# 2. Report on an Oversight Visit to Small Harbours on the Western Cape West Coast, and Cape Town, dated 5 September 2017

The Portfolio Committee on Public Works, having undertaken an oversight visit to small harbours that are situated on the Western Cape West Coast and Cape Town, from 19 to 21 June 2017, reports as follows:

**1. Introduction:**

**1.1. The Committee’s oversight mandate**

The Committee oversees the work of the Department of Public Works (DPW) and its entities to implement the policies made by the Minister of Public Works.

**1.2. The focus of the oversight visit**

The focus of this oversight visit was on the Small Harbours and State Coastal Property Development Unit (SH-SCPDU) of the DPW’s Property Management Trading Entity (PMTE) that, amongst others, has the responsibility to develop, maintain, and manage the leases of government’s immovable properties on small harbours.

The Committee strategically divided its oversight work into two oversight visits to different parts of the Western Cape Coast. This report deals with the first visit to small harbours along the Western Cape West Coast and the Hout Bay harbour in Cape Town. A second visit is planned for July 2017 during which small harbours along the South-Western Coast line and Kalk Bay in Cape Town would be visited.

In doing its oversight visit, the Committee was aware of the intergovernmental functions of structures such as the Integrated Small Harbour Management Authority (ISHMA), and the Harbour Steering Committee to ensure that the economic potential of small harbours were unlocked. The economic potential of small harbours could form the bedrock of social improvement of communities that live in the surrounding areas where small harbours are situated. The Committee is further aware of the fact that the DPW, the Department of Environmental Affairs (DEA), Department of Agriculture, Forestry and Fisheries (DAFF), the Western Cape Provincial Government, and the Cape Town Metropolitan Council played equally important leadership and administrative roles to ensure the functioning of these harbours and the unlocking of its socio-economic potential.

**1.2.1. Preparatory work to ensure a focused oversight visit**

The Acting Chairperson refreshed the memories of the Committee, that the oversight visit was preceded by a meeting held on 13 June 2017, at Parliament. That meeting covered the following matters related to small harbours:

* The establishment of the Integrated Small Harbour Management Authority (ISHMA);
* The Special Intervention Project: Fixing and Maintenance of 12 proclaimed harbours;
* The Management and maintenance of State Coastal Properties;
* Letting out of State Coastal Properties.

The Committee noted the responses of the DPW’s PMTE Small Harbours and State Coastal Property Development Unit, and the explanation that none of the members of the Unit was part of the DPW, PMTE in 2005 and 2009 when Cabinet decisions were made regarding the establishment of the ISHMA, and the respective implementation tasks of the DPW and DAFF.

The committee stated that the matter required serious attention as a lack of, or slow implementation of policy decisions could not be tolerated. Ordinary people suffered socially and economically if these responsibilities were not tackled with the necessary policy, and bureaucratic urgency.

The Committee therefore raised the following concerns:

* The Committee was disappointed that it took so long for the ISHMA to become operational.
* The slow pace of policy implementation had to be urgently addressed. It negated the possible socio-economic development of communities in rural areas where people did not have work opportunities. The under-development of rural areas left people in such areas with little choice but to leave poverty-stricken areas move out of rural areas to stream into cities – it was well known that especially the youth leave such areas. This was an undesired situation that DPW’s PMTE Small Harbours and State Coastal Property Development Unit, DEA, and DAFF had to keep in mind and implement Cabinet policy decisions such as the operationalisation of ISHMA and the Harbour Steering Committee.

**1.2.2. Focus areas**

The Committee listed the following as its focus during the visit:

1. The management and maintenance of State Coastal Property on small harbours;
2. The need for security at the small harbours; and
3. The management of leasing out properties that are situated on small harbours.

The rest of the report covers how the above matters were interrogated at each of the sites that were visited. Matters that emerged from the deliberations with key role-players, and further actions to move towards resolving matters are listed at the end of each visit.

**2. Monday: 19 June 2017, Yzerfontein Community Centre**

**Introduction by Acting Chairperson, Mayor, Speaker and Harbour Master**

After introductions, the Acting Chairperson requested the Mayor and Speaker of the Swartland Municipality, the Deputy Director-General (DDG) of the Department of Public Works (DPW) Property Management Trading Entity (PMTE) Small Harbours and State Coastal Property Development Unit, the Regional Office Manager of the DPW, and officials to introduce themselves.

The Acting Chairperson requested the Mayor, Speaker, Harbour Master, and officials of the municipality to provide input on matter related to Yzerfontein and the harbour.

**Input by the Mayor, Speaker and officials of the Swartland Municipality revealed the following:**

The DPW spent millions to repair the harbour wall and install dolosse. The construction caused damage to the surface area of the harbour. The municipality decided to repair this and invested millions that it wanted the DPW to pay back R800 000. This did happen.

The Speaker of the Swartland Municipal Council stated that Yzerfontein was inhabited by wealthy people who paid the most rates and that they were very demanding that services had to be provided at a high level. Roads had to be tarred and maintained. The municipality had to balance these demands as there were poorer communities that needed more urgent social development services.

**Input by the Deputy Director-General of the Department of Public Works (DPW) Property Management Trading Entity (PMTE) Small Harbours and State Coastal Property Development Unit:**

Since the start of 2017, the SH-SCPDU established a good relationship with the provincial Head of Department and the Swartland Municipality. The Unit was in discussion with all role-players to find manners of how to manage the immovable property that belonged to DPW. The DDG referred to the fact that older people retired in coastal areas and were prepared to pay rates and taxes but were very demanding that they had to get value for their money. It was important that the municipality, in cooperation with the DPW, DEA and DAFF found ways to use the significant contribution to facilitate business development and job creation.

The DPW PMTE followed a model of attracting investment in small harbours, securing the areas, maintaining the buildings, and managing leases at the most profitable and cost effective level. New businesses created jobs that in turn caused benefits to trickle down to under developed communities in the surrounding areas.

The DDG stated that the DPW could not pay back the R800 000 that the Mayor and officials referred to as there was no agreement between the relevant parties. However, the DPW PMTE was committed to assist in ensuring growth commensurate to the construction investment that was made. He referred to examples in Gordons Bay and Somerset West where the Small Harbours and Coastal Development Unit had significant success with the model.

He stated that the Small Harbours Unit had an agreement with the City of Cape Town since August 2016 to attract investment in the proclaimed small harbours. The model worked and would ensure job creation and economic development. The team from Wesgro[[1]](#footnote-1) and the Small Harbours Unit worked together on an investor conference that was planned in the Eastern Cape for later in 2017 that would be of benefit to the Yzerfontein community as well. Where there were instances of dereliction and vandalism, the Small Harbours Unit would ensure that reparation and maintenance plans were in place.

The Harbour Master stated that due to the recent violent storms, tar and paving got damaged in the area below the high tide mark for which DPW was responsible. Maintenance work was required in the short term.

**2.1. The Committee observed the following on its visit to the harbour and the nearby fish collection area:**

2.1.1. The Yzerfontein Harbour was unproclaimed and there was no official agreement on where exactly the high water mark tide line was that separated the areas of responsibility of the Swartland Municipality and the Small Harbours Unit of the PMTE, DPW. The municipality referred to maps that it had in its possession that indicated the exact position of the line. It was prepared to share this with the Small Harbours Unit.

2.1.2. The fish delivery and collection area had facilities for the boat hooking to offload, cleaning of fish, and a freezing facility for the guts that the municipality collects and sends for processing as a fertiliser. The fish delivery and collection area was situated about two kilometres from the Yzerfontein harbour. This was as the Yzerfontein community found that the fisher community disturbed their way of life during the fishing season. To minimise the possibility of noise, vagrancy, loitering and crime, the fish delivery and collection area was moved out of the living area of the wealthy ratepayers. The delivery and collection area had sufficient facilities for the parking of vehicles, the towing of boats, and included water connections to wash boats and equipment. The Committee could not find shaded areas or bathroom facilities for the users of the facility.

2.1.3. The Director of Swartland Municipality’s Civil Engineering Services stated that the Yzerfontein and broader fishing community relied on the Yzerfontein harbour as it was the only harbour in the area where formal and informal fishers could launch from to go fish. If Yzerfontein harbour was inoperable fishers would have to travel to Hout Bay to launch. This was a great distance for people from Darling and the surrounding West Coast area.

2.1.4. In 2006, DPW spent R3 million to build a new slipway, upgraded the harbour wall, and installed the dolosse. The dolosse break the force of the waves and regulate wave action to make entering and exiting harbours easier for boats. The dolosse were manufactured in the area close to the fish delivery and collection area, and had to be transported from the manufacturing site to the harbour. Due to the weight of the dolosse, the trucks damaged the tar and paving of the harbour.

2.1.5. The municipality then started negotiations with the managing architect that worked for DPW, to repair the damage to harbour surface. The early discussions did not come to fruition. Council then proceeded to use its own money to fix the damage at a cost of R1.72 million in the 2013/14 financial year. The Swartland Municipality requested that the Committee assist it in getting DPW to pay the cost incurred back to them.

**2.2. Deliberations:**

The following emerged:

2.2.1. Whether the work undertaken was stipulated in an agreement between the Council and the DPW for the Council to undertake the work and that DPW would pay the funds back.

2.2.2. The Council stated that it had documentation showing an agreement. It would let the Committee have all documentation showing such an agreement.

2.2.3. The Acting Chairperson stated that, depending on the documentation that was shared regarding an agreement that the municipality would repair and DPW would pay back, and Parliament’s third term programme, this may need a follow up by the Committee in the near future.

2.2.4. The matter of dolosse providing hiding space for poachers to hide poached goods - the Acting Chair questioned whether sufficient measures were taken to ensure that poachers did not use the dolosse to hide crayfish or perlemoen that was illegally caught to fetch it at a time when law enforcement and environmental officials were not around.

Unfortunately, the response was more about the fact that each dolos was numbered and monitored to check wave patterns and ensure re-adjustment so that the harbour was best protected. The official actually did not respond sufficiently to the query that was raised.

2.2.5. On the question of whether the municipality had plans to create jobs, the Mayor, Speaker, and Head of the DPW Small Harbours Unit responded collectively that investment opportunities would be created in the harbour. Once a sufficiently vibrant enough economic condition was created in the small harbour, this would have a trickle-down effect to the local population who would get jobs. This did not, however, deal with the question of the skewed economic pattern and whether the municipality had plans to correct this matter.

**2.3. Resolution:**

2.3.1. The Committee stated that it was not useful for the DDG of the Small Harbours Unit to just say that the R800 000 could not be paid back. The matter had to be given the reasonable attention that it deserved.

2.3.2. The Committee instructed that the Swartland Municipality had to provide the documentation regarding and agreement it had with the DPW that it could go ahead and repair damage to the harbour that the DPW was prepared to pay back. The documentation had to be sent to the Committee within three days of meeting the Committee (by 21 June 2017).

2.3.3. If sufficient evidence was made available within the stipulated timeframe of three days (by 21 June 2017), that warranted bringing the DPW Small Harbours Unit and relevant stakeholders together to resolve the matters raised, the Committee may schedule a meeting in the third term.

2.3.4. Unfortunately, at the time of writing this report, documentation to show an agreement as stated by the municipality, was not received by the Committee. The documentation that subsequently arrived consisted of communication between the DPW and the Swartland Municipality regarding the matter. It did not show any agreement for work to be initiated by the Swartland Municipality that DPW agreed to repay to the municipality.

**3. Tuesday: 20 June 2017, St Helena Bay**

**Visit to the Pioneer Fishing, Sea Pride fishmeal and TerraSan Pelagic Fishery Factory**

**3.1. Presentation by the DPW, PMTE Small Harbours and Coastal Development Unit on the management of leases and maintenance DPW immovable properties on the small harbour:**

The Committee requested information on:

* Whether the land on which the factory was situated, and the properties, belonged to the DPW;
* Whether the properties, quays, berths, slipways and jetties were managed and maintained by DPW;
* What the cost of each lease was for properties leased to businesses in the harbour;
* The initiation and completion dates of each lease, including the conditions regarding maintenance and security; and
* What the annual maintenance cost of each immovable property was.

The responses indicated that officials of the DPW Small Harbours and Coastal Development Unit, and the Coega Development Corporations representative, and officials from the DPW Cape Town Regional Office were not aware that the Committee required this information on the visit to the small harbours. They did not have the information at hand. The Committee instructed that this group of officials had to collect the requested information, that they find a place nearby to fine-tune their presentation, and that they had to return to the boardroom to continue their presentation to the Committee.

The Committee continued its engagement with the management team of the Pioneer Fishing, Sea Pride fishmeal and TerraSan Pelagic Fishery Factory who was the lessee of the immovable properties on the harbour. It heard that the lessee was not paying market related rental. Therefore, the lessee took responsibility of the maintenance of buildings and the property.

The Committee proceeded to watch a video showing the operations of the fish-canning factory. Thereafter the Committee visited the fish-canning factory to collect further information on the maintenance of the property and buildings.

**The following matters emerged from deliberations:**

**3.1.1. Leases: what the company paid for its lease, how long the lease was for, and how much it spent on maintenance of the property and buildings:**

The cost of the lease: The lease cost about R1.3 million per year, and included that the company had to do all the maintenance and insure the property.  The company spent R24 million per year on maintenance of machinery, and about 10% was spent on buildings.  Maintenance on buildings, however, fluctuated depending on immediate needs due to possible emergencies like storms. In the year that the asbestos roof was replaced, maintenance escalated to about a million. In other cases, it might be a jetty that had to be replaced that caused maintenance cost to escalate above the baseline.  The cost of insurance was R1.5 million per year of which 50 to 60% was for buildings.

The lease current lease was signed in 2013. There was a year of negotiations and the lease payments were much lower.  The current lease with DPW was one lease on a nine year 11-month basis. The last lease was renewed in 2013 which was a 10-year lease lasting till 2022. DPW then increased the lease, including conditions that the company had to do maintenance and take out insurance.  DPW paid the rates and taxes.  The challenge was that with this type of lease, it was difficult to secure loans from banks as it did not show stability that banks needed.

Regarding maintenance, all work was done by Pioneer Fishing. This included paving, the removal of aged asbestos roofs that set them back millions of rands.

**3.1.2. Fishing quotas, and ensuring employment for its staff in spite of dwindling fish stock:**

Quotas were based on research done by the Department of Agriculture, Forestry and Fisheries (DAFF). They followed a methodology of travelling down the coast from the Orange river mouth around the coast to collect data on the availability of pelagic fish species like anchovy, pilchard, and red eye in the South African oceanic space. Two surveys were done were done in November and May/June of each year. DAFF used the data to determine quotas that could be divided amongst fishing companies and operators. Quotas ensured that South African fish stock had a chance to replenish itself. Therefore, fishing companies and operators abided by it. The quotas were consistently cut each year and this caused people to lose jobs.  Quotas for specifically pilchards had shrunk last year from 65 000 tonnes and halved to 30 000 tonnes. This had a drastic impact on production. The pilchard cutlets from Morocco make up the production and ensured jobs for the people of St Helena Bay. Having the fishmeal plant assisted to help the company to continue being a viable business. The company did not import anything for the production of fishmeal as all material needed was from by-catches.  Seventy five per cent of fish cutlets used in the cannery comes from Morocco and 25% comes from fishing using the local quotas. However, due to the dwindling fish stocks and the lower quotas it was becoming more difficult to keep profit margins where it should be. The factory was nearing the break-even point.

Regarding ensuring employment in spite of lower quotas:

The company employed 630 people in the two factories at St Helena Bay: 130 on the vessels and the rest of the 1000 in its Port Elizabeth factory.  Eight five of the 630 were permanently employed while the rest are seasonal workers. The minimum wage is R38 per hour that included a pension fund scheme with the employer giving 10%. Employees get an off-season bonus of 18% of their gross income.  The lowest level paid to workers was R53 per hour.  All workers were unionised. The November/December season is scheduled as the maintenance period for the factory.

**3.1.3. Regarding steps taken to avert job losses:**

The company would continue all efforts to ensure that jobs were not lost. Pioneer was one of the few employers in the area. Fishing was seasonal. The factory struggled with dwindling pelagic fish stock that could lead to job cuts. The company decided to import fish from Morocco to keep jobs, and ensure that its staff had jobs through canning, and the processing of fishmeal for exports.

**3.1.4. The cost of operating boats, and black economic empowerment:**

To rent a boat cost R18 000 for the skipper and R12 000 for the diesel, and the nets and the crew added further cost.

**3.1.5. Regarding ownership, the presenters provided a brief history of how its ownership changed over the years:**

The Neethling and du Preez families started the business in 1947.  In 1965 they moved to this area owned by the national Department of Public Works.  Pioneer fishing constructed a factory in 1985, and got another partner in, named Oranje. Currently it has three partners with Terrasan making up the third entity. In 1990 Mr Steven Dondolo from the African Pioneer group bought in 40% of the shares. Currently the two old families own 50%, African Pioneer own 40% and 10% belonged to the employees.  TerraSan [[2]](#footnote-2) holds a share through a joint venture agreement with Pioneer Fishing West Coast (Pty) Ltd.

**3.1.6. Regarding pirate fishing and its effect on pelagic fishing on which workers depend for jobs:**

Ninety per cent of pelagic fishing takes place is within five to ten miles from the coast.  Pirate fishing takes place in the 200-mile zone of South Africa’s oceanic property space.  The trawl nets that pirate fishers use capture white fish, hake, kingklip, and sole that does not affect this factory and the jobs of the communities.

On completing its deliberations with the fishmeal and canning factory management, the Committee instructed that the presentation on the repair, maintenance, and infrastructure development by the DPW Small Harbours and Coastal Development Unit, and the Coega Development Corporations representative, and officials from the DPW Cape Town Regional Office would stand over till the visit at Saldanha Bay Harbour.

**4. Visit to Saldanha Bay Harbour, hosted by Sea Harvest**

After introductions, the Sea Harvest team, led by the Operations Director presented on its operations, interaction with the Saldanha Bay community, and relationship with the DPW.

**4.1. Matters that emerged from the Sea Harvest presentation:**

**4.1.1. Operations and staff:**

Due to lower quotas, Sea Harvest reported that it exported and imported 50% of its stock. It had a total of 2300 employees. 700 were seagoing staff who operated fourteen trawlers of which 8 were freezer, and 6 non-freezer trawlers. 1400 hundred employees worked in its processing plants, and 200 were management, maintenance, and servicing staff.

**4.1.2. The use and maintenance of DPW Immovable Property:**

Sea harvest used the berth alongside the quay and up and down the slipway that were the property of the Department of Public Works (DPW) and was managed by the Small Harbours and Coastal Development Unit. Sea Harvest also used the dry docks in Simons Town for the maintenance of its vessels as the slipway at Saldanha Bay was too small. Dry docks were quite scarce in South Africa and it costed the company about R500 000 to go to Cape Town to access a dry dock for maintenance purposes.

The use of the immovable properties in the Saldanha Bay Harbour, the buildings that house their offices, the berths and the quay was the sum total of Sea Harvest’s interaction with the DPW. The company had an agreement that it would do the maintenance and take charge of insuring its buildings. It welcomed the new that DPW’s Small Harbours Unit would start its project to dredge, lift wrecks and clear the harbour in the following year.

**4.1.3. Community Development work of the Sea Harvest Foundation:**

Sea Harvest assisted the social development of the fishing community of the west coast area and specifically Saldanha Bay. It was involved in setting up a Grade R school that needed to be completed by the end of 2017. It was, however, difficult to work with DPW, and the Western Cape Education Department as these government departments did not seamlessly collaborate to ensure that the right to basic education was provided to those that need it most.

The Sea Harvest Foundation furthermore ran a variety of programmes such as supporting twenty-two schools with various development activities. In addition to a school bursary programme, it sponsored students who wanted to study in areas of Sea Harvest’s operations to study abroad. Such students studied in various engineering fields, accounting, marine biology, including food scientists, and education. This was part of Sea Harvest’s vision of developing people to return to the company as well-equipped staff. The Foundation sponsored social upliftment activities by sponsoring tournaments of popular sporting codes. In addition, to ensure job creation, it sponsored the local laundry.

**4.1.4. Benefits to employees - social upliftment:**

Sea Harvest had 2300 employees all of whom got housing allowances, insurance, medical and funeral benefits. It had an employee wellness programme in place that was needed to ensure that the impoverished conditions of its employees were alleviated. The company was acutely aware that it was the only real chance of employment for families of the Saldanha Bay and broader West Coast communities. Without the company’s presence, many families would have to leave the area to live in Cape Town. The company estimated that it generated R240 million per year for the community. Being socially aware, it recognizes the variety of challenges that parts of the community faced due to substance abuse. In order to address some of these head on, the company provided counselling, rehabilitation and post-rehabilitation sessions for staff and family members. It also provided office space on its premises for the Department of Social Development who in return provided access to social workers for the staff of Sea Harvest.

**4.1.5. Assistance to small businesses**

Through innovative measures, Sea Harvest was giving a ship away that was valued at R180 million to small fishers that owned fishing quotas but did not have boats to fish. It divided the ship into sixty-four shares, and the fishers used the ship as their own for five years, exchanging their fishing quotas with Sea Harvest for the use of the ship, which after that period of collaboration, led to them owning the ship.

**4.2. Matters emerging from deliberations:**

**4.2.1. Ownership:**

Sea Harvest was 100% South African and imports and exports fish products. Brimstone was the principal shareholder. The company owned its 14 ships but would occasionally charter vessels as when required.

**4.2.2. Paper quota holders:**

These were individuals who owned fishing quotas that they sold without being involved in the fishing process. Sea Harvest would buy such quotas without paper quota holders getting a share in the business. The company further made catching and processing agreements on a joint venture basis.

**4.2.3. Infrastructure shortcomings:**

At the time of the oversight visit, stormy weather two weeks ago caused damage that caused the quayside to be condemned. This limited operations as this would only be fixed in the following year. Sea Harvest did all the repairs, removal of asbestos, fixing of roads, workways, and paving.

**4.2.4. Leases:**

The department gave an extension because the company needed sufficient time to put together a proposal. The company was awaiting approval from DPW for the year extension on its lease. wanted facility improvements to be part of the new lease agreement with the DPW.

**4.2.5. Shareholding:**

At the end of 2015 Brimstone decided to give each of the 2 300 employees a share in the business. The value to each person at the time was R7000. At the time of the oversight visit, the company was listed on the Johannesburg Stock Exchange (JSE) and had generated about R18 000 per employee share. The remaining shares were placed in a trust and would be paid out in 2022 and would be worth more.

Sea Harvest needed DPW to ensure that the company could continue operating in Saldanha Bay for the next 50 years to help the workers of Saldanha and the West Coast.

**4.3. Closing remarks by the Chairperson:**

Our collective interest is to make South Africa work. This collective dare not allow a company that was here since 1964 and operated as the livelihood of the Saldanha Bay community, to be under threat simply because of a lease. The Committee urged the DPW to give urgent attention to the matter. As South Africans, we need to guard truly South African businesses. Foreign investors were waiting to pounce if our own companies failed. As the oversight mechanism over policy makers the Committee had a duty to protect them.

**4.4. Information required from Sea Harvest:**

4.4.1. The Committee requested Sea Harvest to put all the information that they shared with it, in writing and send it to the Secretary. This included information on the leases and maintenance cost that Members queried.

**4.5. Presentation by the Coega Development Corporation (CDC) on the Small Harbours and Coastal Development Programme:**

The Acting Chairperson introduced the Coega Development Corporation and Small Harbours and Coastal Development Unit and Cape Town Regional Office officials that had to do a presentation on the project to dredge, lift sunken vessels, and repair and maintain the infrastructure at the proclaimed small harbours. He reminded the Committee that this was the team that was sent back during the meeting at Pioneer Fishing at Pepper Bay to ensure that they collected the information that was relevant to the oversight visit.

**4.5.1. Allocations to the Programme 2015/16 to 2018/19, work packages and immediate tasks:**

The project started in March 2016. An amount of R400 million was allocated of which R109.9 million was allocated for work to be done in Saldanha Bay. Of this, R87 million was used in the 2015/16 financial year.

Priority Harbours on which allocated funds would be spent were Gordons Bay, Kalk Bay and Hout Bay.

The thirteen proclaimed small harbours were clustered into four work packages. Saldanha was in Work Package two. In Saldanha there were four sunken vessels alongside the quay that needed to be removed. Hout Bay had 14 sunken vessels.

Sunken vessels in other harbours were as follows:

Gans Bay 1

Saldanha 4

St Helena 4

Laaiplek 2

Lamberts Bay 2.

Once the sunken vessels were removed, the process of dredging harbours could commence. This would clean and deepen the surface of the different harbours. At eight of the 13 proclaimed fishing harbours this had to be done.

The allocated amount of R400 million over the three years included cost estimates for parking, sewerage, security, and infrastructure repair.

**4.5.2. Preparatory work on the project, and progress to date:**

The CDC representative reported that a substantial amount of preparatory work was undertaken in 2016. This included the procurement of Professional Service Providers (PSPs) that took longer than expected due to delays in procuring the specialised service providers that were needed on the project. The PSPs included marine surveyors for the removal of vessels and dredging; coastal engineers for on-going work on jetties, quays, and slipways; civil, electrical and security engineers; and safety, health environment and quality (SHEQ) professionals.

From June to October 2016, marine engineers were doing the scoping of the sites, completing site investigations on the thirteen proclaimed harbours, and mapping the state, positioning and orientation of each of the wrecks that required removal.

From September into the December 2016 and January 2017, during the builders holiday period, the team were preparing work on contracts and service level agreements with various role-players.

**4.6. Matters that emerged from deliberations:**

**4.6.1. Delays and difficulties to secure the services of PSPs that could cause cost escalation:**

The CDC and Small Harbours Unit were able to secure the services of the required number of marine engineers, marine surveyors, civil engineers, electrical and security engineers. The CDC representative reported that all the PSPs were appointed for the project to reach its planned conclusion in the 2018/19 financial year.

**4.6.2. Completeness of information reported:**

The Committee requested further detail regarding the reported cost per harbour for the first financial year 2015/16. In spite of information provided, the Committee found that the detail was not enough for it to do proper oversight over the following:

* procurement of the services of the PSPs;
* preparatory work per harbour;
* cost for the preparatory work done (scoping, surveying, reporting) by each of the PSPs at each of the harbours;
* lease contracts that DPW had with existing businesses operating in each of the small harbours;
* amounts spent on repair and maintenance of such properties per existing business;
* amounts spent on rates and taxes by the DPW at each of the small harbours;
* whether or not discussions took place with existing business owners at the small harbours of future business plans as per the SEDFs of the harbours (and where it took place, what the outcome was of such discussions);
* processing of the contracting of Delta Built Environment Consultants as the main consultants in the drafting of Spatial and Economic Development Frameworks (SEDF’s) for each harbour.

**4.6.3. Resolution:**

The Committee required a written report on the matters listed above.

**5. Wednesday: 21 June 2017**

**Visit to the Office of the Harbour Master of the Hout Bay Harbour**

**5.1. Introduction by the Acting Chairperson**

The Acting Chairperson referred to the importance of coordinated functions to be fulfilled by the DAFF, DEA, DPW PMTE Small Harbours Unit and local government authorities in order to manage Hout Bay harbour. There were signs of contestation regarding responsibilities such as maintenance and security.

**5.2. Input by the Harbour Master:**

The Harbour Master, Ms Pumla Fengela, officially occupied her office in April 2016. She explained that DPW had a contract in place that provided security. However, this contract had ended and there was no security at Hout Bay harbour. This caused crime to escalate and that the harbour area was an unsafe area.

Vandals focused on her office and amongst others, stole a generator worth R25 000 soon after it was purchased. Electrical cables were on more than one occasion cut, and stolen. There was no telephone or electricity supply to the office. The cost of cables was R150 000 and this had taken place on several occasions. Security, vandalism and crime was escalating each day. Boats were regularly broken into, and brass, copper, and propellers are stolen. The sinking of boats has become a regular occurrence and at the time of the visit, the wrecks of 16 sunken boats needed to be recovered to make the harbour safe to use for other vessels.

The Harbour Master requested assistance as she had no staff or cleaners to perform the tasks to manage the harbour. She struggled specifically with regular crime and friction between car guards where fights broke out. People were not safe once they were inside the harbour, as there were instances of tyres being slashed, broken into and valuables stolen. Gangs of criminals operated under the guise of music troupes and seal feeders to entertain people while the setup was a ruse to pickpocket tourists and visitors to the harbour area.

**5.3. Deliberations:**

**Matters that emerged from deliberations:**

**5.3.1. The high number of boats being sunken:**

Responses were that at times it was an issue of people working on boats allowing access to the boats or due to friction with boat owners as in labour disputes. Workers then sunk boats to get back at owners. At night time they then stripped electricity and the area was dark.

**5.3.2. The lack of security:**

During deliberations, Members of the Committee questioned the role of South African Police Service (SAPS) and why this seemed to have had no effect on the escalating crime. Responses referred to alleged collusion that seemed to take place between personnel and criminals.

There were instances where boat owners did not have security for their boats. There were further instances where security guards allowed their girlfriends onto the boats, and in the recent month, the bodies of two women were found floating in the water.

**5.3.3. The responsibility of the DAFF to ensure that the Harbour Master’s office was functional:** The Harbour Master was an employee of the DAFF. It was part of her duty to ensure that the slipways were ready to service boats during the closed season for servicing. Unfortunately, due to the high number of sunken vessels, there was less space available. The Harbour Master had to ensure that the harbour was clean for tourists.

**5.3.4. The matter of the SAPS presence to reduce crime in the harbour, the need for security and cooperation with DPW and Coega Development Corporation:**

The Harbour Master and staff from the DPW Cape Town Regional Office stated that joint meetings were held each month with SAPS. It had to be clear that their view was that the Hout Bay Harbour area was not their key functional space as they had other areas of focus. This was a serious challenge as businesses operating in the harbour faced a serious risk.

Coega Development Corporation (CDC) played a role with DPW PMTE Small Harbours Unit to do maintenance and development at the small harbours. The Harbour Master reported that in 2016, CDC promised that something would be done, but thus far nothing happened.

She further reported that the Department of Public Works and Cape Town Regional office had good working relations with the Harbour Master doing the checking of leases, whether lessees paid rent, and where they were in arrears, whether plans were arranged for payment to be effected. Where the Harbour Master had concerns about possible illegal activities that may take place in some properties rented by businesses, the DPW Regional Office assisted her Office to deal with such matters.

She reiterated that the lack of security was the main problem. There was a serious need for Closed Circuit Television (CCTV) Cameras throughout the operating harbour area and an operating room from which security personnel could be informed of possible crime long before it took place. CCTV cameras and the physical presence of security was much needed. Public toilets were broken into and fittings stolen regularly, and had to be fixed each week. The Coega project to clear sunken vessels and dredge the harbour floor could not be started without well planned operating, and managed security. Material would be stolen before construction could begin.

**5.3.5. The matter of vessels used to bring in illegal foreigners that are involved in drug smuggling and other crime:**

Foreigners entered the harbour on fishing boats as they provided cheap labour for boat owners. They further establish small businesses and during off-season sell curio items to tourists. Unfortunately, there was no Department of Home Affairs Offices to monitor and control the entering of illegal foreign nationals into the harbour.

**6. Findings reached during the oversight visit:**

6.1. Coastal Properties, Slipways and Small Harbours were poorly managed.

6.2. Local communities near small harbours did not possess the necessary skills, knowledge and training in the maintenance of marine infrastructure, research and development.

6.3. Rural communities close to such small harbours were largely neglected and people living in these areas had a bigger chance of suffering due to a lack of education and a struggle to find jobs. They remained vulnerable and prone to exploitation.

6.4. The Department of Public Works (DPW), the Department of Environmental Affairs (DEA), the Department of Agriculture, Forestry and Fisheries (DAFF), provincial counterparts, and municipalities, were not working together to focus proper attention on small harbours that were situated in rural areas.

6.5. The dire lack of security provision in all harbours and especially at the Hout Bay Harbour needed immediate attention by the Department of Public Works (DPW), the Department of Environmental Affairs (DEA), the Department of Agriculture, Forestry and Fisheries (DAFF), the South African Police Service (SAPS), their provincial counterparts, and the relevant municipalities.

6.6. The DPW Small Harbours and Coastal Development Unit did not show evidence of having sufficient knowledge of the communities surrounding small harbours; instead its focus was solely on economic development through the establishment of Spatial and Economic Development Frameworks (SEDFs) for each harbour and the trickle-down effect to ensure socio-economic development of poor communities.

6.7. There was a lack of information from the DPW Small Harbours and Coastal Development Unit regarding leases, the cost of maintenance programmes, and security systems that small harbours require to efficiently operate.

6.8. Where private companies were working with the rural communities, there was not sufficient evidence to show that the DPW Small Harbours and Coastal Development Unit were sharing information regarding new leases in transparent ways that ensured business confidence; this held the potential of causing harm to long-term business confidence.

6.9. The oversight visit underscored the lack of knowledge on the part of the DPW, PMTE Small Harbours and Coastal Development Unit regarding how it managed properties in the admiralty reserve[[3]](#footnote-3).

6.10. Due to the history of the country, the development of fully functional small fishing harbours was skewed towards the Western Cape. The Northern Cape, Eastern Cape and KwaZulu-Natal provinces had been grossly neglected. More than 20 years had gone, and the situation remained the same.

6.11. Most of government-owned properties at small harbours were not used. Such properties were vandalised which costs the state money for security services, and rates and taxes that must be paid to municipalities.

6.12. The number of vessels left to rot on slipways was a serious concern and was concrete evidence of small harbours being in a state of neglect by government departments.

Similarly, the number of sunken vessels, especially in Hout Bay Harbour, required urgent attention.

**7. The way forward**

7.1. **Actions already underway:**

* The Cape Town Regional Office Manager made it clear that access control and security was the responsibility of the DAFF. DPW wanted to intervene due to the urgency of the matter of security, but DAFF indicated that it would intervene and solve the challenge. In addition, the DDG of the Small Harbour and Coastal Development Unit met with the tenants to see whether they could pay a portion of security but this was still being processed.
* Security and cleaning was an Expanded Public Works Project (EPWP) that recently ended. A new contract for security to ensure properly trained security guards had to be initiated. This was currently in the hands of DAFF. An evaluation committee had to be appointed that would process the implementation. In the short term, a private security company had to patrol the Harbour Master’s Office, it was clearly not going to be enough.

**7.2. Committee Resolutions:**

7.2.1. At Hout Bay, the Harbour Master’s life was under threat. Urgent steps had to be urgently taken to ensure that she was safe and could do her work. The DAFF had to step up support to her and provide office infrastructure, while DPW’s the Cape Town Regional Office had to step up efforts to provide security in the short to medium term until the long term collaborative effort by national departments establishes permanent security and safety at the harbour.

**7.3 Collaborative work at Portfolio Committee level to engage the Executive:**

7.3.1. The Committee made a strong proposal that the Portfolio Committee on Public Works had to invite its counterparts, the Portfolio Committees on Agriculture, Fisheries and Forestry (DAFF), on Tourism, on Home Affairs, and on Police to a meeting to deal with the multi-pronged challenges faced in Hout Bay Harbour.

7.3.2. Added to this, a proposal was made that from such a meeting, these Committees needed to collaboratively organise a summit where the relevant Ministers, Deputy Ministers, and Directors-General were present to address the matters raised in the deliberations at the Hout Bay Harbour.

**8. Recommendations:**

As referred to in the introductory part, this is the first report on oversight that was done on the mandate of the Department of Public Works at small harbours along the Western Cape Coast of the Western Cape. The recommended actions for the Executive Authority in charge of Public Works, contained in this report should be read together with those in the second report on the visit that took place to small harbours along the South-Western Cape Coast, that took place from 30 July to 3 August 2017.

**The Committee recommends that the Minister of Public Works:**

8.1. Engages with the Minister of Agriculture, Forestry and Fisheries to step up support to all harbour masters, especially at Hout Bay where there was no office infrastructure and sanitation services available.

8.2. Instructs the Cape Town Regional Office had to step up efforts to provide security in the short to medium term until the long term collaborative effort by national departments establishes permanent security and safety at the harbour.

8.3. Puts reporting mechanisms in place so that processes that are underway to get a new contract in place for security at small harbours could be implemented so that all government property at these harbours and staff of DAFF are protected. The reporting mechanisms should be sustainable so that challenges can be noted earliest to prevent possible damage and harm.

8.4. Engages with the Minister of Agriculture, Forestry and Fisheries and the relevant DPW staff to ensure that the two departments were not cooperating well enough and that the effectiveness of established structures such as the Harbour Steering Committee and the Integrated Small Harbour Management Authority (ISHMA) are under threat. This must be effected urgently.

Report to be considered.

1. Wesgro is the Official tourism, trade and investment promotion agency for Cape Town and the Western Cape. [↑](#footnote-ref-1)
2. TerraSan is a South African investment group, which holds investments in the pelagic fishing, mariculture, agriculture and property industries. TerraSan Pelagic Fishery holds a share through a joint venture agreement with Pioneer Fishing West Coast (Pty) Ltd. Currently, 28% of the shareholding in TerraSan Group Limited qualifies as B-BBEE [↑](#footnote-ref-2)
3. The Integrated Coastal Management Act (Act No. 24 of 2008) defines Admiralty Reserve as any strip of state-owned land adjoining the inland side of the High-Water Mark and includes land designated, on official plans, deed of grant or title deed, or other document that demonstrates title or land-use rights as “government reserve”, “beach reserve”, “coastal forest reserve” or other similar reserve owned by the State. [↑](#footnote-ref-3)