



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

11th September 2019

The Chairperson
Standing Committee on Public Accounts
Honourable Member Mvimbi
By Email

The Committee Officer
Standing Committee on Public Accounts
Mr Dustin Davids
By Email

The Speaker
Western Cape Provincial Parliament
By Email

Dear Honourable Mvimbi

ADDITIONAL INFORMATION:

REQUEST THAT THE SCOPA INVESTIGATE THE ACQUISITION OF ERVEN 35163 TO 35176 AND REM 38368 MILNERTON : KNOWN AS DORNBACH OR KILLARNEY GARDENS

I refer to my letter dated 15 August 2019.

Summary:

In the months leading up to the 2019 National and Provincial Elections, three DA politicians (City of Cape Town Mayoral committee member for Informal Settlements, Xanthea Limberg; then MEC for Human Settlements and Leader of the Provincial DA, Bonginkosi Madikizela, and current DA MP, Emma Powell) advocated for the purchase of a property in Doornbach near Dunoon in Cape Town.

According to experts within the City of Cape Town administration:

- 1) The purchase price of the land was inflated – more than double the market value; and
- 2) The purchase was unnecessary as the City already owned a larger, better located parcel of land (the “Potsdam” site), already reserved for housing nearby; and
- 3) The City would be able to deliver housing faster on the site that they already owned, which was already reserved for housing purposes.



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Despite this advice from City professionals, the politicians pursued the overpriced Doornbach land purchase.

I previously provided the evidence, made available to me, to you with a request that the Standing Committee on Public Accounts investigate this land purchase as wasteful expenditure.

In addition I request that you investigate whether this acquisition is a breach of the Government Immovable Asset Management Act, 2007 – in particular Section 5 (1) (e):

“when an immovable asset is acquired...best value for money must be realised”.

Additional Information:

In order to assist you, and your committee, I wish to supplement the evidence and information I provided to you last month.

This supplementary information is provided in response to the information and statements made by the MEC for Human Settlements, Minister Tertuis Simmers, and the City of Cape Town Spokesperson.

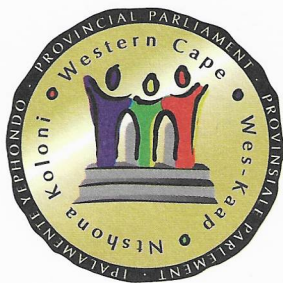
These statements are in some cases inaccurate or they provide new information which strengthens the need for an independent investigation:

1. Inaccurate information:

The Media Manager and Spokesperson for the City of Cape Town, Luthando Tyhalibongo, is reported to have said that *“the Potsdam land and Doornbach served different purposes and were not comparable*

[\(https://businessenligne.info/index.php/2019/08/19/city-of-cape-towns-costly-dodgy-land-deal-in-spotlight/\)](https://businessenligne.info/index.php/2019/08/19/city-of-cape-towns-costly-dodgy-land-deal-in-spotlight/).

- a. The information he has been provided with is unfortunately false.
- b. As evident from the documents provided to SCOPA, the Potsdam property was reserved for housing purposes by the City of Cape Town in November 2014.
- c. It was reserved at the request of the then Director of the Urbanisation Department, Shehaam Sims. The Urbanisation Department was later renamed the Informal Settlement Department.
- d. Its specific purpose was thus to provide housing and it was reserved by the same department looking for land in 2018.



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- e. The report to Council specifically stated that the Potsdam site reservation was subject to the condition that it “*shall be utilised for the purpose of establishing public housing.*”
- f. The report further confirms that site is “*not required for any other municipal purpose; hence the reservation [for affordable government housing] is supported and recommended.*”
- g. The statement from the City saying otherwise thus contradicts the evidence.
- h. I find it unusual, and cowardly, that the City’s Media Manager has been left to address these critical queries. Where are the voices of Mayco Member Malusi Booi, the responsible person for Human Settlements; Mayco Member Xanthea Limberg (who, according to MEC Bongikozo Maikizela, “*agreed to this proposal*” [of the inflated land purchase])?

2. **New information:**

The Provincial Minister for Humans Settlements, MEC Simmers, said in a statement on the 18th August 2019 that the Province, through the HDA (Housing Development Agency), undertook two evaluations of the Doornbach property.

One valuation, by Tashoma, amounted to R71 054 750 and the other, by Equitas, to R33 000 000.

As an attempt to justify these vastly different valuations, he noted that the Equitas evaluation excluded erf 35148.

- a. The evidence I submitted to you shows that the property comprised of 16 erven or land parcels.
- b. The total extent of the 16 erven was 17,4ha.
- c. Erf 35148, the land parcel allegedly excluded by the Equitas valuation, is just 2.2 hectares in extent (12,5% of the total land area of the 17,4ha Doornbach property).
- d. The municipal valuation of Erf 35148 erf was just R8,8 million.
- e. The Province, through the HDA, has so far acquired 14 of the 16 land parcels at a cost of R64,6 million.
- f. To justify that cost and accept the vastly different valuations, Minister Simmers would like SCOPA and the public to believe that the 2.2ha parcel omitted in the Equitas valuation is worth R31.5 million.
- g. This would mean that the province paid R14,3 million per hectare for Erf 35148 - undeveloped land adjacent to the Doornbach informal settlement.



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- h. This purchase price is more than the price per ha of vacant land currently available in Constantia (<https://www.chaseveritt.co.za/results/residential/for-sale/cape-town/constantia/vacant-land/1645539/>).
 - i. I submit that this additional information, provided by the MEC for Human Settlements, supports my request for an urgent investigation into the acquisition of this property.
 3. Also in his statement dated August 18, MEC Simmers said the facts were that *"the City of Cape Town did not have the funds to acquire the property, and the previous human settlements MEC, Bonginkosi Madikizela, had agreed to purchase the property, with Councillor Xanthea Limberg agreeing to the proposal."*
 - a. Although Cllr Limberg did by all accounts support the purchase, MEC Simmers' statement is misleading.
 - b. The City experts had already concluded their investigations in to that site. They had concluded that both the initial proposed sale price (R88 million) and subsequent reduced offer of R58 million was still *"more than double"* the market value based on recent purchases in the area.
 - c. The City report concluded that *"the City abandons the proposed acquisition."*
 4. Also in his statement dated August 18, MEC Simmers said I was misleading the public and his comments were racially divisive.
 - a. I believe the facts and evidence provided and quoted above speak for themselves.
 - b. MEC Simmers has neglected to explain to the public that the two outstanding portions of land, erf 35175 and erf 35176, which have apparently not yet been acquired despite the province already having spent R64,6 million, are small but critical servitudes required for the provision of services.
 - c. MEC Simmers should explain why, given the excessive costs to date, these critical portions were excluded.
 - d. MEC Simmers confirmed that the costs to date "excludes transfer fees and holding costs, as well as erven 35175 and 35176."
 - e. The public, and SCOPA, deserve to know the full costs involved.

Please contact my office if you require any copies of the supporting information that was previously submitted to SCOPA or require clarification on any of the points raised above.

Regards

Brett Herron MPP
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