**MINISTRY FOR HUMAN SETTLEMENTS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 2336**

**DATE OF PUBLICATION: 19 JUNE 2015**

**Mr A R McLoughlin (DA) to ask the Minister of Human Settlements:**

(1) What is the Emfuleni Local Municipality’s intention with the Kwa-Masiza Hostel, comprising of 42 four-storey buildings situated on portion 61 of the Farm Sebokeng, number 574, registration division IQ, Gauteng;

(2) (a) what amount of the R46 million allocated for the upgrading of the hostel during the 2012‑13 financial year has been spent and (b) how many of the anticipated 672 families have taken occupation;

(3) what action has been taken by her department to either (a) remove or (b) assist families that are without (i) water, (ii) sanitation and/or (iii) electricity currently residing in the hostel;

(4) when will the storm water canal, situated on the west side of the property, be (a) completed and (b) able to duct water into a suitable repository;

(5) why did the Emfuleni Local Municipality purchase the property for R15 million from Vicva Investments and Trading Twenty (Pty) Ltd, who had purchased the specified building for R5 million, without having affected any improvements during their period of ownership and allegedly owed the municipality about R20 million in unpaid rates and taxes? NW2697E

**REPLY:**

(1) The Emfuleni Local Municipality together with the Gauteng Department of Human Settlements is in the process of refurbishing the Kwa-Masiza hostel. After the completion of the project, the units will be rented out to qualifying beneficiaries. Currently, occupants who do not qualify for the rental programme are being relocated to BNG houses in Golden Gardens. These beneficiaries have been screened, verified and approved through the Provincial and National subsidy approval process. This approach is being followed in order to create space for the contractor to refurbish units at Kwa-Masiza Hostel.

(2) (a) A total amount of R52 000 000 was spent in the 2012/2013 financial year. Due to budget constraints only R46 000 000 was available during this budgeting period. It must be noted that there were other expenses incurred e.g.: provision of Temporary Relocation Units which are used to accommodate occupants from the hostel during renovations. As the financial year progressed, funds were sourced from projects which delivered slower than planned to cover for these expenses; hence the total amount spent exceeded the original budget allocated.

(b) During the first year of construction (2012/2013), the contractor installed water and sewer services inside the premises. Some original hostel residents are still occupying the units whilst the Department continues with the relocation process to Golden Gardens as mentioned above. No new refurbished units were completed to date and therefore no families have taken occupation.

(3) (a) Occupants that have been approved for BNG houses are being moved to Golden Gardens and the Department is assisting with the relocations. To date, more than 800 qualifying families have been moved from Kwa-Masiza hostel to Golden Gardens and the department has provided transport to assist with relocation.

(b) Water and sewer services were not in an acceptable condition as there were a number of leaks and burst pipes. The contractor has been appointed to upgrade the system for every block and each unit will have running water after completion. The contractor has been requested to provide water stand pipes to the hostel blocks which do not have water in the interim. Electricity has not been operating for the past couple of years as the occupants were not paying for these services.

After the power was cut off by the authorities, the occupants then resorted to illegal connections from the adjacent township. The department is now busy with the refurbishment of the entire electrical network. Once completed, all the units will be legally connected and every occupant will be responsible for paying their respective electrical consumption bills. Qualifying beneficiaries that will be allocated to the newly refurbished hostel units are those whom qualify to benefit from the Community Residential Units Programme and will be liable for rent and electricity payments.

(4) The water canal is not part of the scope of work of the contractor appointed by the Department of Human Settlements. However, Emfuleni Local Municipality are currently busy with an investigation into the storm water canal which is located on the west side of the property. Once this study has been concluded, a decision will be taken regarding the best possible option available for the ducting of water.

(5) Notice must be taken that there is VIVCA 20 and VIVCA 41 whose directors were the same people and Kwa - Masiza Hostel was owned by VIVCA 20.

It was determined in 2008 that Kwa-Masiza Hostel was not fit for human habitation and that necessary measures were to be taken to address the situation. Several measures such as a feasibility study to be carried out by the Gauteng Department of Local Government and Housing (now Human Settlements) into possible development of the property, were adopted to correct the situation. It would be necessary to mention that Emfuleni held rights in the property before such measures could be realised and thus Council resolved as per Mayoral Committee resolution of 22-07- 2008 ( item G1.6) and Council resolution of 30-09 2008 (Item A 1040) that the property should be expropriated.

The previous offer by VIVCA 20 for the sale of the property for the written offer, as was requested by the municipality’s Attorneys of Record, is for the sale of the properties in question for an amount of R15 million The offer entailed that Emfuleni Local Municipality shall relinquish all its claims against VIVCA, including the one that is being pursued via the involuntary liquidation application instituted by Emfuleni Local Municipality against VIVCA 41. The Municipal valuation of the property put its value at just above R18,9 million in 2009, which can reasonably be assumed to be the current value. The debt owed to the Municipality by VIVCA 20 was last computed to be R3 665 678.92 and the ArcelorMittal Bond of about R5 million excluding interest thus the offer for R15 **million**.

It was however discovered that there has been misrepresentation of facts relating to the alleged Bond held over the property by ArcelorMittal. The Bond was payable immediately and VIVCA 20 had failed to pay such and that the debt had accumulated interest. Contact was then made with ArcelorMittal and they ceded its rights over the bond in respect of Kwa Masiza in favour of Emfuleni Local Municipality to the value of R10m (the initial bond of R5m had attracted interest of R5m) The condition put forward by ArcelorMittal is for the Emfuleni Local Municipality to acknowledge the donation and put an advertisement to this effect as a contribution towards the rehabilitation of Kwa-Masiza. Taking the above into consideration, VIVCA was paid the sum of R5m by way of entering into a sales agreement with the municipality rather than giving it the money as compensation for expropriation.