

*Monday, 3 December 2018]*

No 98 - 2018] FIFTH SESSION, FIFTH PARLIAMENT

# PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

## ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

MONDAY, 3 DECEMBER 2018

### COMMITTEE REPORTS

#### 1. REPORT OF THE STANDING COMMITTEE ON PREMIER AND CONSTITUTIONAL MATTERS ON THE 2017/18 ANNUAL REPORT OF THE DEPARTMENT OF THE PREMIER, DATED 14 NOVEMBER 2018 REPORTS AS FOLLOWS:

##### 1. Introduction

The Annual Report Programme for the 2017/18 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

Members of the Standing Committee on Premier and Constitutional Matters deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department of the Premier, on 23 October 2018.

##### 2. Overview

For the 2017/18 financial year, broadband has been implemented in 1 875 Western Cape Government sites; plans are currently being finalised to extend broadband to all municipalities.

The Department of the Premier (herein after “the Department”) spent 97.15% of the budget and achieved 92% of the target indicators. Due to austerity measures, the capping of “Compensation of Employees” costs continued for this financial year, resulting in existing staff to deliver on more strenuous operational demands without increases in resourcing.

It was reported by the Premier that the drought in the Western Cape was severe and the predictions for rain for 2017 was erroneous resulting in budgets having to be adjusted to manage water resilience, especially in the Education and Health sector. The Western Cape Government managed to become climate resilient even though there were significant financial implications to the budget. The Western Cape Government faced challenges when it came to co-operative governance matters relating to the water crisis. The mandate of National Government is to manage major water infrastructure projects. Canals were however cracked, not cleared or maintained and the raising of the Clanwilliam dam by June 2018 did not take place. This led to the Western Cape Government diverting its budget to maintain infrastructure in the Western Cape.

The Department developed the Western Cape Children's Commissioner Draft Bill with Legal Services and undertook a Regulatory Impact Assessment on the Draft Bill, which was released for public comment in September 2017.

### **3. Key findings**

- 3.1 The Department played a coordinating role together with the Department of Local Government, the Department of Transport and Public Works and municipalities on the water saving projects in the Western Cape Government. Two million rand was set aside for the water framework plan, and for the appointment of a water engineer, which was transferred to the Department of Local Government.
- 3.2 2 228 applications were received for the Premier's Advancement of Youth project (PAY) of which 608 learners were placed in 13 Departments and 96 of these learners were placed at the Department of the Premier. The skills and training provided to these learners included work readiness training, Microsoft Office, learner license training, life skills, introduction to project management, office management, communication and one year work experience within the department they were placed.
- 3.3 Budget challenges during the year under review related to the impact of the R/\$ exchange rate on "Goods and services" and "Capital assets" specific to Programme 4 (Centre for E-Innovation), which created significant spending risks for software licensing and meant that fewer imported assets could be afforded with the same budget. The impact on the budget was R32 million per annum on R/\$ exchange on software licensing costs.
- 3.4 The Department had 10 cases of possible fruitless and wasteful expenditure to the amount of R3 384.98. After investigation by the Department, it was reported that six of these cases were valid expenses which related to "no show" service fees for travel of candidates for interviews not attended.
- 3.5 The challenges faced with the roll-out of Broadband related mainly to the building of fibre infrastructure. The processes that were delayed would include seeking approval from municipalities on way-leave applications, approval of building plans for Broadband points of presence and the use of municipal power to be delivered to these points.
- 3.6 The roll out of limited broadband for high-speed internet access to the municipal sphere of government commenced with six municipalities, namely; the Breedevalley, Eden District, George, Laingsburg, Swellendam and Stellenbosch municipalities and these were connected by 31 March 2018. Seven additional municipalities were connected in the 2018/19 financial year thus far. All 29 municipalities will be connected early in the 2019/20 financial year.

- 3.7 The Department of the Premier makes the Kromme Rhee Training Institute available to local and provincial government departments at a hiring cost. They currently have 43 courses on the prospectus.
- 3.8 The Provincial Forensic Services within the Department of the Premier assisted the Department of Local Government with preliminary assessments relating to allegations of irregularities and economic crime at the George municipality.
- 3.9 Out of the 626 legal opinion requests, 12 cases were outsourced to practicing advocates at the Bar. The Department reported that cases are mostly outsourced due to matters either being too complex, urgent, specialised or cases that may have major implications. Cases are outsourced for a confirmatory opinion on the existing internal opinion given.
- 3.10 In terms of employment equity, it was reported that 87.5 percent of the staff compliment within the Department is black (african, indian and coloured). A total of 16 black staff were promoted, which makes up 84.2 percent of staff promotions. The Committee noted the statistics provided by the Department but referred to the employment equity on page 135 of its 2017/18 Annual Report, where it was noted that the senior and top management structure in the Department does not reflect the demographics of the Western Cape.
- 3.11 The Premier reported that the Western Cape as a Province contributed 60 percent of all jobs created within South Africa since 2010.

#### 4. **Information requested**

The Committee REQUESTED that the Department provide the Committee with the following information by 14 December 2018:

- 4.1 A detailed breakdown of the expenditure on Broadband in the Western Cape. This should include the personnel expenditure, names of the service providers and the goods and services cost per Broadband project phase.
- 4.2 The list of the 43 courses offered at Kromme Rhee Training Institute.
- 4.3 A category (i.e. school, library, etc.) breakdown and the addresses of the 1 875 sites that were provided with broadband connectivity. This should include the office hours of these facilities.
- 4.4 A breakdown of the topics and content of the 12 policy and strategy papers, as reflected on page 64 of the Annual Report.
- 4.5 A copy of the consolidated reports submitted on the strategic international engagements, as reflected on page 65 of the Annual Report.
- 4.6 A list of the 12 legal opinions that were outsourced by the Legal Services Department of the Premier.
- 4.7 A copy of the outcome written reports and the summary of the work done by the Provincial Forensic Services relating to the allegations of irregularities and economic crime that took place at the George municipality.
- 4.8 A breakdown of the gender representation and salary bands of the 26 staff resignations, as reflected on page 133 of the Annual Report.
- 4.9 A detailed report on the nature of the skills development training provided for salary levels 9 to 16.
- 4.10 A breakdown of the number of jobs created per year since 2010 in the Western Cape Province, as stated by the Premier.

## **5. Conclusion**

On behalf of the Committee, the Chairperson wishes to express its appreciation to the Premier, the officials of the Department of the Premier and the Members for their participation during the session.

## **2. REPORT OF THE PARLIAMENTARY OVERSIGHT COMMITTEE ON THE ANNUAL REPORT OF THE WESTERN CAPE PROVINCIAL PARLIAMENT FOR THE YEAR ENDED 31 MARCH 2018, REPORTS AS FOLLOWS:**

### **1. Introduction**

The Annual Report of the Western Cape Provincial Parliament (WCPP) was tabled for the 2017/18 financial year in terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act [Act No.10 of 2009], (FMPPLA) and referred to the Parliamentary Oversight Committee (POC) on Monday, 1 October 2018 (refer to "ATC 71-2018"). The Annual Report of WCPP serves to provide a record of the activities and performance of the administration of WCPP and to promote accountability for decisions made during the financial year under review. The performance of WCPP is measured against the performance targets and budget outlined in the WCPP Strategic Plan 2015/16 - 2019/20, including the Annual Performance Plan of WCPP for the 2017/18 financial year.

The purpose of FMPPLA is to regulate the financial management of Parliament and provincial legislatures in a manner consistent with its status in terms of the Constitution; to ensure that all revenue, expenditure, assets and liabilities of Parliament and provincial legislatures are managed efficiently, effectively and transparently; to provide for the responsibilities of persons entrusted with financial management; and to provide for matters connected therewith. In compliance with the spirit of Section 4 of the Act, the Committee considered the Annual Report of the WCPP to maintain oversight of the financial management of the WCPP for the financial year in question. In addition to regulating the financial management of the WCPP, the FMPPLA mandates the POC to conduct oversight over the performance information, governance and human resource functions of the Institution through its annual reports. Section 4(1)(b) of the FMPPLA provides the Committee with this mandate.

The members of the POC deliberated on the various sections of the Annual Report of the WCPP for the 2017/18 financial year, as follows:

- 1.1. Part A: General Information,
- 1.2. Part B: Performance Information,
- 1.3. Part C: Governance,
- 1.4. Part D: Human Resource Management, and
- 1.5. Part E: Financial Information.

The Annual Report programme for the 2017/18 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

## 2. Overview

The Committee met on 31 October 2018 at 08:00 where it was briefed by the Auditor-General of South Africa (AGSA) on the FMPPLA audit outcomes of the 2017/18 financial year for WCPP. After the briefing by the AGSA, the Committee was briefed by the Audit Committee (AC) whose role is to ensure that WCPP functions according to good governance principles, complies with accounting and audit standards and monitors that appropriate risk management arrangements are in place. The AC also monitors the adequacy and reliability of the financial information provided by WCPP.

The methodology of the Committee was to meet with these stakeholders to benefit from their findings and possible concerns with the aim of assisting the Committee to have a constructive oversight engagement with WCPP.

The Committee met with WCPP whereafter introductory comments were made by the Speaker and the Secretary to the WCPP.

A page by page oversight discussion ensued with the WCPP.

## 3. Audit Opinion

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2017/18 financial year of the Institution, having obtained a clean audit report. This audit opinion remains unchanged from the 2016/17 financial year.

The AGSA raised no findings with the Institution on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

In addition, the AGSA identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of parliamentary services. As management subsequently corrected the misstatements, the AGSA did not raise any material findings on the usefulness and reliability of the reported performance information.

## 4. Financial Management

The Western Cape Provincial Parliament spent R130,5 million of an appropriated budget of R137,7 million. This resulted in an under-expenditure of R7,1 million (5% underspending). The under-expenditure of R7,1 million occurred under the following programmes:

- Programme 1: Administration (R5,6 million);
- Programme 2: Facilities for Members and Political Parties (R1,3 million); and
- Programme 3: Parliamentary Services (R223 000).

In addition, the Institution's total estimated revenue budget of R60 000 was over-collected by R884 000, which resulted in a departmental receipt of R944 000. The over-collection on revenue occurred under the following line items:

- Sale of goods and services other than capital assets (R62 000);
- Interest, dividends and rent on land (R114 000); and
- Financial Transactions in assets and liabilities (R708 000).

The annual financial statements were prepared in accordance with the standards of the Generally Recognised Accounting Practices (GRAP) Standard, as prescribed in Section 56(1) of the FMPPLA.

## 5. Matters that were highlighted by the AGSA

The Committee noted from the comments of the AGSA that:

- 5.1.1 The WCPP received a clean audit, with no findings on laws and regulations, pre-determined objectives, nor deficiencies in its internal control;
- 5.1.2 As disclosed in the Statement of Comparison of Budget and Actual Amounts, and under Note 39 to the financial statements, the WCPP has materially underspent the budget on a comparable basis to the amount of R10,9 million (6%), of which R3,7 million (2%) related to statutory funds which has to be surrendered directly to the revenue fund, as being an underspending of funds appropriated specifically for members' remuneration; and
- 5.1.3 The underspending on the expenditure budget for the 2017/18 financial year was mainly due to the delay in the enterprise resource planning (ERP) project, including the functional enhancement project, which resulted in later than anticipated completion of milestone payments. The funds were rolled-over to the 2018/19 financial year.

## 6. Emerging Risks

### 6.1 New pronouncements

- 6.1.1 The Committee notes the inputs of the AGSA that new pronouncements were issued by the Accounting Standard Board which might be considered as emerging risks to the standards of GRAP, as follows:

<b>GRAP pronouncements</b>	<b>Effective date</b>
GRAP 18 - <i>Segment reporting</i>	1 April 2019*
GRAP 20 - Related-party disclosures	1 April 2019*
GRAP 32 - Service concession arrangements: grantor	1 April 2019*
GRAP 34 - Separate financial statements	To be determined
GRAP 35 - Consolidated financial statements	To be determined
GRAP 36 - Investments in associates and joint ventures	To be determined
GRAP 37 - Joint arrangements	To be determined
GRAP 38 - Disclosure of interests in other entities	To be determined
GRAP 105 - Transfer of functions between entities under common control	1 April 2019*
GRAP 106 - Transfer of functions between entities not under common control	1 April 2019*
GRAP 107 - Mergers	1 April 2019*
GRAP 108 - Statutory receivables	1 April 2019*
GRAP 109 - Accounting by principals and agents	1 April 2019*
GRAP 110 - Living and non-living resources	1 April 2020*
IGRAP 17 - Service concession arrangements where a grantor controls a significant residual	To be determined

interest in an asset	
IGRAP 18 - Recognition and derecognition of land	1 April 2019
IGRAP 19 - Liabilities to pay levies	1 April 2019

\* These are draft proposed effective dates, as published in Notice 930 of Government Gazette 41287 on 1 December 2017. The final effective dates are still to be gazetted by the Minister of Finance.

## 6.2 New legislation

6.2.1 The Committee notes the emerging risk which relates to the FMPPLA, including that this piece of legislation is being revised which may introduce a number of new requirements and/or regulations once effective. The Committee notes that such a legislative review may affect the audit outcome of the WCPP during the 2018/19 financial year.

## 6.3 Risk that require continuous monitoring by WCPP

6.3.1 The Committee notes the comments by the AGSA that the compliance requirements of local content for commodities within designated sectors are applicable for all tenders. The term tender in terms of the Preferential Procurement Regulations of 2017 is attributed to all awards above R30 000.

## 7. Matters that were highlighted by the Audit Committee

7.1 The Committee noted from the comments of the Audit Committee that:

7.1.1 The Fraud Prevention Strategy and Implementation Plan for the 2018/2019 financial year has been reviewed and approved in order to build on the foundation laid during the 2017/18 financial year.

7.1.2 The Institution had an implementation of 67% in relation to the implementation of its action plan. This was in response to the Internal Audit Findings that were raised during the 2017/18 financial year.

7.1.3 In addition, the Committee notes that there remains 28 risks which represented an assurance gap.

7.1.4 During the 2017/18 financial year, the Committee undertook the following assurance engagements:

7.1.4.1 Committee Support;

7.1.4.2 Communications;

7.1.4.3 Transfer Payments;

7.1.4.4 Hansard Services;

7.1.4.5 Network User Account Management (ICT Audit Plan); and

7.1.4.6 Data Migration (ICT Audit Plan).

7.1.5 The only key control deficiency that was discovered during the 2017/18 financial year audit process related to Committee Support. The Audit Committee raised a concern which relates to maintaining quality research outcomes by the Research section of WCPP. In addition, a detailed study of the audit findings indicated that further improvement is required in connection with applying policies and procedures and, reporting and communication in this regard.

7.1.6 The following emerging risks were identified, which needs to be monitored by the WCPP, as follows:

- 7.1.6.1 Draft Legislative Sector Bill and the impact on institutional autonomy;
- 7.1.6.2 6<sup>th</sup> Parliamentary term starting in the 2019/20 financial year; and
- 7.1.6.3 Labour relations risks related to the functional enhancement process.

## **8. Recommendations by the Committee:**

- 8.1 The Committee RECOMMENDED that the WCPP:
  - 8.1.1 Brief it on the value that was derived, as well as the outcomes that were achieved, when the institution attended the meetings of the Legislative Sector for the 2017/18 financial year.
  - 8.1.2 Develop and implement an advertising strategy policy which relates to the objectives of the Communication and Information Unit, with respect to the broadcasting of all house sittings of WCPP to the public within the Western Cape. This matter emanated from the discussion that the Committee had with the institution on the contents under the heading “Communication and Information”, on page 27 of the Annual Report.

## **9. Information requested from WCPP**

- 9.1 The Committee REQUESTED that the Audit Committee, provide the Committee with the following information by 14 December 2018:
  - 9.1.1 A copy of the Audit Charter of the Audit Committee, as regulated in Section 48 (1)(a)(i)(ii)(iii) of the FMPPLA.
  - 9.1.2 A report on the reasons for the implementation rate of 67% in relation to the action plan of WCPP as per the Internal Audit findings. This matter is indicated under Heading 3.6 on page 4 of the Audit Committee’s briefing document to the Committee.
  - 9.1.3 A report that provides a breakdown of the 28 risks which represent an assurance gap; as indicated under Heading 3.6 on page 4 of the Audit Committee’s briefing document to the Committee.
- 9.2 The Committee further requested that WCPP provide the Committee with the following information by 14 December 2018:
  - 9.2.1 The Memorandum of Understanding that was concluded between the Speaker of the WCPP and the Provincial Minister of Finance, in relation to Section 17 (1)(a)(b)(c)(d) of the FMPPLA which indicates that the Executive Authority consult with the Minister of Finance on matters pertaining to the budget and adjustments budget of the institution.
  - 9.2.2 A report which highlights the attendance of the WCPP to the Legislative Sector’s activities during the 2017/18 financial year, including the outcomes of the attendance to these meetings.
  - 9.2.3 A report by WCPP on the number of foreign travels that was undertaken by the Executive and officials of WCPP during the 2017/18 financial year, including providing the Announcements, Tablings and Committee Reports (ATC) of the reports that were tabled in respect of the foreign travels undertaken.
  - 9.2.4 A copy of the Enterprise Risk Management (ERM) Policy, Strategy and Implementation Plan that was developed by the WCPP, as indicated on page 26 of the Annual Report. The Committee further requests that the WCPP furnish it, subsequent to the ERM documents, with the Risk register of the institution for the

2017/18 financial year.

- 9.2.5 A copy of the Business Continuity Plan which was developed by the institution to inform its action in order to ensure continued service delivery. The plan contains alternative sites in water-secure municipal areas in order to ensure that sittings of the House and standing committee meetings continue to take place despite the possibility of extended water supply disruptions and water shortages in Cape Town. The matter is highlighted under paragraph 2 on page 27, including paragraph 2 under Note 6 on page 64 of the Annual Report.
- 9.2.6 A breakdown of the total number of the heritage assets of WCPP, as requested by the Committee when discussing the information which is highlighted under the performance indicator “Percentage assets reconciling to the Asset Register” on page 37, and “Strategy to overcome areas of underperformance” on page 38 of the Annual Report.
- 9.2.7 A copy of the report that was sent to the Provincial Department of Transport and Public Works which relates to WCPP’s accommodation requirements, submitted on the User Asset Management Plan (UAMP) by 30 June 2017, as indicated under performance indicator 3 on page 43 of the Annual Report.
- 9.2.8 A copy of the 23 research outputs reports that were produced by the Research Unit of WCPP, as indicated on page 50 of the Annual Report.
- 9.2.9 A report which highlights the nature of the legal advices that were rendered by the legal consultants to WCPP during the 2017/18 financial year.
- 9.2.10 A report which highlights the contractors and consultants that were utilised by the WCPP, including providing explanations to the value for money, nature of the work and Broad-Based Black Economic Empowerment level of each respective contractor, in respect of the work that were undertaken during the 2017/18 financial year.
- 9.2.11 A report which provides an indication of the members of the WCPP who have not responded to the letters that were issued by the institution to repay the costs that were incurred due to last-minute cancellations of flights, accommodation and loss of equipment; as indicated under Note 6 “Other debtors” on page 141 of the Annual Report. The report should include the nature of the irregularities and the funds outstanding by members of WCPP to this specific request.
- 9.2.12 A breakdown of the disposals of heritage assets which totalled R204 000; as indicated under Note 12 on page 147 of the Annual Report.

## **10. Concern raised by the Committee**

The Committee commends the institution on the conclusion of a formal Memorandum of Understanding (MOU) that was signed with the Department of Community Safety during the 2017/18 financial year for rendering security support at public hearings and oversight meetings. A pilot project was launched in October 2017, which was successful. The Department of Community Safety provided support in the form of uniformed security personnel at access points at venues during public hearings. No incidents were reported during the year under review.

However, the Committee raised a concern while reading the aforementioned comments of the WCPP, that there remained a general concern with regard to the overall safety of the members and staff of the institution. The Committee is concerned that, although 7 Wale Street is a national key point, the access points to the building still remain to pose

a risk to the overall safety of the members and staff of the WCPP. In response to the concern of the Committee, the Secretary to WCPP indicated that he is in a position to brief the Committee on the safety mechanisms which are in place to address the safety and security concerns of the Committee. Such a request to execute a briefing is at the behest of the Committee.

In addition, the concern of the Committee also extends to the fire safety mechanisms which are employed by the safety and security officers of 7 and 15 Wale Street, including the fire drills that are executed on a regular basis and the control of these activities.

### **11. 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 2017/18 Annual Report of WCPP. However, no members of the public were present to pose questions or to make oral submissions.

### **12. Conclusion**

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

The Committee will continue to engage with the institution on its budget, implementation of the FMMPLA regulation, and outstanding matters that were identified in the aforementioned sections, which contains the Committee's resolutions and request for information.

### **13. 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 WCPP for the year ending 31 March 2018. In addition, the Committee thanked the presiding officers and the WCPP administration for their efforts and contributions in this regard.

## **3. REPORT OF THE STANDING COMMITTEE ON COMMUNITY DEVELOPMENT ON THE ANNUAL REPORT OF THE DEPARTMENT OF HEALTH FOR THE YEAR ENDED 31 MARCH 2018, DATED 28 NOVEMBER 2018.**

The Standing Committee on Community Development, having considered the Annual Report of the Department of Health (hereafter the Department) for the year ended 31 March 2018 referred to it, reports as follows:

### **1 Introduction**

The Western Cape Provincial Parliament's Annual Report Programme for the 2017/18 financial year was advertised in newspapers and invited stakeholders and members of the

public to attend and to participate in the discussions. As part of its oversight function, the Committee considered the Annual Report of the Department of Health on the scheduled date of 26 October. The Committee however did not conclude on the set scheduled date, then deliberated on the 9 November. This session was also inconclusive. The Committee attempted a third session schedule for 23 November 2018 and concluded its deliberation on the Annual of the Department of Health. Before proceeding to the consideration of the report of the Department, the Minister and the Head of Department were given the opportunity to make opening remarks.

The Department was questioned on:

Part A: General Information;

Part B: Departmental Performance Information; and

Part D: Human Resources Management of the Department's Annual Report.

## **2 Overview**

The Provincial Minister of Health, Hon N Mbombo, provided an overview of the successes and challenges faced by the Department during the 2017/18 financial year.

The Minister reported that the period under review has been challenging for the Department of Health. The Department had to contend with significant service pressures, such as the escalating cost of medicines and a series of disasters that include the drought, the devastating fires in the Eden District, the fires at the Swartland Hospital and at the Mitchells Plain Hospital. Despite these challenges and significant financial constraints, the Department persevered, and focused on service transformation strategies that enhance the effectiveness and efficiency of healthcare provision in the province. Furthermore, the Department has intensified its programme of providing person-centred care, mitigating against service pressures, and strengthening the primary healthcare platform.

The Minister highlighted that the Department has focused on key health system capabilities, namely leadership and governance, service delivery models, and infrastructure and information systems. The key focus areas have been central to the success of the Department, and these include unqualified audits for the last 14 years and a clean financial audit for the past 3 years.

According to the Minister, the Department made great strides with the roadmap of priorities. A total of 52 facilities across the province have been equipped with the basic E-vision system, which provides a unique patient identifier that contributes significantly to health system improvements. Patients' details are now available across the service platform at any of the provincial hospitals or primary healthcare facilities. This reduces waiting times for patients and consequently improves their patient experience.

## **3 Findings**

- 3.1 The demand for healthcare services continues to grow and this is unlikely to change in the short to medium term given the trends in the social determinants of health and wellbeing.
- 3.2 The quadruple burden of disease places an enormous strain on the health system and an increasing number of people visit health facilities with multiple health problems.
- 3.3 The burden of psychiatric patients in general hospitals is a significant ongoing

- challenge for the Department.
- 3.4 During the 2017/18 financial year a total of 92 819 babies were delivered in the province, while 85 822 children under one year were fully immunised.
  - 3.5 The Department reported an 80,2% TB treatment success rate, a 0,2% mother-to-child HIV transmission rate at 10 weeks, and a total of 256 821 patients on antiretroviral treatment.
  - 3.6 The Department underperformed on the set targets for the antiretroviral retention in care at 12 and 48 months, male medical circumcisions, TB clients put on treatment, TB loss to follow-up and TB deaths.
  - 3.7 During the financial year under review, 239 fixed primary healthcare facilities conducted Ideal Clinic Status Determination Assessments and 54 hospitals conducted National Core Standards self-assessments.
  - 3.8 The Department received 5 268 complaints, of which 91,4% were resolved within 25 days.
  - 3.9 The Department reported that the regulations of the Western Cape Health Facility Boards and Committees Act were gazetted in December 2017. The process of establishing clinic committees commenced in January 2018 and the intention is to have these committees up and running during the 2018/19 financial year.
  - 3.10 In terms of infrastructure development, the Department indicated that various capital infrastructure projects were undertaken during the 2017/18 financial year, and extensive maintenance was also carried out on facilities and equipment throughout the province.
  - 3.11 Patients' fees remain the main source of receipts for the Department. The tariffs charged at the applicable health facilities are derived from the Uniform Patient Fees Schedule, which is determined by the national Department of Health.
  - 3.12 The Department ended the 2017/18 financial year with a revenue surplus of R49,311 million.
  - 3.13 The sales of goods and services has a surplus of R37,368 million due to claims paid by medical aid schemes and the Road Accident Fund in respect of patient fees.
  - 3.14 The Department reported an under expenditure of R190,426 million in the 2017/18 financial year and over expenditure in payments for capital assets to the amount of R5,3 million, which was paid towards the procurement of mobile clinics during the 2017/18 financial year.
  - 3.15 The Departmental Transformation Strategy, which contains three interconnected components such as service transformation, governance transformation and leadership and organisational culture transformation, has been developed.
  - 3.16 The Public-Private Partnership between the Department and the Mpilisweni Consortium is a 12-year agreement and the 2017/18 financial year concludes the 11th year of implementation and operation of the agreement.
  - 3.17 A feasibility study for the Tygerberg Hospital Redevelopment Project has been concluded and a transaction adviser for this project was appointed in October 2013. The scope of the project is to relocate the Tygerberg Central Hospital with 1 100 beds on the current estate to provide level 2, level 3 and level 4 services, and the new Tygerberg Regional Hospital, with 550 beds, which will provide the complementary level 2 and level 1 services, will be built on a site in Belhar.

- 3.18 The primary healthcare services in the Western subdistrict in the Cape metropolitan area were consolidated by amalgamating the Woodstock Community Day Centre and the Robbie Nurock Community Day Centre into the new District Six Community Day Centre.

- 3.19 The Emergency Medical Services in the province provide rescue and patient transport from 49 stations, excluding 6 satellite bases, with a fleet of 247 vehicles, and 1 206 operational personnel. A total of 22 303 emergency cases were attended to in 2017/18.
- 3.20 The attacks on the Emergency Medical Services personnel remain a challenge and the South African Police Service continues to assist the Department.
- 3.21 The targeting of EMS vehicles and officials by criminals is a major risk to the Department and society at large, which requires a whole-of-society intervention.
- 3.22 During the period under review, and most specific in April in 2017, a total of 32 cases of measles.
- 3.23 During the period under review, some of the challenges that the Department encountered include significant service pressure, the impact of the fires at hospitals, outbreaks of disease, budget constraints, and household vulnerability due to the increasingly high cost of living and ageing infrastructure.
- 3.24 The Department indicated that fire compliance remains a priority and is dealt with in a holistic way after the fire disasters at various health facilities.
- 3.25 The Department reported that the high burden for mental illness remains a challenge due to the dual diagnosis of psychotic disorders with substance use.
- 3.26 During the period under review, the Department reported that approximately 3 630 community care workers were employed by 92 NPOs in the province that render services in various communities.
- 3.27 It was highlighted during the committee deliberation the concern about the implementation of the Western Cape Health Facility Boards and Committees Act, 2016 (Act 4 of 2016) with regards to the training and the appointment of hospital board members.
- 3.28 The Department further reported that it conducted a Barrett Value Survey (BVS), which is a biennial requirement, at a cost of R573 120. In addition, the Department also conducted an internal Staff Satisfaction Survey (SSS) to assess the organisational climate among employees in respect of their thoughts on and opinions of the organisation, their jobs and their working environment.

#### **4 Public input**

Ms D Kiewiets and Mr S Leslie from the community health forums were afforded an opportunity to make oral submissions during the consideration of the Annual Report of the Department of Health. The Minister and the Head of Department duly responded to the input made by the members of the public.

#### **5 Resolutions**

**The Committee resolved that the Department should brief the Committee on:**

- 5.1 The progress made in the implementation of the Western Cape Health Facility Boards and Committees Act, 2016 (Act 4 of 2016), specifically on the appointment of the hospital board members.
- 5.2 The plans for the Tygerberg Hospital, including the challenges encountered at this hospital regarding the infrastructure projects such as the renovations and building of the new Tygerberg Hospital on service delivery.
- 5.3 Strategic Goal 3, on how the Department addresses social ills. The health forums should be invited to come and engage the Committee and the Department at this meeting.
- 5.4 The Department's community-based services.

- 5.5 The Committee also resolved to conduct an oversight visit to the Transport Management Centre (TMC) to inspect cameras that are monitoring in respect of the safety of EMS officials.

## **6 Information requested**

The Committee REQUESTED the Department to provide the following information by Thursday 13 December 2018:

- 6.1 A detailed training plan for members of clinic committees and hospital boards in accordance with the Western Cape Health Facility Boards and Committees Act, 2016 (Act 4 of 2016).
- 6.2 Detailed information of the members of the Mitchells Plain Hospital Board, which should include their dates of appointment.
- 6.3 A detailed breakdown of the total number of staff at various hospitals in the province.
- 6.4 The BVS and SSS organisational surveys.
- 6.5 Detailed information on mobile clinics that were procured in the 2017/18 financial year. This information should include the number of mobile clinics procured and the number allocated per geographic area.
- 6.6 A detailed report on how the Department is planning to address the backlog in Forensic Pathology Services.
- 6.7 A detailed report on the process followed with appointing the service provider for the training of clinic committees and hospital boards.
- 6.8 Information on the number of agency staff contracted by the Department in the province. This information should include the total cost of their contracts and detailed information on how the Department is conducting their background information check.

## **7 Conclusion**

The Committee expressed its appreciation for the information provided by the Minister, the Head of Department and the officials of the Department.

## **4. REPORT OF THE STANDING COMMITTEE ON COMMUNITY DEVELOPMENT ON THE ANNUAL REPORT OF THE DEPARTMENT OF SOCIAL DEVELOPMENT FOR THE YEAR ENDED 31 MARCH 2018, DATED 18 OCTOBER 2018.**

The Standing Committee on Community Development, having considered the Annual Report of the Department of Social Development for the year ended 31 March 2018 referred to it, reports as follows:

### **1 Introduction**

The Western Cape Provincial Parliament's Annual Report Programme for the 2017/18 financial year was advertised in newspapers to invite stakeholders and members of the

public to attend and participate in the discussions. The Committee considered the Annual Report of the Department of Social Development on 9 October 2018 as part of its oversight function. Before proceeding to the consideration of the Annual Report of the

Department of Social Development, the Minister and the Head of Department were given the opportunity to make opening remarks.

The Department was examined on:

Part A: General Information;

Part B: Departmental Performance Information; and

Part D: Human Resources Management of the Department's Annual Report.

## **2 Overview**

The Minister of Social Development, Hon A Fritz, provided an overview of the successes and challenges faced by the Department of Social Development during the 2017/18 financial year. Minister Fritz reported that the Department focused on maintaining and strengthening essential services in the context of an austere economic environment during the year under review. He informed the Committee that the Department of Social Development (the Department) is guided by the Provincial Strategic Goals (PSGs), specifically PSG 2 and PSG 3. The Minister stated that, in terms of PSG 2, a focus on safer communities has led to a greater coordination of the Department with the criminal-justice sector, including extensive departmental involvement in the Child Justice Forum, provincial joint committees on gangs, murders and other priority crimes, and the hosting of a Child Probation Services Workshop with key criminal-justice stakeholders. In addition, under PSG 2, the Department focused on youth-development programmes, redesigning the provincial strategy and projects aimed at young people through targeted funding of NPOs serving the youth. The involvement of the Department in the After-School Care (ASC) Game-Changer resulted in additional funding for youth cafes and enabled the Department to increase the number of children in partial care. Under PSG 3, the Department continued its work on reforming child-protection services, resulting in this being the only province in South Africa to bring its foster-care system under control, and being a leader in best practices for child and youth care centres (CYCCSs).

The Department also rolled out support services for the Alcohol Harm-Reduction (AHR) Game-Changer, as well as other psychosocial support services aimed at reducing drug-related harm.

The Minister stated that care and support for victims of domestic violence were prioritised during the period under review, with the Department having successfully hosted a Gender-Based Violence Workshop. The Minister also indicated that he has prioritised the development of a programme aimed at getting victims of violence back on their feet and be self-reliant, by launching the Women Empowerment Initiative. This is aimed at the development of a referral pathway, through the DSD Victim Empowerment Programme (VEP), to channel 310 women currently in 16 funded shelters for abused women to provide them with skills, training and economic opportunities. The Minister further reported that the Department has prioritised the residential care facilities for frail older persons and made substantial progress with the mandatory registration of funded and private residential facilities in terms of the Older Persons Act, 2006 (Act 13 of 2006).

## **3 Findings**

- 3.1 During the year under review, the Department reported that the above-inflation salary increase for the public service, determined by the national bargaining chamber wage agreements, meant that the Department's remaining transfer funding for NPOs has decreased in real terms each year as no additional funding for these increases has been provided by the National Treasury. This has resulted in an increasing number of NPOs closing.
- 3.2 The Department reported that child-protection services are a priority in light of the escalating violence against children and the 24-hour child-protection service will be improved. The Committee gave reflection on child murders and interacted with the Minister on this.
- 3.3 The Department funded 49 day-care centres accommodating 1 078 children, as well as four residential facilities housing a total of 82 children.
- 3.4 During the 2017/18 financial year, the Department rendered services in terms of Child Justice Act, 2008 (Act 75 of 2008), in Hanover Park through a reintegration pilot programme for the youth and children in conflict with the law. The pilot programme was a success and will be extended over the Medium-Term Expenditure Framework.
- 3.5 The Department stated that all the child and youth care centres (CYCCs) in the province are fully registered, have undergone a full quality assessment process and risk plans have been implemented. The Committee raised the lack of support materials for workshops in both the CYCCs and protective work spaces of people living with disabilities.
- 3.6 The drug-treatment services are provided in all the departmental child and youth secure care centres, and a school-based drug treatment service is available at 10 high-risk secondary schools in the province.
- 3.7 During the period under review, the Department funded 37 postgraduate and 24 undergraduate social-work students. The students specialise in substance abuse and addiction management.
- 3.8 The social crime-prevention programmes have been intensified in primary and high schools in high-risk areas. This programme equips learners, parents, educators and community members with skills to combat the social risk factors of crime and violence and increases their resilience to these risk factors.
- 3.9 The Early Childhood Development (ECD) Development Support and School Readiness Project has yielded promising assessment results and has been extended to 50 sites across the province.
- 3.10 Further interventions in the ECD sector included the implementation of a new ECD registration model and a national ECD Conditional Grant that enabled the Department to transfer funds to 73 ECDs for infrastructure upgrade, learning tools and subsidies to 4 200 children.
- 3.11 There are ECDs in the province that are operating illegally and some are non-compliant.
- 3.12 The Department also participated in the After-School Care (ASC) Game-Changer under PSG 2, through the funding of the after-school care facilities and youth cafes which enable children and the youth to participate in activities in a safe and enabling environment.
- 3.13 In terms of the Alcohol Harm-Reduction Game-Changer, the Department provided psychosocial support services to address and reduce risky drinking by high-risk alcohol users referred by the Department of Health.

- 3.14 A Disability Mainstreaming Strategy has been approved and a targeted awareness campaign, focusing on available services, was implemented using digital media, print media and radio.
- 3.15 The Department reported poor attendance to workshop programmes because of transport challenges in terms of the Disability Programme.
- 3.16 The Department reported that a total of R2, 652 million for compensation of employees was not spent because suitable candidates could not be found during the recruitment process. The Department stated that internal promotions, staff exits and the underspending on the social-work graduate conditional grant also contributed to the underspending.
- 3.17 No local content in terms of procurement. The Committee raise a concern about the local content in procurement that is not taken serious by the Department.
- 3.18 In programme 3, an underspending of R1,152 million was reported. This relates to the non-compliance of NPOs and the underspending in the ECD conditional grant.
- 3.19 The Department reported that care for older persons, especially the expansion of independent and assisted living, frail and appropriate community-based interventions, remains a priority and the implementation of the independent assisted-living programme is still in progress.
- 3.20 The Committee noted with concern the vacant position of the Chief Director for Service-Delivery Management and Coordination has not been filled. The Department reported that the position was unfunded and all the regional directors are reporting directly to the Head of Department to simplify the reporting line and improve service delivery.
- 3.21 The Department reported that the target for ECDs and partial care was not achieved due to ECD facilities that experienced challenges with requirements for re-registration. The non-compliance of facilities resulted in the de-registration, suspension and cessation of funding.
- 3.22 During the 2017/18 financial year, the Department appointed in permanent positions 123 social-work graduates who have worked on contract since 2013. Furthermore, the Department also allocated 47 new bursaries to staff members in specialised fields.
- 3.23 The Department further reported that only 20% of the Department's capital assets are in good condition, 75% are in fair condition while the remaining 5% assets are in a poor condition and will be disposed of.
- 3.24 A Provincial Foster Care Management Plan has been completed and the operational guidelines were developed and approved.

#### **4. Public input**

Members of the public were given an opportunity to give input on the Annual Report of the Department of Social Development. No members of the public gave input.

#### **5 Resolutions**

The Committee RESOLVED to:

- 5.1 Invite the Department of Social Development to brief the Committee on the scourge of child murders in the province. The presentation should include the action plan of the Department and civil society on how to combat child murders in the province and plans for new Youth Strategy.

- 5.2 Invite the Department of Social Development and the Department of Public Works to brief the Committee on the capital assets of the Department of Social Development.
- 5.3 Invite the Department of Social Development to brief the Committee on the youth cafes in the province.
- 5.4 The Department to respond to a plan of support with regards to procuring support materials for CYCCs and protective workshops.
- 5.5 The Department to brief the Committee on the challenges of ECDs in terms of compliance and on the relationship and support provided by the City of Cape Town to the ECDs.

## **6 Recommendations:**

The Committee recommended that:

- 6.1 The Department should visit the De Doorns communities and assist in addressing the challenges that are facing the youth, including the challenge of malnutrition in the area.
- 6.2 The Department to give an update on challenges of ECDs that are struggling to comply structurally in all municipalities and the Department intervention.

## **7 Information requested by the Committee**

The Committee REQUESTED that the Department provides the following information by Friday 16 November 2018:

- 7.1 A list of NPOs that closed down in the province from 2014 to 2018.
- 7.2 A detailed list of the 49 day-care centres that were funded during the 2017/18 financial year.
- 7.3 A report on the research conducted on the Diversion Programmes.
- 7.4 The total number of children who are in the Early Release Programme in the province.
- 7.5 A copy of the Child Protection Prevention and Early Intervention Strategy once the document is finalised.
- 7.6 All documentation on the deviations of DSD Supply Chain Management during the past three years. This should include information on what has been put in place by the Department to correct this irregular expenditure.
- 7.7 Detailed information on the reported incidents involving the foster-care cases.
- 7.8 Number of young people in CYCCs who come from foster families.
- 7.9 A list of bursary beneficiaries in the employ of the Department according to salary levels.
- 7.10 Detailed information on the number of people from Imizamo Yethu who benefited from the Undue Hardship Programme.
- 7.11 A detailed list of people who and areas that benefitted from the Social Relief Programme in Imizamo Yethu in 2017/18 financial year.
- 7.12 The Thula-Thula Report on the Houtbay fire victims between 2017/18
- 7.13 A list of NPOs and areas that the Department stopped funding.
- 7.14 A report on the screening of 1 000 children who were assessed at 50 sites in eight communities as stated on page 72 of the Annual Report of the Department.
- 7.15 List of illegal ECDs and the reasons

- 7.16 The Department to supply the Committee with all the documentation as a proof of the process followed when the Department applied for the position of the Chief Director for Service-Delivery Management and Coordination to be unfunded.

## **8 Conclusion**

The Committee expressed its appreciation for the information provided by the Minister, the Head of Department and officials of the Department.

## **5. REPORTS OF THE DEPARTMENT OF HUMAN SETTLEMENTS AND THE WESTERN CAPE RENTAL HOUSING TRIBUNAL FOR THE YEAR ENDED 31 MARCH 2018, DATED 2 NOVEMBER 2018.**

The Standing Committee on Human Settlements, having considered the Annual Reports of the Department of Human Settlements and the Western Cape Rental Housing Tribunal for the 2017/18 financial year, reports as follows:

### **1. Introduction**

Annual Reports are key instruments by which the Department of Human Settlements (the Department) and its Entity, the Western Cape Rental Housing Tribunal (the Tribunal), report on their performance during a financial year. The Department's performance and that of its Entity are measured against the set targets and budgets as outlined in their Strategic Plans and Annual Performance Plans for the period under review. In addition hereto, it accounts for the success of each Programme implemented.

The Annual Report Programme for the 2017/18 financial year was advertised in various newspapers, inviting stakeholders and members of the public to attend and participate in the discussions. The Committee deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department and its Entity.

For the year under review, the Department received its fourth consecutive unqualified Financial Audit Report and delivered on all its mandates.

### **2. Overview**

The consideration of the Annual Reports of the Department and its Entity took place on 2 November 2018. Standing Rule 105(1) of the Western Cape Provincial Parliament provides standing committees with the power to consider departmental annual reports submitted in terms of the Public Finance Management Act, 1999 (Act 1 of 1999).

The Minister of Human Settlements, Mr Madikizela, as well as the Head of Department, Mr Mguli, made introductory remarks.

### **3. Western Cape Rental Housing Tribunal**

#### **3.1 Overview**

The Chairperson of the Tribunal, Mr Cloete, made introductory remarks followed by a section by section consideration of the Tribunal's Annual Report.

The Tribunal was established in 2001 in terms of Section 7 of the Rental Housing Act (Act 50 of 1999). 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 activities of the Tribunal are funded from money appropriated by the Western Cape Provincial Department of Human Settlements.

## **3.2 Key issues discussed**

### **3.2.1 Complaints received**

The Tribunal reported that 2 719 official complaints were registered on its complaints database for the 2017/18 financial year. The Tribunal also has a satellite office in George from where it serves the Eden District. A total of 141 complaints were received from the Eden District. The 141 complaints form part of the 2 719 official complaints received by the Tribunal.

### **3.2.2 Call centre**

The Tribunal's Call Centre function was managed by SA Commercial until June 2018, when their contract was terminated. The function has since been insourced by the Department of the Premier. The service provider records incoming calls for quality control purposes and submits monthly reports for planning purposes. Only 8 945 calls were received for the financial year as opposed to the 10 631 calls that were received in the previous financial year.

### **3.2.3 Helpdesk**

The Department of Human Settlement's Helpdesk (The Helpdesk) is situated within the Department of Human Settlements and deals with walk-in clients. The Helpdesk reported that it has attended to 3 606 rental queries from the public for the 2017/18 financial year. The Department informed the Committee that enquires received from members of the public range from official complaints, to advice requested in terms of the rights and responsibilities of landlords and/or tenants.

### **3.2.4 Captured cases**

There was a decrease in the number of complaints received by the Western Cape Rental Housing Tribunal. Cases decreased from 3 110 in the previous financial year to 2 719 in the 2017/18 financial year. The decrease was attributed to the implementation of the pre-screening component that determines jurisdiction and advises complainants of their rights and responsibilities. There is a 60 to 120 day turnaround time on all cases.

### **3.2.5 Hearings conducted**

A total of 525 cases were referred to the Tribunal for hearings and only 236 cases were heard. The number of cases that were postponed prior to the hearing amounts to 115 and 39 cases were settled by parties prior to the hearing. A total of 35 cases were withdrawn, 9 received default rulings and 23 were struck off the roll. To ensure that complainants receive finalisation on matters, rulings are finalised on the same day as the hearings.

### 3.2.6 Warrants of execution

In the 2017/18 financial year 53 warrants of execution were issued. The value of the warrants issued amounts to R833 334,17.

### 3.2.7 Review of applications

Section 17 of the Rental Housing Act (Act 50 of 1999) provides for an aggrieved party to approach the High Court of South Africa in the specific area of jurisdiction to review a ruling. The review application is commonly referred to as an appeal application. Only one review application was received during the reporting period.

### 3.2.8 Tribunal personnel

The Rental Housing Tribunal has a staff complement of 27 officials. Currently there are only two vacancies on a junior level that will be filled in the new financial year.

### 3.2.9 Expenditure

The Rental Housing Tribunal's budget is managed under Programme 1. The Tribunal was awarded a budget of R13 998 795 which was spent in the 2017/18 financial year.

### 3.2.10 Special Report: Rental Housing Tribunal Garden Route District Office

A Tribunal satellite office was opened in the Eden District. The office deals with all complaints received from the seven local municipalities falling under the Eden District Municipality. There are two officials that staff the office and reports to a Complaints Manager who is based in Cape Town.

During the period under review 141 cases were reported. Two hearing sessions were held in which 33 cases were heard and 29 rulings were made. Two postponements were made, one case was withdrawn and one case was struck off the role. There has been an increase in the number of cases reported compared to previous years when less than 100 cases were reported. The increase was attributed to awareness programmes rendered by the Tribunal.

## **4. The Department of Human Settlements**

### **4.1 Overview**

Minister Madikizela, in his overview indicated that in the 2017/18 financial year, the Department expressed its commitment to implement a number of programmes and strategies that support the Provincial Strategic Goals and the National Outcomes.

The Department focused on the following three main priorities for the financial year:

- 4.1.1 The upgrading of informal settlements;
- 4.1.2 To increase affordable housing and the provision of GAP housing market opportunities; and
- 4.1.3 To prioritise the most deserving for fee subsidised housing.

## **4.2 Key issues discussed**

### **4.2.1 Accelerated Housing opportunities**

The Department delivered 19 985 human settlements opportunities against a target of 19 954 for the 2017/18 financial year. While the Department exceeded its targets on sites, it did not meet its target in terms of housing units. This was attributed to community unrest, protests, labour demands, gangsterism, vandalism and land invasions that continue to impact negatively on service delivery. The above-mentioned challenges placed an added strain on the departmental budget as additional security and fencing had to be sourced and paid for. The Department developed and implemented a comprehensive improvement plan that sets out strategies to improve on the abovementioned risks.

### **4.2.2 Management Performance Assessment Tool (MPAT) Rating**

The Department received a Level 3 MPAT rating. This is a regression in the Department's MPAT Scores which was attributed to no asset plan being in place at the time of the review. The Department has since developed and implemented improvement strategies to regain a Level 4 rating.

### **4.2.3 Informal settlements**

Priority was provided to the Informal Settlement Support Plan as provided for in the Department's strategic priorities. Municipalities were supported to integrate the upgrading of informal settlements into their project pipelines. An Informal Settlement Support Forum was established to monitor progress, render support and introduce municipalities to new innovations in informal settlement upgrading. Representatives of all provincial departments serve on the Champions Forum to clarify roles, provide support and action mainstream activities into municipal operations and budgets.

The Department entered into an agreement with the City of Cape Town's Law Enforcement Unit to assist with land invasions throughout municipal areas. Private security was appointed to ensure that project sites are safe from vandalism and invasion. Further strategies to mitigate violent protests were to actively engage, interact and communicate with communities on concerns and sharing of information on human settlements developments within the province.

### **4.2.4 Accreditation of the City of Cape Town**

The City of Cape Town's accreditation involves the delegation and assignment of functions in respect of the administration of national housing programmes. The full assignment of the City of Cape Town is intended to produce coordinated development and accelerated delivery. The date for the finalisation of the above-mentioned process took place in April 2018.

### **4.2.5 Historically disadvantaged individuals**

A total of 64% of the Human Settlements Development Grant was allocated to Historically Disadvantaged Contractors. This forms part of the Department's priority to empower contractors. Empowerment starts with skills facilitation and job creation. Approximately 132 young persons were trained by the Department during the year under review.

#### 4.2.6 Partnerships

The Departmental Partnership Strategy's aim is to create, maintain and promote sustainable partnerships. Potential partners including the private sector will be invited to submit and register their details for affordable housing projects and initiatives.

#### 4.2.7 Registration of Non-governmental Organisations (NGO's)

A call was made to non-governmental organisations to register on the Departmental data base. Eight NGO's serve as intermediaries to support the Department and municipalities to plan and action the in-situ upgrading of informal Settlements based on each municipality and settlements specific needs. NGO's have been contracted to assist with:

- 4.2.7.1 Conducting social facilitation;
- 4.2.7.2 Mobilisation of projects;
- 4.2.7.3 Community surveys;
- 4.2.7.4 Collecting of data on Informal Settlements;
- 4.2.7.5 Skills development;
- 4.2.7.6 Conflict resolution;
- 4.2.7.7 Networking; and
- 4.2.7.8 Brokering.

#### 4.2.8 Standard Operation Procedure

Standard Operation Procedures were developed to support the efficient management of the intended partnership opportunities. The SOP includes the following:

- 4.2.8.1 Application for the Enhanced Extended Discount Benefit Scheme;
- 4.2.8.2 Inspections of subsidised housing projects and maintenance work done on departmental rental stock;
- 4.2.8.3 Plot and Plan for Individual Subsidy;
- 4.2.8.4 Social Housing Project Approval;
- 4.2.8.5 Finance Linked Individual Subsidy Programme; and
- 4.2.8.6 Management of Partnerships.

#### 4.2.9 Finance Linked Individual Subsidy Programme (FLISP)

Challenges were reported in providing FLISP houses to the GAP market. The banks were not open to a partnership agreement with the Department to provide home loans for FLISP beneficiaries. This is due to applicants not being able to meet the FLISP criteria of affordability from banks. For this reason the Department was not able to meet its target for FLISP Housing.

The Department has enhanced its land release programme by releasing 133,29 hectares of land parcels for development. A partnership strategy was developed for potential partners to enter into agreements so that collective efforts can be directed towards affordable housing.

#### 4.2.10 Donor funding

Funding to the value of R19 588 504, 24 was provided to the Department from the Danish Development Agency for the periods 2012-2018. A total of 254 solar water heaters were

delivered for the Joe Slovo Phase 3 housing project.

The Department of Public Service and Administration provided the Department with drones to study the geographical layout of informal settlements.

#### 4.2.11 Skills development

The Department has set aside 30% of its budget for skills development of woman and youth. A total of 132 youth were trained in various disciplines within the construction industry. Woman and youth are employed as subcontractors on every housing project. The Department has developed a framework that gives preference for woman and youth to subcontract on all housing projects. The challenge that arise is that there are no youth in business who are able to tender for a contract. They remain as subcontractors to the contractor.

#### 4.2.12 Misconduct

The Committee raised a concern regarding the decision taken by the Department pertaining to the outcome of the investigation into the misconduct of a staff member. The disciplinary hearing was finalised on 31 March 2018 as depicted in table 3.12.2 on page 107 of the Annual Report. The outcome of the disciplinary hearing was that the staff member was suspended without pay and was given a final written warning. The Committee indicated that the outcome does not justify the misconduct.

### 5. Oral and written submissions

The public was allowed an opportunity to provide inputs on the Annual Report.

Mr Mbiko, provided the Committee with a written submission pertaining to the Mau Mau Housing Project. He indicated that the Mau Mau backyard dwellers were promised housing opportunities which never came to fruition. In 2016, the City of Cape Town made a decision that the agreement was no longer valid which negated the claim of the Mau Mau backyard dwellers in this regard.

Minister Madikizela, indicated that provision has been made for backyard dwellers housing opportunities on Erf 2849 and Erf 448. He indicated that the decision was relayed to councilors and that the matter will be addressed in the sub-council meetings.

### 6. Documents Requested

The Committee REQUESTED that the Department provide it with:

- 6.1 The Standard Operating Procedure to support the efficient management of the intended partnership opportunities as listed on page 8 under 2.3 of the Annual Report;
- 6.2 A list of the eight NGO's that aide municipalities, the areas in which they provide assistance and their geographical location;
- 6.3 A written feedback on how the Department of Human Settlements is assisting female subcontractors to become contractors and provide an action plan to increase numbers to model national standards;
- 6.4 The Regularisation Policy that deals with illegal housing occupation;

- 6.5 A list of the three municipalities that submitted incomplete project plans;
- 6.6 A report on the misconduct as provided on page 107 under table 3.12.2 of the Annual Report; and
- 6.7 A report on the strategies that the Department Human Settlements will implement in terms of delivery on Accelerated housing opportunities as set out in the Annual Report on page 9 under point 4.

## **7. Resolutions/Actions**

- 7.1 The Committee RECOMMENDED that the Department:
  - 7.1.1 Add an additional column to the Table on page 23 of the Annual Report under Strategic Outcome Oriented Goals that provides more context to the information contained in the Progress Made column; and
  - 7.1.2 Put mechanisms in place to improve employee relations.

## **8. Conclusion**

The Chairperson thanked the members, the Minister, departmental officials and the Tribunal for their participation throughout the year and their responses to the questions raised by the Committee members.

Minister Madikizela thanked the Committee for its contributions and valuable input throughout the year. He also thanked the Department for its hard work continued service delivery.

## **6. REPORT OF THE STANDING COMMITTEE ON ECONOMIC OPPORTUNITIES, TOURISM AND AGRICULTURE ON THE ANNUAL REPORTS OF THE DEPARTMENT OF AGRICULTURE AND ITS ENTITY, CAPE AGENCY FOR SUSTAINABLE INTEGRATED DEVELOPMENT IN RURAL AREAS (CASIDRA) FOR THE YEAR ENDED 31 MARCH 2018, DATED 16 NOVEMBER 2018.**

### **1. Introduction**

The Annual Report programme for the 2016/17 and 2017/18 financial years was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

Members of the Standing Committee on Economic Opportunities, Tourism and Agriculture deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the 2016/17 and 2017/18 Annual Reports of the Department of Agriculture (hereafter the “Department”) and its entity; Cape Agency for Sustainable Integrated Development in Rural Areas (hereafter “Casidra”), on 30 October 2018.

Members of the public were also given an opportunity to pose questions and make oral submissions.

## **2. Overview**

The Committee considered the 2016/17 and 2017/2018 Annual Reports of the Department of Agriculture and its Entity, Casidra.

Before proceeding to the consideration of the Annual Reports, the Minister, the Head of Department, the respective Chief Executive Officers and Chairpersons of the Entities were given an opportunity to make opening remarks.

The Committee made findings and recommendations based on its interaction with the Department and Casidra on the respective 2016/17 and 2017/18 Annual Reports.

## **3. Findings/Concerns**

### **3.1 Cape Agency for Sustainable Integrated Development in Rural Areas (Casidra)**

3.1.1 For the past two financial years, Casidra continued to deliver services to rural areas, supporting the rural economy, even with the challenges experienced in the agricultural sector brought about by the severe drought in the Western Cape.

3.1.2 Casidra was actively involved in assisting with drought relief projects through the Comprehensive Agricultural Support Programme (CASP), particularly in terms of implementing communal and household food garden projects, and liaising with water catchment management agencies for water harvesting initiatives such as setting up water tanks. Casidra also supported the Department in terms of drought relief by providing emergency feed for livestock farmers in more needy parts of the Province, such as in the West Coast.

3.1.3 In order to become more financially sustainable, Casidra has looked at diversifying its income streams. Casidra has started to work with the Department of Environmental Affairs and Development Planning on water conservation initiatives. This has also become another income stream.

3.1.4 Casidra underspent on its Local Economic and Business Development programmes during the 2016/17 and 2017/18 financial years. This was attributed to a saving on internal costs for running the programme, in terms of expenses on salaries, travel, phone, etc.

3.1.5 Anhalt farm was still under Casidra's management during the 2017/18 financial year. Casidra advised the Anhalt Communal Property Association to employ an independent director, outside of the community, in order to ensure that there were no corporate governance issues.

### **3.2 Department of Agriculture (Department)**

The Committee was briefed on the Department's 2016/17 and 2017/18 financial reports. This was a unique situation as the Department had disputed the Auditor-General's audit outcome on its Annual Reports. An application was lodged by the Department on 22 October 2018 at the High Court disputing the outcome. The Chairperson tabled both the 2016/17 and 2017/18 Annual Reports for discussion.

3.2.1 The Department has experienced one or two disasters every year for the past few years. In the past two financial years, the Department has had to adjust its targets because of the severe impact of the drought on the Province.

- 3.2.2 In addition to the drought, the Province also experienced Avian Flu, where the virus was circulating in wild birds. This had consequences for all the Department's poultry initiatives and infrastructure, which then required capital investment.
- 3.2.3 The 2016/17 and 2017/18 financial years saw more young learners show interest in careers in the agricultural sector, as more youth are seeing agriculture as a science, especially with careers in drone technology for agriculture on the rise.
- 3.2.4 The agri-processing programme for provinces was being discussed at a national level, where all provinces will have to implement an agri-processing programme. However, although this may be a move in the right direction, minimal thought has been given to how this programme will be implemented given the provinces' financial constraints.
- 3.2.5 The Department has been mitigating risks in the agricultural sector, strategically; however, this was becoming more and more challenging with climate change and minimal resource and financial capacity.
- 3.2.6 The Department reaffirmed its position through its report on the Philippi Horticultural Area (PHA) that the land should be used for agricultural purposes. However, land invasions in the PHA have now become a serious problem for farmers. The PHA has also become a dumping site for some businesses, and crime has escalated in the area prompting farmers to sell their land. The Department has encouraged farmers in the PHA, who would like to sell their farms, to approach the Department of Rural Development and Land Reform. This could be seen as a more effective approach to land reform.
- 3.2.7 The Department does not have a position on organic farming, as the country does not have a formal policy on organic farming. The Department, as a government servant, needs to look at what is feasible and advise accordingly. If the national government asks for training on organic farming activities, then the Department will look into it. The lack of legislation on the matter has hampered the progress on organic farming.
- 3.2.8 The Department has managed to attract young veterinarians into the sector in the past financial year, even though funding for the service is still an issue. Veterinarians across the country now have to fulfil community service before they can become qualified. This has created the opportunity for the Department to attract and employ veterinarians from other provinces. The only concern is that the Department cannot stop veterinarians from seeking employment abroad.
- 3.2.9 The use of drones in the agricultural sector will play an important part in the Fourth Industrial Revolution in terms of the data that can be gathered and utilised to the sector's advantage. However, the licencing of drones is still a challenge. The Department has started to work with municipalities on projects requiring drone technology. "Flyover data" collected from drones showed the reality of climate change in the country and the impact on farming.

#### **4. Resolution**

The Committee RESOLVED to accept the invitation extended by the Department of Agriculture to visit the Elsenburg farm, and to receive a briefing on drone technology and climate change according to flyover data collected from drones over the past four years.

#### **5. Information Requested**

- 5.1** The Committee REQUESTED the following information to be provided by 15 January 2019:
- 5.1.1 A report from Casidra breaking down the training that was given on the Anhalt Farm in terms of the operational management of the farm and the components required for human resources, financials and corporate governance training;
  - 5.1.2 The manual created by Casidra for the workshops conducted with training groups;
  - 5.1.3 A report from Casidra on when the independent director would begin employment for the Anhalt Farm;
  - 5.1.4 A report from Casidra on how far along the Agri Worker Household Census is and when it will be completed;
  - 5.1.5 A detailed report from Casidra on the outcomes of the Food Security Intervention project;
  - 5.1.6 A detailed report on the farms that received subsidies from Casidra in terms of drought support;
  - 5.1.7 A list of names and current occupations of the trainees/interns, as listed on page 17 of the Department of Agriculture's 2016/17 Annual Report; and
  - 5.1.8 A copy of the Bureau for Food and Agricultural Policy's (BFAP) Baseline 2018-2027 Report as released by the Department of Agriculture recently.

## **6. Conclusion**

The Chairperson thanked the Minister, Department and Casidra for their preparation and responses to questions raised by the Committee members. The Committee also thanked the outgoing Minister for the work he has done for the sector and wished him well for his new post as the Minister of Community Safety.

## **7. REPORT OF THE STANDING COMMITTEE ON ECONOMIC OPPORTUNITIES, TOURISM AND AGRICULTURE ON THE ANNUAL REPORTS OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM AND ITS ENTITIES, WESTERN CAPE TOURISM, TRADE AND INVESTMENT PROMOTION AGENCY (WESGRO) AND SALDANHA BAY INDUSTRIAL DEVELOPMENT ZONE LICENCING COMPANY (SOC) LTD FOR THE YEAR ENDED 31 MARCH 2018, DATED 16 NOVEMBER 2018.**

### **1. Introduction**

The Annual Report programme for the 2017/18 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

Members of the Standing Committee on Economic Opportunities, Tourism and Agriculture deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department of Economic Development and Tourism and its entities; Western Cape Tourism, Trade and Investment Promotion Agency (hereafter "Wesgro") and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd, on 29 October 2018.

Members of the public were also given an opportunity to pose questions and make oral submissions.

## 2. Overview

The Committee considered the Annual Reports of the Department of Economic Development and Tourism and its entities, Wesgro and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd.

Before proceeding to the consideration of the Annual Reports, the Minister, the Head of Department, the respective Chief Executive Officers and Chairpersons of the Entities were given an opportunity to make opening remarks.

In the year under review, the Department of Economic Development and Tourism, and its Entities, received clean audits for its 2017/18 financial year. The Committee made findings and recommendations based on its interaction with the Department and its Entities on the respective 2017/18 Annual Reports.

## 3. Findings/Concerns

### 3.1 Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd (SBIDZ)

- 3.1.1 The SBIDZ has been moving forward with its construction plans in terms of ground infrastructure and alignment of its properties during the 2017/18 financial year.
- 3.1.2 The first five years since the establishment of the SBIDZ saw the “start-up” phase. The SBIDZ has now moved into the next stage of its development. The next phase will have a more client-centric focus in terms of assisting investors and local residents to unlock new opportunities that will come from the SBIDZ.
- 3.1.3 In terms of the SBIDZ’s Board of Directors, transformation was still a work in progress and the composition of the Board was likely only to change in 2019.
- 3.1.4 There were delays with the SBIDZ’s purchase of the Saldock land (the port land) during the 2017/18 financial year; however, the transfer of the land was to be finalised during November 2018. Because of the delays in the transfer of the land, sub-leases with tenants could not be notarised, which meant that tenants could not activate their investments in the northern precincts of the land.
- 3.1.5 During the 2016/17 financial year, the SBIDZ experienced challenges dispensing its training programme through its Enterprise Development strategy. However, during 2017/18, the SBIDZ worked closely with local service providers and addressed the challenges together with the Sector Education and Training Authorities (SETAs) and the SBIDZ is now on track to achieve its targets. The SBIDZ offers approximately 20 training programmes to stakeholders.
- 3.1.6 There are approximately 3 000 Small, Medium and Micro Enterprises (SMMEs) registered on the SBIDZ’s skills database/portal. The database/portal was divided in to four areas. The first area focused on the Saldanha Bay Municipality, the second area focused on the West Coast District Municipality, the third area focused on the Western Cape, and the fourth area focused on the greater South Africa. There are approximately 600 businesses within the first area, Saldanha Bay. The database/portal has been completed and will be handed over to a local Non-Governmental Organisation (NGO), the West Coast Development Centre,

which is actively involved in the development of small businesses in the area.

3.1.7 The SBIDZ will have to mitigate against risks going forward. If the local community is unhappy with the opportunities offered by the Entity, then there will be discontent. The partnership with the local municipality will be a key factor going forward. However, there is also an important role for provincial and national government to play.

### **3.2 Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)**

3.2.1 Wesgro is the agency mandated by the Province and the City to promote tourism, trade, investment and film in the Province. Wesgro assists in growing investments, exports and tourism, helping to position the Western Cape as a business hub, while also facilitating in-bound film production. All of these goals were dramatically affected by the impact of the drought. Wesgro was involved in the “Day Zero” campaign, which was a very challenging time for the Entity. The drought proved to be a real test of the economic system in the Province, in terms of the response to the drought crisis. Wesgro played an active coordinating role in changing the perception of “Day Zero” on an international level to investors, buyers, film makers and the tourism industry.

3.2.2 In addition to the negative drought reports at the international level, Wesgro also had to contend with the threat of junk status affecting potential investment in the Province. The “Nowhere Better” campaign looked at getting all partners, government departments and agencies behind the same message, encouraging tourism and investment in the Province.

3.2.3 Project Good Hope, which is a digitally-led, investor confidence campaign, was launched in October 2018 to identify specific investors in key markets and sectors that agencies would want to reach. The campaign is being run in the United States, China, Netherlands, France, Germany and the United Kingdom, and will run until the end of the 2018/19 financial year. The campaign centres on inspiring confidence in the country and Province in order to attract investments from those countries.

3.2.4 During the drought, Wesgro was able to promote tourism in areas where the drought was not as severe. For example, Wesgro promoted tourism in the Overberg region for activities such as whale watching and fynbos exploration activities, which are closely related to tourism for Cape Town. The idea was to limit the losses brought on by the drought and to accelerate the recovery from the drought.

3.2.5 Wesgro worked with various municipalities during the 2017/18 financial year in terms of enhancing tourism initiatives and aligning investment strategies with those of the provincial government’s.

### **3.3 Department of Economic Development and Tourism (the Department)**

3.3.1 The 2017/18 financial year was a challenging year for the Department to deliver on job and economic growth. The impact of the drought on the economy was a major factor that forced the Department to focus on risk mitigation. Additionally, the risk of the country being downgraded to junk status, as well as political uncertainty also had a negative impact on the growth of the economy.

3.3.2 Job data for the fourth quarter of 2017 showed that the Western Cape was the leading creator of jobs in the country, creating 92 000 new jobs in the quarter and 106 000 new jobs year-on-year.

3.3.3 The World Bank has rated the Western Cape as the “tech hub” of Africa, Cape

Town has also been rated the financial hub of Africa along with Casablanca, and the Western Cape is seen as the events capital of South Africa.

- 3.3.4 It was important to understand the impact of the drought on investor confidence in the fields involved in commercialisation and industrialisation. Many of the firms that the Department engaged with needed support with their responses to the drought. There was a lot of uncertainty in industries that utilise large amounts of water. There was a lack of investor confidence in South Africa and the Western Cape, not only by international businesses, but also from local businesses. However, lately this has started to change.
- 3.3.5 Most of the jobs created in the Western Cape are created by entrepreneurs. This is the Department's focus, which includes encouraging and supporting small businesses to employ more people. Entrepreneurs have been supported by the Red Tape Reduction Unit within the Department.
- 3.3.6 In terms of readiness for the Fourth Industrial Revolution, the Department has invested in a number of tech-related skills projects. The Department has invested a large sum of money in the financial technology space. The Department has created business analyst and systems analyst programmes which are aimed at enabling youth to find jobs in this sector. The Department has also invested in a java programme that enables Grade 12 learners to graduate as fully qualified java programmers, allowing them to code and write their own software.
- 3.3.7 A number of vacancies within the Department have either been filled or are being advertised and are in the process of being filled. The Department has not filled the post of Director for Oil and Gas, as most of this work will be directed to the SBIDZ, and the Department was weary of duplicating the work.
- 3.3.8 Crime has become a big challenge for the Department and the Province. Heightened crime levels have negatively affected sectors such as agriculture and tourism and the Department has had to meet with the police and the affected communities to understand the impact of crime in the economy.

#### **4. Recommendations**

- 4.1 The Committee RECOMMENDED that:
- 4.1.1 Wesgro continue to focus on the township economy by promoting tourism and investment opportunities for rural areas; and
- 4.1.2 The Department should focus more on creating jobs through SMMEs.
- 4.2 The Committee RESOLVED to accept the invitation extended by Wesgro for the Committee to join the Entity at its Local Economic Development (LED) Municipality Workshops held with mayors, economic development Mayoral Committee members and relevant councilors of municipalities.

#### **5. Information Requested**

- 5.1 The Committee REQUESTED the following information to be provided by 15 January 2019:
- 5.1.1 A report from the SBIDZ that gives a breakdown of the key training programmes that have been offered to service providers and stakeholders in its Skills Development programme;

- 5.1.2 A report from the SBIDZ clarifying the four areas focused on for the skills database/portal, the opportunities offered to the stakeholders, and what the Entity's strategy is for Enterprise Development for the local community of Saldanha Bay;
- 5.1.3 A list of the SMMEs captured in SBIDZ's skills database;
- 5.1.4 A report from Wesgro summarising the work the Entity is doing for each municipality in terms of investment and tourism initiatives, promotions and events; and
- 5.1.5 A report from the Department of Economic Development and Tourism breaking down the 106 000 jobs created in the Metro, East Region and West Region in the Western Cape, and which are the top three sectors in the Western Cape that contributed to the 106 000 jobs that were created.

## **6. Conclusion**

The Chairperson thanked the Minister, Department and its Entities for their preparation and responses to questions raised by the Committee members.