandate of the Committee was to-

- 1.1 maintain oversight over the Executive member and the Department and its Entity, of the way in which they perform their responsibilities including the implementation of legislation and to hold them accountable to the Western Cape Provincial Parliament; and
- 1.2 consider and report on legislation, other matters and the Annual Reports referred to it by the Speaker.

In fulfillment of its mandate the Committee -

- 1.3 facilitated public participation and involvement in the legislative and other processes of the Committee;
- 1.4 conducted its business in a fair, open and transparent manner;
- 1.5 promoted co-operative governance; and
- 1.6 reported regularly to the House.

## **2. Reporting Department(s) and Entity**

Department of Human Settlements  
The Western Cape Rental Housing Tribunal

## **3. Overview of Committees Activities**

No of Committee Meetings	18
No of Public Hearings	05
No of Oversight Visits	02
No of Provincial Bills considered	04

## **4. Oversight activities**

The 2020/21 financial year commenced with a Ministerial Oversight Visit with Minister Simmers to the West Coast from 17-19 August 2020. The Minister scheduled planned visits to the local municipalities within the West Coast District. The premise of the municipal engagements were to clarify the implications of the 2020/21 budget cuts and how these would influence current projects and those in the pipeline in the respective municipalities. The visit was intended to ensure that Members of the Standing Committee, continuously keep abreast with developments and service delivery issues in the province. It also afforded the Committee the opportunity to interact with stakeholders in order to assess the needs and challenges they experienced.

The City of Cape Town briefed the Committee on its challenges with illegal land invasions transpiring in the Western Cape since July 2020. The City of Cape Town is currently under huge strain from repeated attempts to invade land earmarked for housing projects, community basic services, nature conservation land and play parks for communities. This impacts negatively on projects, service delivery and existing community facilities. Service delivery projects are placed on hold, depriving residents of critical infrastructure upgrades, as resources are shifted to accommodate losses due to illegal land occupation. The funding the City receives from the national government is decreasing, but the settlements and basic services needs are increasing and the City of Cape Town cannot afford the large scale, orchestrated land invasions.

A new approach to land invasion was formulated by the City of Cape Town. The purpose of the new operational approach is to analyse information regarding orchestrated action. An integrated planning and execution of land invasion operations team by the City of Cape Town and the South African Police Service will be conducted. Information will be gathered from various sources in order to respond more efficiently and effectively to illegal land invasions. They indicated that currently there are only four POPS units in the Western Cape to provide basic services and to protect land intended for housing, community facilities, schools and transport. A request was submitted to National Parliament's Portfolio Committee on Police to increase POPS in the Western Cape to deal with the increase of well-organised invasion attempts in more than 30 parts of the Cape metro.

As part of the Committee's mandate and oversight function a meeting on the Department's Annual Report took place as per Standing Rule 111(1)(a) of the Western Cape Provincial Parliament. The Committee engaged the Department and the Western Cape Rental Housing Tribunal on its Annual Reports submitted in terms of the Public Finance Management Act, 1999 (Act 1 of 1999).

The Department briefed the Committee on Vote 8 in the Schedule to the Western Cape Adjustments Appropriation (COVID 19) Bill (2020/21 financial year) [B 4–2020], the Western Cape Second Adjustments Appropriation Bill [B 7–2020], the Western Cape Third Adjustments Appropriation Bill (2020/21 Financial Year) [B 3–2021], and the Western Cape Appropriation Bill [B 4–2021], referred to the Committee in terms of Standing Rule 188. The Committee considered the Bills and members were able to ask questions and request documents from the Department pertaining to matters which stemmed from the discussions on the Bills.

## **5. Legislation**

In the 2020/21 Financial Year, the Committee dealt with the following items of legislation:

### **5.1 Provincial Bills**

- 5.1 Western Cape Adjustments Appropriation (COVID 19) Bill (2020/21 financial year) [B 4–2020], Vote 8;
- 5.2 Western Cape Second Adjustments Appropriation Bill [B 7–2020], Vote 8;
- 5.3 Western Cape Third Adjustments Appropriation Bill (2020/21 Financial Year) [B 3–2021], Vote 8; and
- 5.4 Western Cape Appropriation Bill [B 4–2021], Vote 8.

## **6. Facilitation of Public Involvement and Participation**

As part of the Committee’s mandate to facilitate public participation as part of the legislative process, the Committee held four public hearings. To this extent the Committee advertised extensively on the Annual Report and on Bills such as the Western Cape Adjustments Appropriation (COVID 19) Bill (2020/21 financial year) [B 4–2020], the Western Cape Second Adjustments Appropriation Bill [B 7–2020], the Western Cape Third Adjustments Appropriation Bill (2020/21 Financial Year) [B 3–2021], and the Western Cape Appropriation Bill [B 4–2021], informing and inviting interested stakeholders to participate in processes.

## **7. Financial particulars**

The Standing Committee was allocated an amount of R132 000. At the close of the 2020/21 financial year, expenditure attributed to the activities of the Standing Committee on Human Settlements amounted to a total of R62 017, 46.

## **3. Report of the Standing Committee on Human Settlements on its oversight visit to Plettenberg Bay and Knysna, as follows:**

### **Delegation**

The delegation consisted of the following members:

Maseko, LM (DA) (Chairperson)  
 America, D (DA)  
 Herron, BN (GOOD)  
 Lili, A (ANC)  
 Marran, P (ANC)

Smith, D (ANC)

The following staff attended the oversight visit:

Jones, S (Committee Coordinator)

Mshumpela, N (Committee Assistant)

Barends, A (Driver: Security and Facilities)

## **1. Introduction**

The Standing Committee on Human Settlements conducted a fact finding visit to Plettenberg Bay and Knysna on 3 March 2021. The visit stems from a Ground Up article that was published on 23 November 2020 regarding emergency alternate building material that have been abandoned since 2018. The material was intended to create temporary relocation for 71 households, and was distributed by the National Department of Human Settlements, Water and Sanitation (hereinafter the National Department of Human Settlements) to the Bitou Municipality after a fire gutted over sixty homes in Kurland, Qolweni and Kwa-Nokuthula in June 2018.

The Committee therefore, requested that the Provincial Department of Human Settlements, the Bitou Municipality and the National Department of Human Settlements meet to discuss the matter to assist the Municipality in using these materials to fulfil its mandate to provide housing opportunities to residents.

Further discussions were held with the Knysna municipality on the manner in which alternate building methods measures up with conventional building methods by focusing on the White Location Housing Project built with alternate building material. They elaborated on the challenges associated with the transitioning from traditional building methods to alternate building methods, the construction time, life span and the challenges associated with locals who are equipped with the necessary skills to work with alternate building material.

## **2. Overview**

The Committee was received by Mr Lobese, the Executive Mayor of Plettenberg Bay, Mr Sompani the Director for Community Services, the Speaker Mr Wildeman, Ms Myisela from the Department of Human Settlements, municipal officials and Councillors. The meeting was a Hybrid meeting and the Committee was joined by Mr Leshabane the Deputy Director General from the National Department of Human Settlements and his team as well as Mr Van Aswegen the Mayor of Knysna and his team.

This report highlights the findings, key issues discussed and recommendations stemming from the oversight visit. After the meeting representatives of the Department of Human Settlements, Bitou municipality and Knysna municipality took the delegation on a guided tour of the Plettenberg Bay airport hangar where the Bitou Municipality Emergency Housing building material was stored and the White Location Housing Project in Knysna.

## **3. Engagement with Bitou Municipality and the National Department of Human Settlements, Water and Sanitation**

### **3.1 Key issues discussed**

### 3.1.1 Emergency Housing Grant application

The Bitou Municipality reported a disaster incident on 18 May 2018 indicating that a fire devastated two informal settlements and townships. A formal application was made to the National Department of Human Settlements, Water and Sanitation (hereinafter the National Department of Human Settlements) to provide Emergency Housing Grant to procure fireproof building materials for the affected residents. An amount of R3 988 200 Emergency Housing Grant was allocated to Bitou Municipality to provide temporary housing residential structures for the affected households.

The National Department of Human Settlements in a letter dated 3 October 2018 approved the application for the Municipal Emergency Housing Grant to pay for the relocation of the affected parties and to pay for the transitional residential structures of the affected communities. A pre-condition stipulated that the structures had to be fire-proof and that it had to be delivered to the affected communities within a period of two months. Erf 526 was donated for the relocation project and power of attorney was provided to the Municipality on 5 February 2021. Funding was distributed as indicated in the table below.

Cash Flow Projection Description	No.	Rate	Amount	Month 1	Month 2	Total
<b>EXISTING DISASTER COST:</b>						
Provision of Kurland Transitional Residential area units (TRA)	39	R 57 000	R2 223 000	R 889 200	R 1 333 800	R 2 223 000
Provision of Qolweni Transitional Residential area units (TRA)	26	R 57 000	R 1 482 000	R 666 900	R 815 100	R 1 482 000
Provision of Kwanokuthula Transitional Residential area units (TRA)	4	R 57 000	R 228 000	R 114 000	R 114 000	R 228 000
<b>RELOCATION COST</b>						
Kurland	39	R 800	R 31 200	R 15 600	R 15 600	R 31 200
Qolweni	26	R 800	R 20 800	R 10 400	R 10 400	R 20 800
Kwanokuthula	4	R 800	R 3 200	R 1 600	R 1 600	R 3 200
<b>Total</b>			<b>R3 988 200</b>			<b>R 3 988 200</b>

### 3.1.2 Community unrest and abandonment of Emergency Housing Material

Challenges occurred with the implementation of the relocation project as affected parties had to be moved to different areas, as the designated areas could not accommodate all the structures. The identified areas did not have basic services like electricity, water, sanitation



and streets and it was not conducive for human settlement. As a result the proposed relocation was rejected by the communities. The communities viewed the provision of the emergency housing structures to be a municipal ploy to deprive them from obtaining the low cost housing units that they were waiting for. The contractor and his employees were subsequently driven out by the communities. Some of the emergency building material was damaged as a result of the unrest and a request was made that the material be moved from the designated areas. The municipality was compelled to remove the building material and store it at the unused vacant land at the Plettenberg Bay airport. The municipality advised that the service provider Nzuzo Pty Ltd construction company was informed to commence with the assembling of the emergency structures in the newly allocated areas as directed by the Bitou Municipal Council.

### **3.1.3 Findings and concerns**

The Committee raised concerns regarding the following:

- 3.1.3.1 No comprehensive public participation process was conducted with the affected parties prior to the implementation of the project.
- 3.1.3.2 In-adequate planning in terms of proper procurement processes and supply chain policies that were not followed and that were not implemented correctly.
- 3.1.3.3 The service provider Nzuzo Pty Ltd construction company (hereinafter the service provider) was paid prior to commencing with the contracted work. This resulted in irregular expenditure as payment was made prior to service delivery.
- 3.1.3.4 The service provider was not provided with a time frame on project completion and end date.
- 3.1.3.5 The damaged to the emergency structures material that is exposed to elements as it was not placed in an enclosed structure.

### **3.2 Proposed way forward**

- 3.2.1 The Bitou Municipal Council resolved to redistribute the emergency structures to areas with the biggest need for housing as indicated below:
  - 3.2.1.1 Kurland (Ward 1) would receive 17 units,
  - 3.2.1.3 New Horizon (Ward 4) would receive 9 units;
  - 3.2.1.4 Kranshoek (Ward 7) would receive 16 units;
  - 3.2.1.5 Kwanokhuthula (Ward 6), for Murray High School, would receive 3 units.
- 3.2.2 The Municipality indicated that financial provision was made for the redistribution of the emergency structures Green Valley (Ward 7) would receive 26 units. They indicated that further costs will be incurred to replace damaged items and additional financial aid would be required to cover those costs.

### **3.3 Resolutions**

- 3.3.1 The Committee RESOLVED to conduct a fact finding visit to Plettenberg Bay in July 2021 to observe the status of the constructed emergency alternate building material structures, allocated to areas determined by the Bitou Municipal Council.

## **4. Briefing and guided tour of the White Location Housing Project**

#### **4.1. Background**

In June 2017 the George and Knysna area was affected by extreme weather conditions and fires. Approximately 150 informal structures and 45 formal structures were destroyed within Witlokasie and Greenfields settlements in Knysna. Due to the wide spread damage the Knysna area was declared as a disaster area. Emergency housing had to be erected to accommodate the affected communities. Sikhulile Engineering and Sintech were appointed to manage the Emergency Housing Project. The main purpose of the project was to redevelop the affected areas and relocate the affected families to areas with full access to services. The project was engineered to accommodate a Temporary Relocation Area (TRA) for some of the informal settlement beneficiaries. Special consideration was given to beneficiaries who qualified for subsidised houses. Only 57 of these beneficiaries qualified for a top structures. Serviced sites were provided to 66 non-qualifiers as they did not qualify for a top structure. The beneficiaries were given serviced sites with Alternative Building Technologies (ABT) units on it, each with its own built in toilet. Approximately 41 beneficiaries received Wendy houses which were used as TRA camps.

The housing Project commenced in June 2017 and consisted of 3 Phases. The three Phases provided for 150 serviced sites, 57 top structures and the repair and replacement of 45 structures for beneficiaries who had Breaking New Ground houses that were also affected by the fire. Only qualifying beneficiaries in terms of the Housing Demand Database received the 57 top structures. A total of 66 non-qualifiers received ABT units.

This caused dissention in the community as affected beneficiaries were outraged that they did not receive top structures.

The Committee conducted a fact finding visit to the White Location Housing Project in Knysna. The typologies consist of the Upgrading of Informal Settlements Programme and Emergency Housing Programme, of which 150 sites were provided to none qualifiers and 55 Tops to qualifiers in terms of the Housing Demand Database. A total of 45 repairs and re-building of structures were conducted. The total cost pertaining to the projected amounted to R 32 798 183. Currently only 123 of the 150 services were completed.

The ABT units in accordance with the specifications had to resist Class A Fires and be heat and cold resistant. They consisted of a polystyrene core with aluminum windows and a two lever lock door.

#### **4.2 Findings and concerns**

- 4.2.1 A portion of White Location B was partially categorised for in situ upgrading as the settlement is located on land zoned as an environmentally protected area. Only one hectare of environmentally protected land can be utilised for human settlement.
- 4.2.2 The ABT units in the White Location area are equipped with flush toilets.
- 4.2.3 The Knysna Housing Demand Database according to the community should be updated with beneficiary details to ensure that all the correct beneficiaries are allocated a house. Currently only beneficiaries younger than 40 benefited from the White Location project.
- 4.2.4 The Bloemfontein Community members raised concern regarding the housing allocations. Members advised that community members should be made aware that

they should update their details on the Housing Demand Database on a regular basis to ensure that they are still registered.

- 4.2.5 Locals did not show an interest to learning how to build with ABT. They will therefore not have any knowledge on how to extend their structures. Very few of the locals had their structures extended by the service provider. The Department approved an additional 66 Wendy Houses for the non-qualifiers. The community agreed that 66 ABT units with a toilet will be constructed in the place of the Wendy Houses.
- 4.2.6 Due to community unrest and the lack of communication with communities regarding the project resulted in a delay in construction. Various special meetings were held with the community leaders to intervene and explain to the community how the housing allocations will work. The matter was only finalised on 11 June 2019 with the Steering Committee engagements, after which construction could commence.

## **5. Acknowledgements**

The Chairperson expressed her appreciation to the members, the National Department of Human Settlements, Water and Sanitation, the Provincial Department of Human Settlements, the officials of the municipalities as well as the Western Cape Provincial Parliament officials for their contributions to the success