

PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

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ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

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MONDAY, 25 NOVEMBER 2019

COMMITTEE REPORTS

1. REPORT OF THE PARLIAMENTARY OVERSIGHT COMMITTEE ON THE ANNUAL REPORT OF THE WESTERN CAPE PROVINCIAL PARLIAMENT FOR THE YEAR ENDED 31 MARCH 2019, DATED 20 NOVEMBER 2019.

1. Introduction

The Annual Report of the Western Cape Provincial Parliament (WCPP) was tabled for the 2018/19 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/ the Committee) on Tuesday, 1 October 2019 (refer to “ATC 34-2019”). The Annual Report (AR) 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 2018/19 financial year.

The purpose of the FMPPLA is to regulate the performance and financial management of the legislatures in South Africa 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 FMPPLA, the Committee considered the AR of the WCPP to maintain oversight of

the performance indicators and financial management of the WCPP for the specific financial year under review. 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 2018/19 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 AR of the WCPP 2018/19 was tabled on time, and according to Treasury and other prescripts. The AR programme for the 2018/19 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 29 October 2019 at 08:00 where it was briefed by the Auditor-General of South Africa (AGSA) on the audit outcomes of the 2018/19 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 beginning with introductory comments made by the Speaker and the Secretary of the WCPP.

A section by section oversight discussion ensued with the management of WCPP on the aforementioned parts which comprise the AR of the Institution.

3. Audit Opinion

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2018/19 financial year of the Institution, having obtained a clean audit outcome. This audit opinion remains unchanged from the 2017/18 financial year.

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

4. Corporate Governance

Corporate Governance regulates the exercise of power within an Institution with the aim to ensure that the Institution's purpose is achieved, which encompasses:

- the creation and ongoing monitoring of an appropriate and dynamic system of checks and balances to ensure the balanced exercise of power within a company;
- the implementation of a system to ensure compliance with legal and regulatory obligations;
- the implementation of a process to identify and manage risks to the sustainability of the company's business; and
- the development of practices which make and keep the company accountable to the company's identified stakeholders and the broader society in which it operates.

To realise and strengthen corporate governance within WCPP, the Accounting Officer adopted the Enterprise Risk Management (ERM) Policy. This Policy is in line with the Public Sector Risk Management Framework of National Treasury. The ERM Policy ensured that all risks which were identified by the Institution during the financial year under review were covered, which resulted in adequate degrees of assurances. This resulted in potential deviations being mitigated from the strategic- and annual performance plans outcomes of the WCPP.

During the 2018/19 financial year, the AC completed the following assurance engagements, as follows:

- Procurement Planning (Assurance);
- Language Services - Interpreting (Assurance);
- Transfer Payments (Assurance);
- Asset Management (Assurance); and
- Enabling Allowances (Consulting).

In addition, the AC conducted a consulting engagement over the enabling allowances of the Institution, during the year under review.

The Audit Committee further reported that the Institution paid three invoices beyond the required 30 day payment timeframe of National Treasury. The value of the invoices amounted to R19 302. The delayed payments were due to the fact that there were queries between the Institution and service providers, which needed clarification prior to payments being made. Other than these three instances, all invoices were paid within the financial year under review.

The Institution also adopted and implemented a Corporate Governance Framework during the financial year under review. This Framework provided for the prudent management and oversight of operational functions within the Institution, by protecting the interest of both its internal and external stakeholders.

No fraud and corruption activities were detected or reported during the 2018/19 financial year.

5. Performance Information

Of the 62 targets that were planned for the 2018/19 financial year, 50 were achieved (81%). Of the 9 targets which were not achieved, 7 emanated from Programme 1: Administration; while 2 emanated from Programme 3: Parliamentary Services. The reasons for the non-achievement of the 9 targets were provided, as follows:

Programme 1: Administration	
<u>Targets</u>	<u>Reason for deviation</u>
Modernisation and integration of Human Resources Management	Decrease in time achieved in transactions like payments, but due to technical issues with leave, etc. could not be achieved
Percentage of assets reconciling to the Asset Register	Completed 25 April 2019
Number of positive quality assurance return forms	Lack of submission of completed forms
Number of Human Resources information sessions aimed at adding value to the institution and its employees facilitated	Three (of the planned four) information sessions aimed at adding value to the institution and its employees were facilitated
Number of labour relations training and awareness sessions aimed at adding value to the institution and its employees facilitated	Due to operational requirements the training was postponed
Phased implementation of ERP	The system is stabilized but not optimised
Digitising and modernising Members' Affairs Services	Members were set up as users on the Self Service Portal and training was scheduled for them. More change management is required for full utilisation
Programme 3: Parliamentary Services	
Percentage of requested research services provided in accordance with the SOP to committees, senior management and presiding officers	One requested research report was not submitted to the research requestor by the agreed due dates. This has since been completed
Conduct baseline study for Public participation and related matters	Due to time constraints the baseline study could not be conducted

6. Financial Management

The WCPP spent R138,376 million of an appropriated budget of R143,874 million. This resulted in an under-expenditure of R5,498 million (3,8% underspending). The under-expenditure occurred under the following programmes:

- Programme 1: Administration (R1,907 million);
- Programme 2: Facilities for Members and Political Parties (R3,261 million); and
- Programme 3: Parliamentary Services (R330 000).

In addition, the Institution's total estimated revenue budget of R64 000 was over-collected by R346 000, which resulted in a departmental receipt of R410 000. The over-collection on revenue occurred under the following line items:

- Sale of goods and services other than capital assets (R47 000);
- Interest, dividends and rent on land (R178 000);
- Sale of Capital Assets (R49 000); and
- Financial Transactions in assets and liabilities (R72 000).

R5,498 million, including the over-collected revenue of R346 000, was approved for roll-over to the 2019/20 financial year. There were no virements between programmes for the year under review; and no irregular, fruitless and wasteful expenditure incidences were reported.

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.

7. Matters that were highlighted by the AGSA

Restatement of corresponding figures: As disclosed in Note 38 to the annual financial statements, the corresponding figures for 31 March 2018 has been restated as a result of errors which were discovered during the 2018/19 financial year in the financial statements of WCPP at, and for the year ended, 31 March 2019.

8. Emerging Risks

8.1 New pronouncements

8.1.1 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:

<u>GRAP pronouncements</u>	<u>Effective date</u>
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	1 April 2019
GRAP 35 - Consolidated financial statements	1 April 2019
GRAP 36 - Investments in associates and joint ventures	1 April 2019
GRAP 37 - Joint arrangements	1 April 2019
GRAP 38 - Disclosure of interests in other entities	1 April 2019
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 2019
IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset	1 April 2019
IGRAP 18 - Recognition and derecognition of land	1 April 2019
IGRAP 19 - Liabilities to pay levies	1 April 2019
IGRAP 20 <i>Accounting for adjustments to revenue</i>	1 April 2019
Guideline Accounting for arrangements undertaken in terms of the national housing programme	1 April 2019

8.2 Risk that requires continuous monitoring by WCPP

The Auditor General advised as follows:

Procurement of legal services through the State Attorney: Even though the State Attorney is mandated to represent the government in any court of law, there are instances

where Parliament specifically requests the State Attorney to appoint an external legal services provider to represent them in a court of law in relation to certain cases they are facing. The Institution would do so via an instruction letter to the State Attorney, which would include details of the external legal service providers to be appointed by the State Attorney on their behalf or to represent them in a particular case. Where the above arrangement takes place, Parliament and the Department of Justice would enter into a principal-agent relationship through a binding arrangement.

Furthermore, the request for a specific external legal services provider is considered a deviation from competitive procurement processes. The WCPP is advised to ensure that the deviation is properly motivated and approved by them to prevent/safeguard them against irregular expenditure. At present, the Department of Justice and Constitutional Development does not motivate and approve any deviations in this regard, which could therefore result in irregular expenditure for all client legislatures who requested specific external legal service providers. Irregular expenditure will therefore be incurred if the client legislature pays the external legal services provider directly.

Material irregularities: In terms of section 1(g) of the Public Audit Amendment Act, 2018 (Act No. 5 of 2018) a material irregularity is defined as any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty identified during an audit performed under this Act that resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public.

Accounting officers have a legal obligation to prevent all irregularities and take action if it occurred. The AGSA's focus is only on material irregularities. Accounting officers commit financial misconduct if they:

- wilfully or negligently contravene sections 6 to 10 of the FMPPLA which deal with their responsibilities; and
- incur or permit unauthorised, irregular or fruitless and wasteful expenditure misconduct.

Officials commit financial misconduct if they wilfully or negligently fail to exercise duty or power assigned by the accounting officer. Financial misconduct must be investigated and appropriate action taken. Auditors will take the following action upon detection of known or suspected material irregularities:

- The accounting officer will be notified without delay of the material irregularity in writing;
- The content of the notification and the response required from the accounting officer are prescribed in the material irregularity regulations; and
- The notification will provide all the relevant information on the material irregularity and will request written feedback, substantiating documents and other forms of proof within 20 working days that appropriate steps are being taken to:
 - stop the irregularity (if ongoing);
 - prevent any loss, misuse or harm, or recover any losses; and
 - determine who the responsible person or entity (e.g. supplier or implementing agent) is and take appropriate action.

The material irregularity will be reported in the Audit Report. A certificate of debt can be avoided by implementing the directive to quantify the financial loss and take steps to recover the losses. The commencement date agreed upon with the President is 1 April 2019. For the 2018/19 financial year, a phased- in approach was implemented on selected auditees only, but the requirements of the Act will be applicable to all auditees for the 2019/20 financial year's audit process.

9. Recommendations by the Committee:

The Committee RECOMMENDED that WCPP:

- 9.1.1 Ensure that mechanisms are in place to provide assurance in respect of the independence of internal audit provided by the Western Cape Government.
- 9.1.2 Investigate whether sign language can be incorporated into live House Sitting broadcasts, as reflected on page 25 of the AR.
- 9.1.3 Provide the Committee with the Public Education and Outreach's timeline and programme of action to ensure that the Unit's targets are met.
- 9.1.3 Inform the Committee whether there is a plan to insource advertising.
- 9.1.4 Provide the Committee with information on the link between the knowledge management function and the Enterprise Resource Planning system of the Institution, including whether these functions will be integrated, or whether these will operate as separate systems.
- 9.1.5 Provide the a report on ICT infrastructure, specifically WIFI at the WCPP, which should include: costs associated with the provision of this service (WIFI); what upload and download speeds are guaranteed and optimal; specifics of vendor (non) compliance indicated on page 25 of the AR; as well as contingency planning to avoid repetition of the challenges experienced with the WIFI tender.
- 9.1.6 Provide the a report on ICT infrastructure, specifically WIFI at the WCPP, which should include: costs associated with the provision of this service (WIFI); what upload and download speeds are guaranteed and optimal; specifics of vendor (non) compliance indicated on page 25 of the AR; as well as contingency planning to avoid repetition of the challenges experienced with the WIFI tender.

10 Information requested from WCPP

- 10.1 The Committee REQUESTED that WCPP provide it with the following information by 31 January 2020:
 - 10.1.1 A Report which provides reasons for the salary overpayments and debts to staff members of the Institution, including supplier overpayments, as reflected on page 149 of the AR.
 - 10.1.2 A Report on the Functional Enhancement project, including the objectives versus the outcomes of the project and the timeline in respect of the implementation of the recommendations of the project, as reflected on pages 24 to25 of the AR.
 - 10.1.3 A plan of action on how the Institution will preserve its heritage assets, as reflected on page 155 of the AR.
 - 10.1.4 The Occupational Health and Safety Plan of the Institution for the 2018/19 financial year, as derived from page 60 of the AR.

- 10.1.5 A copy of the WCPP social media and Youtube coverage strategies of sittings of the House, as reflected on page 25 of the AR.
- 10.1.6 A copy of the Employment Equity Plan of the Institution.
- 10.1.7 A Report on whether any interns were employed in the 2018/19 financial year, and if so, how many, for what purpose and whether they were remunerated.
- 10.1.8 A copy of the Conduct Policy for the WCPP staff members which addresses the discriminatory/ derogatory remarks made, including the inappropriate use of language within the Institution which was recorded during the financial year under review, as reflected on page 96 of the AR.

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 2018/19 AR of the WCPP. However, no members of the public were present to pose questions or to make oral submissions.

12 Conclusion

The Committee commends 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 recommendations and requests 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 AR of WCPP for the year ending 31 March 2019. In addition, the Committee thanked the presiding officers and the WCPP administration for their efforts and contributions in this regard.

2. REPORT OF THE STANDING COMMITTEE ON HUMAN SETTLEMENTS ON THE 2018/19 ANNUAL REPORTS OF THE DEPARTMENT OF HUMAN SETTLEMENTS AND IS ENTITY, THE WESTERN CAPE RENTAL HOUSING TRIBUNAL.

The Standing Committee on Human Settlements, having considered the Annual Reports of the Department of Human Settlements and its Entity, the Western Cape Rental Housing Tribunal for the 2018/19 financial year, dated 20 November 2019, reports as follows:

1. Introduction

As part of its oversight function, the Standing Committee on Human Settlements (the Committee) considered the Annual Reports of the Department of Human Settlements (the Department) and its Entity, the Western Cape Rental Housing Tribunal (the Tribunal), on 25 October 2019. Annual reports are the key instruments for departments to report on performance measured against their performance targets and budgets as outlined in their Strategic Plans and Annual Performance Plans.

The Annual Report Programme for the 2018/2019 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.

2. Western Cape Rental Housing Tribunal

2.1 Key issues discussed

- 2.1.1 The Tribunal reported that 3 630 official complaints were registered on its complaints database for the 2018/19 financial year, of which a total of 69 complaints were received from the Eden District. The Department, under its case management performance section, reported a backlog 1 470 cases older than 90 days. The backlog was attributed to various factors such as failure to reach consensus after alternate dispute resolutions have been sought, cases that have been escalated for adjudication, and matters before the court awaiting resolution.
- 2.1.2 A total of 536 cases were referred to the Tribunal. The number of cases that were postponed prior to the hearing amounts to 118, and 46 cases were settled by parties prior to the hearing. A total of 39 cases were withdrawn, 12 received default rulings and 31 were struck off the roll. Rulings are finalised on the same day as the hearing. In addition, 55 warrants of execution were issued to the value of approximately R1.5 million.
- 2.1.3 The Rental Housing Tribunal falls under the Communications and Stakeholder Relations component of the Department and has a staff complement of 27 officials. The Tribunal reported that all vacant posts were filled.
- 2.1.4 The Rental Housing Tribunal's budget is managed under Programme 1 of the Department. Expenditure amounted to R8,7 million, compensation for employees amounted to R5,4 million and the remuneration for tribunal members amounted to R 3,1 million.

3. The Department of Human Settlements

3.1 Overview

The Department received a clean audit for the year under review. Focus areas for the next five years will include the acceleration of housing opportunities, the implementation of innovative solution and an integrated approach to human settlements. In addition, seven non-metro projects have been prioritised as part of the Small-Town Regeneration Programme: Challenges experienced during the year included the continued housing protests, illegal land occupation and budgetary constraints.

3.2 Key issues discussed

- 3.2.1 The Department reported that 9 662 title deeds have been transferred to beneficiaries against a target of 7 000. The Department, as per the Division of Revenue Amendment Act, 2018 (Act No.14 of 2018, as amended), spent R50,3 million of the Title Deed Restoration Grant's budget to expedite transfers to beneficiaries. New policies have been implemented to assist with the Title Deed Restoration Project, which focused on the allocation of title deeds that were issued to beneficiaries prior to 1994. Challenges remain in terms of transferring title deeds on private property that has yet to be zoned and transferred. Contested claims required a resolution as no wills were drafted to establish the identity of the rightful owner. Concerted efforts have been made by the Department to ensure that beneficiaries receive full ownership title deeds.
- 3.2.2 The provision of Finance Linked Individual Subsidy Programme (FLISP) houses to the GAP market proved to be challenging. The banks were not open to a partnership agreement with the Department to provide home loans for FLISP beneficiaries as applicants did not meet the affordability criteria. Discussions are in progress with major financial institutions regarding the development of an unsecured home loan product geared specifically for the lower-end of the affordable housing market. The Department is in the process of developing an initiative with its strategic partners to assist over-indebted prospective homeowners and those with compromised credit records to normalise their credit records. The basis of the initiative is an education programme on home ownership and budgeting to achieve credit worthiness for a pension secured home loan. In addition hereto, under the approved Provincial Policy, the Department has developed an Employer's Assisted Housing Subsidy Programme whereby the Department approached employers to assist employees to purchase homes. The Department created a credit readiness programme to provide FLISP houses to approved beneficiaries. Negotiations between the Department and four major banks are underway to provide home loans to beneficiaries under the Consumer Readiness Programme. The banks were requested to provide R5 million each to assist more prospective beneficiaries.
- 3.2.3 A concerted effort has been made by the Department to reduce poverty and unemployment through job creation. The Department provided 578 job opportunities against a target of 400. A total of 132 youth were trained in various disciplines within the construction industry, against a target of 150.

- 3.2.4 Land invasions and protests continue to be a challenge at a provincial and national level. The negative impact of the afore-mentioned challenges negatively impact on service delivery and was a major cause of project delays. The Department reported 237 protests occurring on a national scale. This directly impacted and placed a strain on the provincial and national budget as additional security has to be employed to guard against vandalism.
- 3.2.5 An Informal Settlement Support Plan was developed by the Department to address the challenges faced by residents living in informal settlements. The policy guideline aims to provide guidance to improve the living conditions of beneficiaries through the upgrading of the Informal Settlements Programme. The programme aims to provide clear guidelines on how to address the challenges faced by residents and systematically provide corrective action. Approximately 82 informal settlements have been identified for upgrading during the Medium Term Expenditure Framework period. Municipalities have indicated that they have capacity problems and have requested assistance from the Department to deal with housing related matters. The Department supported 20 municipalities with the integration of the upgrading of informal settlements into their project pipelines.
- 3.2.6 Six catalytic projects were registered as part of the Departments flagship programme. Approximately 80 000 housing opportunities have been earmarked for completion by 2022. These housing opportunities are aimed at the poorest residents, which include among others, the Southern Corridor, and consists of over 50 000 opportunities in the N2 Gateway Phase 1.
- 3.2.7 In a meeting that was held on 25 July 2017, the National Home Builders Registration Council (NHBRC) informed the Committee of their decision not to rehabilitate the houses in Wolwedans, Groot Brak River. The Department has since undertaken to conduct the repair work. The Committee raised its concern regarding the NHBRC's refusal to conduct the repair work.

4. Oral and written submissions

- 4.1 Mr Petersen, a representative of Albatross Housing Incorporated and of Communicare tenants, addressed the Committee on issues pertaining to rental increases and affordability, evictions, the maintenance of rental units, historical housing stock to be returned to government and title deed handovers.
- 4.2 Mr Tumana, from the Parliamentary Monitoring Group, addressed the Committee on issues pertaining to the non-continuation of the Peoples Housing Project (PHP), inconsistencies in relation to the Housing Demand Database as well as the existence of the PHP Facilitators' Database.

5. Information Requested

- 5.1 The Committee REQUESTED that the Department, by 31 January 2020, submit:

- 5.1.1 The total remuneration provided to Tribunal members for a financial year and the number of hearings attended;
 - 5.1.2 A report on the total amount spent of the Human Settlement Development Grant by the Department; and
 - 5.1.3 The geographical location where the Small-Town Regeneration Programme will be rolled out in the seven non-Metro priority municipalities.
- 5.2 The Committee further REQUESTED that the Department, by 31 January 2020, submit a list of the:
- 5.2.1 82 informal settlements that are due for upgrading during the Medium Term Expenditure Framework;
 - 5.2.2 Social housing rental stock, the available rental stock and the geographical location of the rental stock;
 - 5.2.3 Woman owned enterprises and the grading of each of the enterprises;
 - 5.2.4 Provincial housing projects that are ready for implementation;
 - 5.2.5 Partnership agreements the Department has formulated with Farm owners and the geographical location of the donated land;
 - 5.2.6 Municipalities which requested that its projects be taken over by the Department. and
 - 5.2.7 Housing opportunities of people with disabilities, including a list of partnership agreements with farmers who have agreed to provide land for housing opportunities.
- 5.3 In addition, the Committee REQUESTED that, Mr Tumana (Parliamentary Monitoring Group), submits a written submission that contains all the issues he wishes to address with the Committee.

6. Resolutions

- 6.1 The Committee RESOLVED to, at a future date:
- 6.1.1 Conduct an oversight visit to the Langeberg Municipality to engage on housing projects within the municipal area and to gain an understanding on the criteria for the prioritisation of certain areas; and
 - 6.1.2 Invite the Department to brief it on new initiatives undertaken to improve the Housing Demand Database.

7. Recommendations

- 7.1 The Committee RECOMMENDED that:
- 7.1.1 The Department engage with the Social Housing Regulatory Authority to find solutions to the complaints raised by Communicare tenants; and
 - 7.1.2 Strategies put in place to reduce the Western Cape Rental Housing Tribunal complaints backlog.

8. Conclusion

The Committee notes its appreciation for the responses of the Department of Human Settlements and the Western Cape Rental Housing Tribunal to the scrutiny of the Annual Reports and wishes to thank the Minister, Head of Department, Chairperson of the Western Cape Rental Housing Tribunal Board for their contributions and efforts in this regard.

3. REPORT OF THE STANDING COMMITTEE ON AGRICULTURE, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING, DATED 12 NOVEMBER 2019, ON THE 2018/19 ANNUAL REPORTS OF THE DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING AND ITS ENTITY, CAPENATURE, FOR THE YEAR ENDED 31 MARCH 2019.

The Standing Committee on Agriculture, Environmental Affairs and Development Planning, having considered the Annual Reports of the Department of Environmental Affairs and Development Planning and its Entity, CapeNature, for the year ended 31 March 2019, referred to it, reports as follows:

1. Introduction

As part of its oversight function, the Standing Committee on Agriculture, Environmental Affairs and Development Planning (the Committee) considered the Annual Reports of the Department of Environmental Affairs and Development Planning (the Department) and its Entity, CapeNature, on 24 October 2019. Annual reports are the key instruments for departments to report on performance measured against their performance targets and budgets as outlined in their Strategic Plans and Annual Performance Plans.

The Annual Report Programme for the 2018/19 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.

2. Department of Environmental Affairs and Development Planning

2.1 Overview

The Department obtained a clean audit for the year under review thus continuing on a positive trend for the past eight years, having achieved six clean audits and two unqualified audits. The Department achieved 93.8% of its programme expenditure.

There were many achievements in terms of project management and service delivery. These include the completion of the five yearly review of the Western Cape State of

Water Management Plan, the 2018/2019 Provincial Spatial Planning Performance Management Evaluation Report and the publication of the updated Western Cape State of the Environment Outlook Report.

In terms of regulatory approvals, 97% of the environmental impact assessment applications and 100% of the solid waste licence applications were finalised within the legislative timeframes of the National Environmental Management Act, 1998 (Act 107 of 1998) (NEMA). The Department also completed and published a report on the assessment of the economic risks and opportunities of climate change resilience in the Western Cape as well as the 2017 State of Air Quality Management Report. The Western Cape was the first province to develop an Annual State of Waste Management Report 2017, which was published in the year under review.

The Department achieved 92% of its annual performance targets. The remaining 6% were partially achieved, mainly due to demand driven indicators and 2%’s, which equates to one target, was not achieved.

2.2 Key issues discussed

- 2.2.1 The Department is continuously developing new programmes towards improving the Western Cape’s long-term sustainability. One of these programmes is the Regional Socio-Economic Programme (RSEP) and Violence Prevention Through Urban Upgrading (VPUU). The Programme’s main goal is urban spatial restructuring and upliftment in the context of the apartheid spatial legacy and neglected neighbourhoods. It focuses on empowering municipalities to work in collaboration with other key departments to improve the provision of services in terms of informed spatial planning.
- 2.2.2 The mandate of the Department as quoted in the Annual Report is “to maintain a resilient inclusive living environment” and is closely linked to Provincial Strategic Goal 4, “Enable a resilient, sustainable, quality and inclusive living environment”. The Committee noted that it was difficult to discern from the Annual Report how this mandate and the Provincial Strategic Goal is interpreted from a strategic perspective within the development planning space. Feedback from the Department was disconcerting as it was evident that the focus of the Department’s efforts in the last period has been on finding ways to implement spatial planning through various projects aimed at avoiding land evasions and placing people into areas better suited for residential living. It would thus appear as if the Department’s mandate is interpreted by a number of projects rather than by strategic objectives for spatial integration, inclusive communities and inclusive living. This was of concern to the Committee.
- 2.2.3 Prevailing economic conditions meant that the Department’s budget has been increasingly tightened. This was evident in the 5%, 6% and 7% consecutive budget cuts over the three years of the 2020/2021 Medium Term Expenditure Framework period, which amounted to over R110 million. As a result, departmental posts are vacant and unfunded with only 70% of approved posts

been funded. This resulted in a negative effect on service delivery that has been partially mitigated by the utilisation of contract staff and interns.

- 2.2.4 Of concern to the Committee was that the Department's original budget was adjusted downwards during the adjustment estimates for the 2018/19 period but that the Department still underspent on its adjusted budget. The underspending related to Compensation of Employees and the time it takes to fill posts as well as the Berg River Improvement Plan and Water for Sustainable Growth and Development Plan that were not completed by the end of the March 2019. In addition, underspending also related to a transfer to the Saldanha Bay Municipality that was withheld due to the Municipality's slow expenditure performance during the financial year.
- 2.2.5 Sections 71 to 77 of the Western Cape Constitution of 1997 makes provision for a Commissioner for the Environment. This section of the Western Cape Constitution has never been activated and it is not part of the structure of the Department. The Department contends that since 1997 various pieces of legislation relating to the environment have been passed nationally and provincially and therefore decided not to pursue the establishment of a Commissioner for the Environment. Draft Legislation has been submitted to the Western Cape Provincial Parliament, making provision to repeal Sections 71 to 77 of the Western Cape Constitution and has been referred to the Standing Committee on Premier and Constitutional Matters.
- 2.2.6 There has been a sharp decline in the number of fines issued for environmental crime at a time when people transgress more. The main reason for this is that the Compliance and Enforcement Directorate within the Department does not have the capacity in terms of human resources to monitor unlawful activities as specified in the NEMA Regulations. In mitigation, due to this significant capacity constraint, the Directorate has undertaken blitz operations, a proactive operation within identified areas using focused interventions where people from the respective regions participate in the operations. In addition, the under-collection of fines was due to a reduction in the NEMA, Section 24G fines issued and fines being reduced following an appeal process.
- 2.2.7 The number of climate change response interventions was not reported on during the period under review with no reason provided in the report.
- 2.2.8 The Third Western Cape State of the Environment Outlook Report is a legal requirement for the Department and is produced every five years. Various themes, dictated by the National Department of Environmental Affairs, Forestry and Fisheries, is expounded upon by the collation of trends over the period. An outcome of this report was that the province's natural resource indicators are declining as all natural systems are under enormous pressure. The Department's legal obligation is to draw attention to the trends and to provide evidence and information to the National Department.

- 2.2.9 The development of the second generation Western Cape Integrated Waste Management Plan has revealed several challenges. These included the collection percentage of waste at a municipal level, financial sustainability, limited institutional capacity and limited integrated waste management infrastructure. These challenges are further exacerbated by legislative barriers which are risk averse and not risk based. If the barriers were risk based, the cost of the containment barriers could be lowered to prevent leakage to ground water. There are nine regional waste management facilities in the Province in a development phase where the Department plays a facilitation and supporting role.
- 2.2.10 The site for a landfill next to the residential area of Avian Park in Worcester was identified by the Cape Winelands District Municipality and environmental authorisation was granted by the Department. This matter is currently under review by the High Court of South Africa after the Khanyisa Community Development Organisation lodged an application against the decision of the Department to grant environmental authorisation to the Cape Winelands District Municipality. Judgement on this matter will be granted in 2020.
- 2.2.11 In terms of the TransHex Housing Development along the R60 outside Worcester, it was brought to the Committee's attention that the soil may be unsuitable for a residential development. A concern was raised during the meeting that the necessary environmental authorisation was issued for the Development.
- 2.2.12 The National Environmental Management Air Quality Act, 2004 (Act 39 of 2004) calls for the designation of Air Quality Officers and Air Quality Management Plans in each of the municipal areas. There are 29 municipalities that currently have air quality management plans in place. The Beaufort West municipality is the only municipality that does not have an air quality management plan in place.

3. Information requested

- 3.1 The Committee REQUESTED that the Department, by 31 January 2020, submit:
- 3.1.1 The time-frames for completion of the nine regional waste management facilities;
- 3.1.2 The Environmental Impact Assessment (EIA) that was compiled for the Transhex Housing Development;
- 3.1.3 A document setting out the application process to be followed for environmental authorisations; and
- 3.1.4 The Third State of the Environment Outlook Report (2018).
- 3.2 The Committee further REQUESTED that the Corporate Services Centre within the Department of the Premier provide it with the leave policy for government departments as well as statistics on the other types of leave that were not specified in the Annual Report by 31 January 2020.

4. Resolutions

4.1 The Committee RESOLVED to, at a future date:

- 4.1.1 Confer with the Standing Committee on the Premier and Constitutional Matters on the state of the process with regard to the Commissioner for the Environment and request a briefing by the Department in this regard;
- 4.1.2 Invite the Department to brief it on the RSEP/VPUU projects and to undertake an oversight visit to such projects;
- 4.1.3 Invite the Department to brief it on the various climate change initiatives and projects associated thereto with specific reference to the:
 - 4.1.3.1 Third Energy Consumption and Carbon Dioxide Emissions Database that was completed;
 - 4.1.3.2 Assessment of the economic risks and opportunities of climate change resilience;
 - 4.1.3.3 Desktop assessment of climate change risk and opportunities for health that was undertaken; and
 - 4.1.3.4 The findings of the evaluation of the Western Cape Climate Change Response Strategy (2014).

5. Recommendation

The Committee RECOMMENDED that, although it welcomes the use of state land to facilitate inclusive living, the Department should, in terms of future planning, focus more on strengthening its mandate from a strategic perspective for spatial integration, inclusive communities and inclusive living and not to simply report on projects.

6. CapeNature

6.1 Overview

CapeNature is mandated to manage and protect the rich and internationally recognised biodiversity of the Western Cape. In the delivery of this mandate the Entity drew on strong leadership that came from various sources to ensure that their strategic planning was on track. CapeNature continued to strengthen good governance and achieved good results in the past financial year that resulted in another unqualified clean audit outcome. CapeNature achieved 100% of its predetermined objectives for the third consecutive year.

6.2 Key issues discussed

- 6.2.1 A major threat to the mountain catchment areas of the Western Cape is that of invasive alien plant species which is of concern to our water security. The Western Cape, in particular, holds 57% of the strategic water resources in the country contained in 26 mountain ranges largely managed by CapeNature. In managing the mountain ranges, it was observed that 1.4 trillion litres of water is lost through these invasive alien plants in the catchments. This poses a huge threat to available water resources.

- 6.2.2 In terms of social investment, CapeNature set a target to create 1 000 work opportunities that were sponsored through the Expanded Public Works Programme (EPWP) and managed to create 2 797 work opportunities and created 649 full time equivalent (FTE) employment opportunities. Most of these FTE's are funded through the EPWP Programme and come from communities close to the nature reserves which are aligned to poverty nodes. In this way CapeNature contributes towards poverty alleviation and job security. In addition, the implementation of strategies to address natural resource management and integrated catchment management, facilitated the appointment of 20 Small Medium and Micro Enterprises (SMME's).
- 6.2.3 For a third consecutive year, CapeNature's tourism revenue generated exceeded its target. Although tourism revenue grew year on year by 18% with an income of just over R42 million, exceeding the projected income of R35 million, it would appear that the target was set too low. However, this did allow for more resources to be earmarked for conservation. CapeNature's total revenue generated amounted to R369 million for the period under review. In this regard, R291 million was received through the Department of Environmental Affairs and Development Planning and the remaining funds were generated from other funders and own-income revenue streams.
- 6.2.4 There has also been an improvement in expenditure. CapeNature has spent 99% of its allocated budget during this financial year. The under expenditure of R5 million was due to wild fires that delayed capital investment infrastructure work, particularly at the Kogelberg Nature Reserve. Furthermore, the closure of the Goukamma Nature Reserve during the Knysna fire and drought contributed to a low occupancy rate at the Reserve and had an impact on income revenue. The Entity further strived to redress the balance between personnel and operational funding through vacancy management.
- 6.2.5 Equity targets and employment equity status are aligned to overall provincial demographics. The Committee notes this but expresses concern that it becomes problematic when these statistics are broken down per salary band level, which indicates the different levels of skill. It would appear that disparity exists among the unskilled and semi-skilled targets for specific race groups.

7. Information requested

The Committee REQUESTED that CapeNature provides it with the names of the SMME's that were appointed as a result of the implementation strategies to address the management of natural resources, the location of the SMME's as well as the category of employment of the employees associated to the respective SMME, by 31 January 2020.

8. Recommendations

The Committee RECOMMENDED that CapeNature:

- 8.1 Investigates the prospect of investing more to keep our catchments free from alien invasive plant species;

- 8.2 When reporting on employment and vacancies, considers separating the number of permanent staff from the FTE's of contract staff members recruited through the EPWP Programme, so that the information presented is more realistic and does not cause confusion; and
- 8.3 Addresses the disparity in terms of race and gender that exists within the salary band skills levels when compiling its new Employment Equity Plan.

9. Conclusion

The Committee notes its appreciation for the responses of the Department of Environmental Affairs and Development Planning and CapeNature to the scrutiny of the Annual Reports and wishes to thank the Minister, Head of Department, Chairperson of the CapeNature Board and Chief Executive Officer of CapeNature for their contributions and efforts in this regard.

4. REPORT OF THE STANDING COMMITTEE ON COMMUNITY SAFETY, CULTURAL AFFAIRS AND SPORT ON THE 2018/19 ANNUAL REPORTS OF THE DEPARTMENT OF CULTURAL AFFAIRS AND SPORT, HERITAGE WESTERN CAPE, THE WESTERN CAPE LANGUAGE COMMITTEE AND THE WESTERN CAPE CULTURAL COMMISSION.

The Standing Committee on Community Safety, Cultural Affairs and Sport having deliberated on the 2018/19 Annual Reports of the Department of Cultural Affairs and Sport, Heritage Western Cape, the Western Cape Language Committee, and the Western Cape Cultural Commission, for the year ended 31 March 2019, dated 20 November 2019, reports as follows:

Introduction

The Western Cape Provincial Parliament's Annual Report programme for the 2018/19 financial year was advertised in newspapers inviting stakeholders and members of the public to attend and participate in the discussions. The Committee deliberated on the Annual Reports of the Department of Cultural Affairs and Sport (the Department), Heritage Western Cape (HWC), the Western Cape Language Committee (WCLC), and the Western Cape Cultural Commission (WCCC) on 31 October 2019 as part of its oversight function. The Minister and the Head of Department were given an opportunity to make opening remarks.

The Department and its Entities were examined on:

Part A: General Information,

Part B: Departmental Performance Information; and

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

Members of the public were also given an opportunity to pose questions and to make input during the discussions.

1. Department of Cultural Affairs and Sport

Overview

The Department of Cultural Affairs and Sport, led by Minister A Marais and departmental Head, Mr B Walters, reported that it achieved 106 of its 108 targets during the year under review. The Department achieved a 7th successive clean audit. The Department also supported 132 sport federations, 30 museums and 375 libraries. The Department provided support to 69 cultural organisations. As part of the Alcohol Harms Reduction Game Changer, the Department ensured the implementation of alternative recreational activities in areas earmarked for development and upliftment. The areas were identified through the Whole of Society Approach (WOSA) programmes.

2. Key points from the discussion on the DCAS Annual Report

- 2.1 The Department has liaised with the West Coast and Southern Cape communities as part of its commitment to ensure wider stakeholder communication in establishing an Archaeological and Paleontological Heritage Tourism Route.
- 2.2 The Department focused on the promotion of Khoi and San culture through various activities such as interpretive dance productions.
- 2.3 To ensure the revival and maintenance of the Nama language, the Department compiled and distributed booklets on Nama. The Department is also consulting with the University of Cape Town about offering a course to learn Nama. Additionally, the Department will compile audio material compatible with CD and Memory Stick format for persons to learn correct enunciation of the language components of Nama.
- 2.4 There is a total of 226 Libraries that receive free internet connectivity through the Rural Library Connectivity Project. Libraries in the metro district are capacitated with internet connectivity through the Broadband Project.
- 2.5 The Department reported that it is in the process of installing specialised facilities and services at libraries to accommodate visually impaired and blind persons.
- 2.6 The Department is embarking on a study, in collaboration with the Department of Local Government, on the impact of the Traditional and Khoi-San Leadership Bill [B 23D—2015], especially since the Western Cape does not have a House of Traditional Leaders on a provincial level.
- 2.7 The Department reported an underspending of R1 602 000 for the After School Programme, specifically for math graduates and other interns. The reason for this underspending in the Human Resources Management is that many of the math graduates had found employment during the course of the financial year.
- 2.8 The Department consulted several communities in the Southern Cape to identify human remains that were accessioned in museum collections. The human remains have subsequently been buried, appropriate to the specific traditions and customs.
- 2.9 The Department reported that 5.5% of its staff contingent, ranging from interns to senior management level, used incapacity leave.
- 2.10 The Department reported four cases of misconduct by its staff members for the year under review.

2.11 The Department reported that four grievances lodged during the year under review were not resolved.

3. Public input on the DCAS Annual Report

Mr M Mbiko, from the Nyanga Development Forum, and Mr M Arendse, the Leader King of the Kaikorane, provided oral submissions on the subject matter.

4. Heritage Western Cape

4.1 The HWC has been actively involved in mobilising resources to assist the Wupperthal community to rebuild its structures, especially sites regarded as heritage sites.

4.2 During the year under review the HWC was involved in two court matters.

4.3 Several departmental officials are seconded to assist the HWC.

4.4 The state prosecutor in the damage of property case of the Drostdy Museum in Swellendam, declined to proceed with prosecutions.

5. Western Cape Cultural Commission

5.1 The Department of Public Works and Transport covered the cost of all infrastructural upgrades of five Cultural facilities.

6. Western Cape Language Committee

6.1 The Department, in principle, supports the intention of the Traditional and Khoi-San Leadership Bill and what it presents.

6.2 The WCLC has no influence on the use of Sign Language on the Western Cape Provincial Parliament's YouTube channel, as its mandate is to advise and make recommendations to the Provincial Minister of Cultural Affairs and Sport, rather than on operational matters of the Provincial Parliament.

7. Requests for Information

The Committee requests the Department of Cultural Affairs and Sport to provide the following information:

7.1 The number of librarians in the province who are competent in the use of Sign Language, and are capable of interacting with hearing impaired persons who use the library services.

7.2 The nature of the four cases of misconduct addressed at disciplinary hearings. No names of persons should be included for this matter.

7.3 A list of the nature of the grievances that were not resolved in the year under review.

7.4 A list of the incapacity leave where there are patterns of utilising this leave before and after pay day and for Fridays and Mondays. No names of persons should be included for this matter.

7.5 The number of heritage site applications for the year under review.

8 **Resolution**

8.1 The Committee resolved to request a longer time slot in future for Annual Report discussions to allow for more thorough discussion of the reports of the Department of Cultural Affairs and Sports' three Entities.

5. ***(Negotiating Mandate stage)* Report of the Budget Committee on the Division of Revenue Amendment Bill [B 15–2019] (S76) (NCOP), dated 22 November 2019, as follows:**

The Budget Committee, having considered the subject of the Division of Revenue Amendment Bill [B 15–2019] (NCOP) referred to it in accordance with Standing Rule 217, confers on the Western Cape's delegation in the NCOP the authority to abstain from voting.

The Budget Committee proposes that National Government should make provision in the Bill for the following as proposed amendments for consideration:

1. Funding should be allocated to address the severe drought in certain rural areas in the Western Cape since a state of emergency was declared.
2. National Government has a constitutional obligation to address the issue of safety and security in the province given the high crime rate. Due to the lack of funding from National Government, the Western Cape has forked out R1 billion of its own resources to address an issue that falls outside of the provincial mandate. This should be considered in the Bill.
3. The Western Cape has the second highest rate of immigration in the country. Public services such as education, health and other forms of service delivery remain under immense pressure as no additional funds have been allocated to the health or education sectors in the province. The Bill should include additional funding to address this matter.
4. In order to provide essential public services to the poor, National Government should finalise the Public Sector Wage Bill.
5. National Government should review the salaries of the 29 000 senior managers who earn more than R1.2 million per annum. These are non-specific Occupation Specific Dispensation posts, which the Minister of Finance, Mr T Mboweni, has raised but failed to put measures in place to address.
6. National Government must introduce consequence management given the fact that billions of Rands are being wasted incessantly.

7. National Government should not continue to bail out State Owned Enterprises (SOEs) at the expense of taxpayers and the poor, with no consequences for accounting officers who are employed at these SOEs.
8. Despite the strong opposition to National Health Insurance (NHI), the Minister continues to fund projects related to the NHI. These funds should be allocated to addressing the severe drought in the Western Cape instead, as well as to safety and security projects.