OVERSIGHT VISIT REPORT OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS CONDUCTED AT THEMBISILE HANI; MBOMBELA; Dr PIXLEY KA ISAKA SEME AND LEKWA LOCAL MUNICIPALITIES ON 14 – 24 APRIL 2015 - DEPARTMENT OF HUMAN SETTLEMENTS

1. INTRODUCTION

The Portfolio Committee on Human Settlements and Co-operative Governance and Traditional Affairs (the Committee) has a mandate in terms of Rule 119 of the Rules and Orders of the Mpumalanga Provincial Legislature to conduct oversight over the Department of Human Settlements (the department) by holding it accountable through various measures which the Portfolio Committee may undertake during the course of a financial year.

One of the instruments that enable the Portfolio Committee on Human Settlements; Cooperative Governance and Traditional Affairs to execute its mandate is to conduct public hearings and oversight visits to human settlements housing projects in the Province.

2. PURPOSE OF THE OVERSIGHT VISIT

The purpose was to assess progress made by the Department of Human Settlements in implementing House Resolutions emanating from the 2012 TLP oversight visits.

3. METHOD OF WORK

After the approval of the Legislature oversight visit programme, invitation was sent to the Department (MEC and HOD) informing them of the oversight visit programme and requesting them to ensure the availability of the department senior officials to interact with the Committee during the oversight visits and to respond to the concerns that will be raised by the Committee

The leadership of Thembisile Hani Local Municipality; Mbombela Local Municipality and Pixley Ka Isaka Seme Local municipality as well as their municipal structures were invited to accompany the Committee during the site visits. Other stakeholders invited to the site visit were the Office of the Auditor-General, the Department of Finance, South African Local Government Association (SALGA), the Public Service Commission (PSC) and the House of Traditional Leaders (HTL).

On 14 - 23 April 2015, the Committee conducted an oversight visit at Kwaggafontein Ward 31, Thekwane North Housing Project, Amersfoort Golden Nest and Sakhile Hostel and the draft report was considered on 21 July 2015.

4. OBSERVATIONS

The Committee noted that there is lack of communication between the local municipalities and the Department of Human Settlements, thus the challenges as noted by the Committee during the site visits. The Committee requested the Department to strengthen the communication with the municipalities to prevent the recurring of the wasteful expenditure caused by the poor quality of houses built by the contractors. The monitoring and evaluation systems should also be strengthened.

5. KWAGGAFONTEIN WARD 31- THEMBISILE HANI LOCAL MUNICIPALITY

5.1. Background

Tebcon Company was appointed to construct 300 units which were later scaled down to 171 People's Housing Processes (PHP). The houses that were built were of poor quality and also were roofed with asbestos. During the TLP in September 2012, it was reported that 45 houses were damaged by storm and the Committee then resolved that these houses must be repaired. The service provider was appointed in November 2013 to repair the identified 38 houses.

The Portfolio Committee made a follow up visit to Thembisile Hani Local Municipality in order to evaluate the progress made by the Department with regard to the 45 houses at Kwaggafontein ward 31. During the follow up visit held on 23 April 2015, the Department of Human Settlements reported that only 38 houses were repaired while seven (7) were fixed by the owners without any re-imbursement. These houses were roofed with Nutec Big Six roof sheets which is asbestos free.

During the deliberations with the Department, the Committee observed that the 2012 House resolutions were not implemented.

5.2. Findings on Kwaggafontein ward 31 project

After the inspection in loco, the Committee found that:

- a) The Department has not implemented the Portfolio Committee TLP House resolutions of November 2012 which was to repair all the damaged 45 houses; however only 38 houses were repaired;
- b) The Ward Councillor confirmed that 45 houses were damaged and seven (7) beneficiaries (home owners) repaired their houses at their own cost.

5.3. Recommendations

After the findings, the Committee recommended that the Department must:

a) Submit a detailed report on the non-implementation of the 2012 TLP House resolutions and disciplinary measures taken against those who failed to implement the House resolutions before 30 September 2015.

b) Provide a breakdown of the budget that was used to fix the 38 houses together with the specification of the work done in Kwaggafontein Ward 31 to

the 38 houses before 30 September 2015.

6. TEKWANE NORTH BREAKING NEW GROUND PROJECTS- MBOMBELA

LOCAL MUNICIPALITY

6.1. Background

Tekwane North is a settlement that is situated 26km outside Mbombela capital city and is in close proximity of the Moyeni Mall (6km), Msogwaba Pienaar, Kanyamazane and Karino Lifestyle Estate. The settlement is an extension of the existing settlement of

Tekwane North Extension 1 with approximately 2000 households.

The Department reported on the Tekwane North project as follows;

Project contract value

: R 18 535 000.00

Scope

: Installation of municipal engineering services

to 500 stands

Water, sewer and internal roads

Contractor

: Basadi Contractors

Consultant

: Lubisi Consulting Engineers

Duration

: 6 months

The Department reported that the water reticulation network; sewer network; road network and storm water drainage are at 100 % completion. The construction of top structures has a total number of 500 sites in the area. The Department has appointed two contractors to construct a total number of 350 housing units within the serviced sites in Tekwane North; the remaining 150 sites have been earmarked for the gap market to realize the concept of integrated human settlements.

Sizampilo Construction Company

The Sizampilo Construction Company was given 200 units with a budget of R 20 600 000.00 to complete the units within a period of six months.

Ibutho Projects cc

The Ibutho Projects cc was given 150 units with a budget of R 15 450 000.00 to complete the units within a period of six months. The Department reported that the project experienced challenges which affected the construction progress negatively. Some of the challenges faced were blasting of the underground rocks which delayed the completion of the installation of internal engineering services; insufficient bulk services and unavailability of electricity infrastructure.

The Department has taken remedial action by adding an amount of R 80 000 000.00 which has been allocated to the municipality to assist with bulk infrastructure. The municipality has been engaged to fast-track the availability of the area.

6.2. Findings

After the site inspection, the Committee found that:

- a. The Department did not respond to the questionnaire that was sent by the researcher regarding the visited projects;
- b. Mbombela Local Municipality has a backlog of 33 554 housing units in Mbombela Local Municipality;
- c. Tekwane North Integrated Residential Development Programme has been allocated 500 units with the budget of R 11 385 000.00

- d. The Department has experienced challenges of blasting underground rocks;
- e. The houses reflect good quality workmanship.

6.3. Recommendations

After the findings, the Committee recommended that the Department must:

- a. Respond to the questionnaire sent to the Department regarding the housing projects visited by the Committee before 28 April 2015.
- Develop a plan that will ensure the fast-tracking of the provision of houses in order to reduce the housing backlog of 33 554 in Mbombela Local Municipality before 30 September 2015;
- Submit a detailed report on the progress made after the visit and indicate the appointment dates of the contractors and the completion dates for their projects;
- d. Ensure that it has a plan of blasting underground rocks before a construction can take place.
- e. The contractors should continue to build quality houses residents of Tekwane.

7. AMERSFOORT GOLDEN NEST PROJECT- Dr PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY

7.1. Background

Amersfoort is a small town situated approximately 40 km to the North of Volksrust and is one of the slowly growing towns of Dr Pixley Ka Isaka Seme Local Municipality. In Amersfoort, most people are unemployed.

The Department initiated a project of 1000 units and implemented by then the Department of Housing during the 1996/97 financial year. The Department then appointed Golden Nest to construct 1000 low cost housing units under the project linked programme.

The Department reported on the Ezamokuhle project (Amersfoort) as follows;

Project contract value

: R 17 013 857, 67

Scope

: Construction of 1000 low cost houses

Contractor

: Golden Nest Construction

Appointment Date

: January 1996

Completion Date

: December 2000

Interventions made by the Department of Human Settlements

Dr Pixley Ka Isaka Seme Local Municipality requested for emergency intervention by the then Department of Housing in 2010 for the rectification and rebuilding of 26 housing units in Amersfoort. The Department appointed Moda Women Construction to rectify and rebuild the 26 affected units and the project was completed.

In 2014 the municipality requested the Department to intervene again in terms of rectification and rebuilding of 15 housing units in Amersfoort. A technical assessment and verification was done and the Department appointed Sokza Construction in December 2014 to rectify and rebuild 10 units. The 10 units are under construction. A recommendation was then sent to the municipality to further request the rectification intervention program to assist in Amersfoort as most of the houses are very old and developing a lot of major cracks and leaking roofs.

Challenges reported by the Department

The Department reported that the main challenge facing the project is the rate of deterioration of the houses. This is mainly due to the fact that the project is very old (1996) and also the challenge of the soil. Most of the houses built were of poor quality, which caused cracks and weaken the structure. During the 2012 TLP, it was reported that these houses were of poor quality and were cracking with leaking roofs.

The Committee then resolved that these houses must be repaired while some needed to be demolished.

7.2. Comments by the Committee

The Committee noted with concern the non-attendance of the Regional Director and the late arrival of the delegated senior official from the provincial office (Department of Human Settlements).

During inspection, the Committee noted that these houses supposed not to be occupied due to its state of condition. The Committee requested the Department to explain that how many houses were supposed to be fixed or demolished. The department failed to respond on that question and requested to submit a written response.

The Committee noted with disappointment after viewing the state of houses being occupied by the residents of Amersfoort at Dr Pixley Ka Isaka Seme Local Municipality. The municipality confirmed that the Department of Human Settlements only assisted on the defects of the houses that were classified as a disaster. The defects and cracks are still visible, the Department only assisted 10 households out of the 23 houses that were reported, most residents that were affected had to rebuild their own houses at their own cost.

7.3. Findings

After the site inspection, the Committee found that:

- a. The Department did not implement the TLP House resolutions of November 2012:
- **b.** The Department only assisted 10 households out of the 23 houses that were reported to have defect houses;
- c. The Department did not report challenges of the soil;
- **d.** The Department is not attending to the municipality's concerns on time after a disaster has been reported;
- **e.** Building plans are only submitted to the municipality after the houses have been built.

7.4. Recommendations

After the site inspection, the site inspection, the Committee recommended that the Department must:

- a. Provide a detailed report with reasons for the non- implementation of the House Resolutions and disciplinary action taken against the officials who failed the to implement the 2012 TLP House resolutions before 30 September 2015;
- b. Urgently demolish these houses as they are in a very bad state to be occupied and reconstruct new houses for these families before 30 September 2015. Alternative shelters must be provided to the affected beneficiaries while addressing this challenge.

- c. Submit a report of the records of geotec (soil) to verify whether it was done before the houses were built or not before 30 September 2015;
- d. Attend to municipal's concerns regarding challenges of disasters within 24 hours after being reported;
- e. Strengthen its communication and working relationship with the municipality;
- f. Ensure that building plans are submitted 60 days prior the commencement of the construction of the units to ensure that proper verification is done.

8. SAKHILE HOSTEL IN STANDERTON- LEKWA LOCAL MUNICIPALITY

8.1. Background

The Committee also noted with serious concern that the hostel has been completed and was officially opened on 02 May 2014 but the tenants are not allowed to occupy the family flats. Subsequently they were informed that the flats are ear-marked for rental purposes and the rental fees range from R900.00 – to R1300.00 per month.

During the follow-up oversight visit held on 23 April 2015, the tenants indicated that they are unemployed and cannot afford to pay the required rental fees. They indicated that they will not allow anyone who is not the rightful tenant to occupy these flats.

The Department of CoGTA has confirmed that a project on Rental Stock run by the Department of Human Settlements was handed over to Lekwa Local Municipality; however, the municipality was not ready to operate and manage the rental stock. The Govan Mbeki Housing Association was then approached by the Lekwa Local Municipality for assistance to take-over the rental stock and run it on its behalf for the period of 12 months whilst a dedicated Unit within the municipality is being established.

The Department further reported that to date, a database has been compiled of potential occupants who are interested and the actual occupation is to resume by 01 June 2015. Rental contracts have been entered into with interested occupants to take up the occupation of the hostel from 01 June 2015. The Committee advised the department to attend this matter urgently.

The Baloyi Quantity Developers was appointed to provide professional services for the project which includes planning, designs and project management. Chryselda Building Construction was then appointed as the main contractors for the project in February 2012 and their scope of work included the completion of outstanding works for a double store building, demolishing and reconstruction of Community Residential Units.

The Department has successfully completed phase 1 of the project and 34 Community Residential Units were completed.

Sakhile Community Residential Unit (CRU) project profile was as follows;

Project contract value

: R 25 474 104.00

Scope

: Completion, demolishing and reconstruction

Contractor

: Chryselda Building Contractors

Appointment Date

: February 2012

Completion Date

: September 2014

The Department reported that the housing stock funded by the Community Residential Units programme must be owned by the Provincial Department of Human Settlements or a local municipality. The Housing stock funded by the CRU programme should remain in the public service ownership and cannot be sold or transferred to individual residents.

8.2. Findings

After the inspection, the Committee found that:

- a. The Sakhile Hostel has been completed and was officially opened on 02 May 2014, but the tenants are not allowed to occupy the family flats;
- b. The tenants were accommodated into temporary structures while their flats were demolished; and were told that the flats are ear-marked for rental purposes and the rental fees range from nine hundred rand (R900.00) to one thousand and three hundred rand (R1300.00) per month. The tenants indicated that they are unemployed and cannot afford to pay the required rental fees. They indicated that they will not allow anyone who is not the rightful tenant to occupy these flats;

8.3. Recommendations

After the findings, the Committee recommended that the Department must:

- a) Urgently come up with a turnaround strategy that will address the improper situation at Lekwa Local Municipality which has a potential to cause tension between the Municipality and the former tenants and a progress report be submitted to the Committee by 30 September 2015.
- b) Convene a meeting not later than 31 July 2015, with all the relevant stakeholders namely, Lekwa Local Municipality, Govan Mbeki Housing Association, Department of CoGTA and representatives of the former tenants in order to address the problem of the tenants.

A progress report should be submitted to the Legislature on or before 30 September 2015.

9. CONCLUSION

The Chairperson wishes to thank the Hon. Members of the Committee for their sterling participation and input during the deliberations on the oversight visits of the Department of Human Settlements; Councilors; Officials from the Department, Office of the Auditor General, and Office of the Treasury and also thank the Legislature staff for the support they provided the Committee.

Lastly, the Chairperson requests the august House to adopt the report with its recommendations.

21/08/2015 DATE

HON. WT MADILENG

CHAIRPERSON: PORTFOLIO COMMITTEE ON

HUMAN SETTLEMENTS AND CO-OPERATIVE GOVERNANCE &

TRADITIONAL AFFAIRS