



Wes-Kaapse Provinsiale Parlement Western Cape Provincial Parliament IPalamente yePhondo leNtshona Koloni

Ref Number: 11/4/6

The Standing Committee on Human Settlements, having considered the annual reports of the Department of Human Settlements and its entities the Western Cape Rental Housing Tribunal and the Western Cape Housing Development Fund for the 2014/2015 financial year, reports as follows:

1. Introduction

Annual reports are key instruments in which departments and entities report on their performance during a financial year. The departments and entities report on their attainment of predetermined targets and budgets as outlined in their Strategic Plans and Annual Performance Plans for the period under review. In addition hereto the success of each programme implemented is accounted for.

2. Overview

As part of its oversight function, the Standing Committee on Human Settlements (hereinafter "the Committee") considered the Annual Reports of the Department of Human Settlements (hereinafter "the Department") and its entities the Western Cape Rental Housing Tribunal and the Western Cape Housing Development Fund on 10 November 2015.

The consideration of these Annual Reports took place as per Standing Rule 105 (1) of the Western Cape Provincial Parliament. This rule provides standing committees with the power to consider annual reports submitted in terms of the Public Finance Management Act (Act 1 of 1999).

The Chairperson permitted the Minister to address the Committee on the Department's Annual Report. The Committee then proceeded to a section-by-section consideration of the annual reports of the Department, the Western Cape Rental Housing Tribunal and the Western Cape Housing Development Fund.

3. Findings: Department of Human Settlements

3.1 Audit Outcome

The Department received a clean audit for the 2014/2015 financial year. It exceeded its targets by delivering a total of 18 806 housing opportunities against a target of 17 583. A total of R1 935 billion was spent on the delivery of housing opportunities which included service sites, the provision of infrastructure and houses.

3.2 Policies and legislative prescripts

3.2.1 The Department:

3.2.1.1 Expressed its commitment to the Provincial Strategic Objectives and the National Outcomes by implementing a number of initiatives which support its intention to deliver on its mandates;

3.2.1.2 Implemented a revised debt reduction policy during the period under review. This became the catalyst for the Department exceeding its target for the number of debtors reduced. It also made provision for more debtors to qualify for a debt reduction or for bad debt to be written off. The Department reduced the number of debtors by 1 147 to the value of R51 906 045.31 and cancelled 504 bonds. The bond cancellation contributed to the department's strategic objective to promote security of tenure; and

3.2.1.3 Developed and approved a policy to improve the transferring of title deeds for New Greenfields Subsidy Housing Projects, focusing on the Upgrading of Informal Settlements Programmes (UISP). Forest Village has been identified as an area where serviced sites will be provided to persons who do not qualify for a top structure.

3.2.2 The Framework for the Selection of Housing Beneficiaries for ownership based subsidy projects was approved by the Provincial Cabinet in October 2013. The purpose of the Framework Policy was to define norms and standards for beneficiary selection thereby enhancing fairness and transparency in the selection of beneficiaries.

3.4 Housing Delivery

The Department:

3.4.1 Implemented new innovative methods to improve performance and to enhance service delivery. In addition hereto, it implemented better systems and processes to ensure compliance with relevant legislative prescripts and standards in terms of supply chain and expenditure management; and

3.4.2 Indicated that eradicating the housing delivery backlog is challenging. This was attributed to the continued informal sale of houses by beneficiaries. The Department in conjunction with National Government is currently working on a programme to eradicate the current housing backlog by dealing with the current challenges that contribute to the backlog.

3.5 Assistance provided to municipalities

The Department:

3.5.1 Provided assistance to municipalities by aiding them with the implementation of their Housing Demand Database (HDDB). A total of 24 local municipalities have already uploaded their HDDB. Further hereto, the HDDB has been updated to include farm workers for housing opportunities; and

3.5.2 Deployed Professional Resource Teams (PRTs) to support municipalities in developing credible human settlement pipelines that will enable the Department to approve projects that are ready for implementation. This will ensure that the planning process is streamlined and provides for lower risks during the implantation phase of the housing projects.

3.6 Human Resources

- 3.6.1 Human resources form an integral part of the Department's ability to achieve its objectives. During the 2014/2015 financial year the Department achieved a vacancy rate of 6.6% due to the appointment of permanent staff to improve the continuity and efficiency of the Department's workforce. Further hereto, the Department's equity profile indicates that more males as opposed to females are employed in senior management positions.
- 3.6.2 The Department has included professionals in specialised fields on its organogram in an attempt to systematically minimise the utilisation of consultants. The Department indicated that employing professionals with specialised skills is challenging, as government cannot compete with the remuneration provided in the private sector.

4. Information requested

The Committee REQUESTED that the Department provide it with a:

- 4.1 List of Historically Disadvantaged Individuals (HDI's) currently employed by the Department; and
- 4.2 Report on the Department's findings on fraud and corruption.

5. Western Cape Rental Housing Tribunal

5.1 Background

The Western Cape Rental Housing Tribunal (hereinafter "the Tribunal") was established in 2001 in terms of Section 7 of the Rental Housing Act (Act 50 of 1999) (hereinafter "the Act"). The purpose of the Tribunal is to harmonise relationships between landlords and tenants in the rental housing sector. The Tribunal provides a free dispute resolution service and deals with issues pertaining to unfair business practices.

The Tribunal is funded through the Department and consists of five members, which includes a chairperson and a vice chairperson. The members have extensive expertise in property management, housing development and consumer related matters pertaining to the rental housing sector. The Tribunal falls under the Directorate Communications and Stakeholder Relations.

5.2 Findings

- 5.2.1 During the business improvement study a number of challenges were identified in the Tribunal's ability to fulfil its mandates. It came to light that a number of legal mandates within the Act were not attended to. The organogram structure for the Court Management Section only provides for one level nine clerk to deal with the Court Management Section's legal mandates. To ensure that the Court Management Section fulfils its mandate, two posts from the non-metro region were temporarily utilised to provide human resource capacity.
- 5.2.2 SA Commercial provides a call centre service for the Tribunal. The Service Level Agreement with SA Commercial is jointly managed by the Tribunal and the Department of the Premier.

- 5.2.3 Approximately 85% of the calls received by the Call Centre relates to deposit refunds, questions on lease agreements, advice regarding the rental housing sector eg. failure to pay rental and failure to do maintenance.
- 5.2.4 During the 2014/2015 financial year the Help Desk Unit within the Department of Human Settlements attended to 3 842 queries received from the public as opposed to the 5 026 queries received in the 2013/2014 financial year.
- 5.2.5 The Tribunal's e-mail account indicates a total of 3 755 e-mailed queries received for the 2014/2015 financial year. Previously the monitoring of e-mails linked with the case management system proved to be problematic, but have since improved when access was granted to the Administration Unit via the Outlook facility.
- 5.2.6 The George office was identified as a suitable central access point for all municipalities in the Eden District where rental housing complaints may be lodged. A Service Level Agreement in this regard is yet to be drafted. The Rental Housing Amendment Act, (Act 35 of 2014) makes provision for the implementation of rental housing information offices in level 3 accredited municipalities. The final mandates for the Rental Housing Amendment Bill was adopted on 25 March 2014.
- 5.2.7 During the 2013/2014 financial year an increase of 211 captured cases were reported by the Tribunal. During the previous financial year a total of 3053 captured cases were reported and during the current financial year a total of 3282 cases were reported. The increase in case loads is attributed to the marketing strategies implemented by the Tribunal to create public awareness of the rights and responsibilities of landlords and tenants.
- 5.2.8 The Tribunal heard approximately four matters a day. Approximately 507 cases were referred to the Tribunal during the 2013/2014 financial year, of which 330 were heard. During the 2014/2015 financial year the Tribunal reported a total of 500 pending cases and a total of 257 that were heard. In addition hereto, only 3 group cases were heard, of which two were finalised and one that still remains pending.
- 5.2.9 A total of 75 warrants of arrests were executed in the 2013/2014 financial year and 98 warrants of execution were issued for monetary non-compliance in the 2014/2015 financial year.

6. Information requested

The Committee REQUESTED that the Department provide it with the Tribunal's Business Improvement Plan.

7. The Western Cape Housing Development Fund

7.1 Background

The Western Cape Housing Development Fund (hereinafter "the Fund") is a statutory body which was established under the Western Cape Housing Development Act (Act 6 of 1999). The Fund is an unlisted public entity in terms of Section 47(2) of the Public Finance Management Act (Act 1 of 1999) (as amended by Act 29 of 1999) and is a subsidiary of the Western Cape Provincial Government Department of Human Settlements. The mission of the Fund is to manage the primary property portfolio which is provided as a social service. The Fund holds housing stock used to provide housing to the poor.

7.2 Findings

- 7.2.1 The Western Cape Housing Development Amendment Act 2005 (Act 2 of 2005) provides for the abolition of the Western Cape Housing Development Board (hereinafter “the Board”). The legislative processes which provide for the disestablishment of such statutory bodies have not been finalised. Despite the disbandment of the Board, the Fund continues to exist as an unlisted public entity administered by the Western Cape Provincial Department of Human Settlements.
- 7.2.2 The Fund prepared its financial statements for the 2014/2015 financial year in accordance with the Generally Recognised Accounting Practices (GRAP) reporting framework.
- 7.2.3 The Auditor-General issued a qualified opinion on the financial statements of the Fund. The qualified opinion by the Auditor-General was based on the misstated valuation and recognition of properties, which were in contravention of the GRAP requirements for property, plant and equipment. The Department relied on the information published on the Deeds website and the Municipal Valuation Roll which was incorrect.
- 7.2.4 The Department anticipates that the fund will be disbanded by the 2018/2019 financial year.

8. Oral submission by a member of the public

Mr M Mbiko, a member of the Nyanga Development Forum, addressed the Committee on the key policy developments and legislative changes as indicated on page 34 in the Department's Annual Report.

He requested that Minister Madikizela addresses the Nyanga and Gugulethu communities on the selection guidelines for the Individual Housing Subsidy Programme and the Addendum to the policy to improve title transfer in new green field's subsidy housing projects focusing on the Upgrading of Informal Settlements Projects (UISP).

The Minister undertook to engage the Nyanga and Gugulethu communities on the above.

9. Information requested

The Committee REQUESTED that the Department provide it with an action plan to address the Auditor-General's qualified opinion on the Housing Development Fund's financial statements to acquire an unqualified opinion.

10. Conclusion

The Chairperson thanked the Minister, the Head of Department and the Western Cape Rental Housing Tribunal for the preparation and responses to the questions raised by the Committee members.

The Chairperson also extended a word of thanks to members of the public for their attendance and to Mr Mbiko for his oral contribution.

The Committee adjourned at 11:07

MS LM MASEKO (MPP)

CHAIRPERSON: STANDING COMMITTEE ON HUMAN SETTLEMENTS

DATE:

The Committee adjourned at 11:07



MS LM MASEKO (MPP)

CHAIRPERSON: STANDING COMMITTEE ON HUMAN SETTLEMENTS

DATE:

16/11/2015