



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

**REPORT ON ISSUES RAISED BY THE
PORTFOLIO COMMITTEE FOR HUMAN SETTLEMENTS
IN RESPECT OF THE
GREATER MOSSEL BAY MUNICIPALITY**

Prepared by:

J Bayat
Chief Directorate: Project and Programme Planning
Struktura Building
Stanza Bopape Street
PRETORIA

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1. PURPOSE

The purpose of this submission is to provide the Portfolio Committee with a report on the:

- i. Manner in which the issues raised the Ms BM Dambuza, the Chairperson of the Portfolio Committee for Human Settlements (Portfolio Committee) were dealt with; and
- ii. progress to date.

2. BACKGROUND

- 2.1 Between 31 January 2010 and 05 February 2010, the Portfolio Committee undertook an oversight visit to the Western Cape as part of its duties.
- 2.2 During the course of the visit, the Portfolio Committee, *inter alia*, received complaints from the community and, as a direct consequence, the Chairperson of the Portfolio Committee wrote the attached letter (Annexure A), dated 10 February 2010, to the Minister of Human Settlements.
- 2.3 In order to respond to the issues, the Department undertook an extensive exercise to address the issues raised by the Ms Dambuza. During the course of March 2010, a letter, detailing exactly how the issues raised by the Chairperson of the Portfolio Committee were addressed was routed via the Minister, for Ms Dambuza's attention. On 02 April 2012, the Chairperson of the Portfolio Committee indicated that she never received a report from the Department on how the issues raised were addressed.

3. PROCESSES FOLLOWED TO ADDRESS THE ISSUES RAISED

- 3.1 In order to address the issues raised, various meetings were held with the Western Cape Provincial Department of Human Settlements (WCPDHS), the Great Brak River Municipality (Municipality) and the community to ensure that all the issues were highlighted and undertakings given to address the said issues. Following hereunder, are a record of the meetings held and the resolutions taken.

3.1.1 Inter-Governmental Relations Meeting

Meeting convened by the, then, Acting Director-General and senior officials from the National Department of Human Settlements (NDoHS), the WCPDHS and the Municipal

Manager of the Mossel Bay Municipality held on 19 February 2010.

The purpose of this meeting amongst the three spheres of Government was to discuss the issues raised in the abovementioned letter by the Chairperson of the Portfolio Committee and to obtain the official responses from the WCPDHS and the Municipality.

The issues raised in the letter were :

- Flouting policy;
- Interpretation and/or the implementation thereof;
- Lack of public participation;
- Communication breakdown between certain councillors and municipal management;
- Exploitation of workers by contractors in human settlements development;
- Lack of transparency in areas of procurement;
- Need for response team issue.

The

i. Flouting policy

The Municipal Manager stated that the municipality had attempted to comply with all the policy prescripts, as prescribed.

The officials from the PGWC concurred that there was no flouting of policy.

ii. Interpretation and/or the implementation thereof

The Municipal Manager advised the meeting that policy was interpreted within the ambit and scope of delivering housing and human settlements and was implemented in consultation with and, with support from, the PGWC.

The overall project was implemented as two separate sub-projects: Phase 1 (210) was in terms of the UISP Grant Funding and Consolidation Subsidy mechanisms and Phase 2 (467 'Greenfield' Erven) in terms of the Project Linked Subsidy Mechanism.

iii. Lack of public participation

The Municipal Manager indicated that, as in all projects, the Municipality had held numerous meetings to discuss project-related issues.

The meeting was informed that there had been meetings of the elected Beneficiary Liaison Committee which represented prospective beneficiaries from all the areas where the beneficiaries resided.

Project Team Meetings were held on a regular basis throughout the life-cycle of the project which were attended by the Beneficiary Liaison Committee on behalf of the Beneficiary Community.

In addition, during the construction of services and top structures, monthly Contract Meetings were held in order to monitor and manage the satisfactory execution of the contracts with the contractors.

The Municipality also advised the meeting that it had sent letters to the beneficiaries to keep them informed about project-related issues and a Community Liaison Officer was on site every day to deal with Construction Contract-related issues.

A Social Compact Agreement which was signed by the Community Based Partner and the municipality on 17 April 2009, underpinned the relationship between the beneficiary community and the municipality. In addition, each beneficiary received a letter outlining details of the project.

iv. Beneficiary allocation and selection

The Municipal Manager informed the meeting that the housing need in Great Brak River is reflected in a consolidated Housing Waiting list which had undergone a verification and ranking process (on a first-come first-serve basis). The historical Great Brak River Municipality's waiting list was used as the basis to develop an official waiting list and the Ward Councillor had consistently been part of this process.

The meeting was also informed that beneficiaries were provisionally pre-screened for subsidy eligibility by the Provincial Government of the Western Cape (PGWC) in an

open and transparent process and the list had been open for scrutiny by anybody from the public at the Municipal offices at Great Brak River. Prospective beneficiaries who were not approved by the PGWC were duly informed together with the reason for non-approval. The Ward Councillor had attended the meetings where this was discussed and correspondence in this regard was available. It was evident that the need for housing in Great Brak River, far out-weighed the provision of housing for the beneficiary community. This project was the only project in Great Brak River and this had been the cause of frustration for the community in the management of the waiting list. At that time, the backlog was 10 500 for the greater Mossel Bay Municipal area and \pm 500 for Great Brak River. There were also many unhappy non-beneficiaries as the supply of housing could not meet the demand. This situation was exacerbated by the fact that there was a lot of tension among the 'older' residents who felt that the 'newer' residents should not be on the waiting list.

v. Communication breakdown between certain councillors and municipal management

The meeting was informed that the municipality had been working with the local structures for the past 5 – 6 years and had invited the beneficiaries to apply for housing. The Ward Councillor engaged with the municipality on a weekly basis relating to matters of the project and also attended all Project Team Meetings and Beneficiaries Liaison Committee meetings. He also had frequent ongoing telephonic interaction with the project manager during which questions were answered and information given.

Correspondence between the municipality and the councillor was available. In addition, presentations were made to Special Housing Committee meetings by the Project Manager and Head of Housing of the Municipality which the Councillor attended and where information was disseminated.

The Municipal Manager indicated that, in her view, the relationship between the Municipality and the Ward Councillor was cordial.

The Mossel Bay Municipality had learnt lessons from the then proposed 'Verwacht' PHP housing project in conjunction with the 'Green Haven Housing Initiative' which was entertained under the previous jurisdiction of the, then, Great Brak River Municipality

(before its incorporation into the Mossel Bay Municipality). The Ward Councillor, at that time was involved in this initiative. This PHP project never got off the ground due to non-participation by the beneficiary community, frustration with the processes and the interferences by non-beneficiary individuals and structures. This led the Mossel Bay Municipality to conduct meetings afresh with the beneficiary community in order to give explanations about the various processes and to ensure that the people understood the relevant issues. The prospective beneficiary community then requested the Municipality to act as 'developer' and pursue the 'contractor build' construction route instead of the 'PHP' route, so that the community could derive the benefits of the NHBRC Warranty Scheme etc.

Upon launching the construction process (the Sod Turning Ceremony) in March 2009, by the then MEC W Jacobs, a 'project monitoring committee' ('watchdog' as it was referred to at the time) was established, from individuals outside of the identified prospective beneficiary community, at the insistence of the MEC and in conjunction with the Ward Councillor.

This platform had, apparently, since been used by these people as an opportunity to try to raise various grievances. There had been continuous tensions between the elected Beneficiary Liaison Committee and this other established structure.

The meeting was also informed that the committee members who attended the meeting with the Portfolio Committee had houses and were not from the beneficiary community.

vi. Exploitation of workers by contractors in human settlements development

The meeting was advised that the municipality monitored the situation so that local people worked in the project (in terms of construction contract conditions) and internal controls were in place to ensure that EPWP principles were adhered to.

The Mellon Housing Initiative (a Section 21 Company) was the main contractor and it sub-contracted to 7 smaller local subcontractors. There were no stoppages by the labour force and the meeting was given to understand that the labour was paid regularly. However, it was possible that the sub-contractors may have paid less than expected to their respective artisans and labourers.

The meeting also heard that there was some tension between the main contractor and sub-contractor in respect of which the municipality had to intervene and, in the interest of the project, the issues had been resolved.

vii. Lack of transparency in areas of procurement

A repeat tender process (the first tender was aborted due to technical problems), for the procurement of the main contractor for the construction of top structures, was undertaken and the PGWC was consulted before the tender was awarded. There was general agreement that the price tendered was market-related. The Municipal Manager also indicated that she had no problem with an audit being undertaken in this regard.

viii. Resolution and way forward

It was agreed that a response team, comprising the 3 spheres of government, would meet the community on Sunday 21 February 2010 to discuss the community's grievances in an attempt to resolve the issues.

2.3.2 Meetings held on 21 February 2010 with the Member of the Executive Council (MEC) and the "response team"

2.3.2.1 Meeting 1 with MEC Madikizela held at the Great Brak Secondary School at 10h30

This meeting was chaired by MEC Madikizela and in attendance were representatives from the National and Provincial Departments and the Great Brak Municipality.

The meeting was convened to discuss the issues raised by the Portfolio Committee prior to meeting with the community members. The Municipality's responses were similar to those offered at the meeting of the 19 February 2010.

Resolution :

The community will be met and issues raised by them will be addressed.

2.3.2.2 Meeting 2 with the Community held at the Great Brak High School arena

Present at this meeting were MEC Mdikizela, Johan Gelderblom MP, the Deputy Mayor and the Ward Councillor, representatives from the National and Provincial Departments and the Great Brak Municipality,

The MEC welcomed all present and then took questions from the community. The following issues were raised:

- i. The waiting list of about 750 people;
- ii. Why was there a need to pay R2479-00;
- iii. Dissatisfaction with the Housing Committee;
- iv. Lack of communication;
- v. Council made decisions for the community;
- vi. Problems of the sub-contractors;
- vii. No transparency when dealing with the housing plans;
- viii. Need for houses;
- ix. Processes that need to be followed;
- x. The Wolvedans project which was problematic;
- xi. Payment to labour is around R120 per 2 weeks;
- xii. Change in people's circumstances which affected their qualification for subsidies;
- xiii. Backyard dwellers;
- xiv. Householders who divorce subsequently don't qualify for a house;
- xv. A community member had EPWP training and promises which were made to him.

MEC Madikizela then addressed each of the issues and indicated that:

- A meeting with contractors would be held to discuss payments to labourers;
- Waiting list issues would be addressed and the National Demand database was to be used in future;
- The payment of R2479 would to be discussed with the local authority;
- Communication criteria needed to be understood in line with the policy;
- Jobs for people from outside of area should be re-considered;
- A meeting with the contractors and the beneficiary community was to be convened;
- A representative committee was elected and included two representatives from each locality, the Beneficiary Liaison Committee and the CDWs; and
- Monthly meetings with provincial and municipal officials, local leadership and community representation to be held and reports to be provided to J Bayat and to J

Gelderblom MP.

It was noted that both the Deputy Mayor and the Ward Councillor left the meeting while the issues were being addressed.

Resolution

The meeting closed with a request for a meeting with the representatives of the community and council on the following morning.

2.3.4 Meetings held on 22 February 2012

2.3.4.1 Meeting with the Mossel Bay Municipality on 22 February 2010

Present at this meeting were the MEC Madikizela, Executive Mayor and 22 of the 39 councillors with 3 apologies and the officials from the national and provincial departments and the local authority.

- i. The MEC highlighted the issues raised by the community.
- ii. The councillors then discussed the following :
 - a. Happiness about the construction site hand-over, but some councillors indicated that, they were in the dark about the list of beneficiaries;
 - b. Lack of transparency;
 - c. The project is not integrated enough as only 2 white family names appeared on the list;
 - d. Councillors are expected not to interfere despite their being public representatives;
 - e. The allocation of beneficiaries, via a point system was based on a Council decision during 2001 and the criteria related to how long people were in George. The principle of 'first come first served' was set aside and Blacks were excluded.

- f. Information was given to selected councillors and not properly disseminated to all Councillors; and
 - g. Youngsters were getting houses. This needed to be avoided and older people should be prioritized.
- iii. The MEC then requested to be provided with the list of beneficiaries to see whether the criteria followed is within prescribed policy.

iv. Resolutions

The way forward from this meeting was as follows:

- a. Communication must be undertaken, between the NDoHS, MEC and Councillors and a communication strategy needed to be formulated;
- b. The municipality would re-look at the criteria, review the point system and then take the enhanced criteria to Council for a new resolution;
- c. Form a beneficiary forum;
- d. The waiting list would be published at the site office for an open transparent process;
- e. Council was responsible to integrate the communities and it must review its decision;
- f. Officials to get an understanding of the trends of delivery in this municipality;
- g. Obtain information on how the budget was spent on this project;
- h. Confirm that the contractor had the financial muscle to deal with the project; and
- i. The municipal officials to provide information on the criteria for compiling a beneficiary list to the councillors.

2.3.4.2 Follow up Meeting with the Great Brak River Community held of 22 February 2010

This meeting was attended by MEC Madikizela, representatives from the national, provincial and municipal departments, contractors and the community representatives.

The issues discussed, included:

- i. Issues with the contractors, in relation to the employees being exploited and being paid below the minimum wage. The contractors were informed that:
 - a. People needed to benefit through job opportunities; and
 - b. The community needed to benefit from the money allocated as well as the

houses.

- > The main contractor, Mellon Enterprises was asked to address the meeting and he indicated that:
 - a. The employees were not the employees of Mellon Enterprises but that of the sub-contractors;
 - b. The foundations were cast separately and paid for separately;
 - c. Sub-contractors were given an indication of how they will be paid;
 - d. All projects that they manage were handled on the same basis as other Mellon Enterprise projects undertaken throughout the country;
 - e. The housing subsidy was used for the house and overseas funding was used to provide solar geysers etc.;
 - f. The quantum to be paid for the different tasks was determined 14 years ago and was used as a basis for payments; and
 - g. There was local community involvement.

- > The following questions were then directed to the contractors. Their answers are also indicated hereunder:
 - a. How much was paid to sub-contractors?
 - i. R8 600-00 per house from foundation / slab upwards;
 - ii. There were 6 steps for payments on achievement of milestones; and
 - iii. More was paid here than in Gauteng and Cape Town.

 - b. What norm was payment based on?
 - i. This was based on experience and the time it took to undertake a task; and
 - ii. A recommendation was made on how much to pay to workers.

 - c. Was a management fee paid?
 - i. A site office fee (based on quantum and other factors) and head office fee were paid.

- >. The contractors then left the meeting and the following was noted:
 - a. It was important to ensure that contractors acted responsibly with public money; and
 - b. People were paid a very small amount as the project was managed at different

levels before payment was made to the workers.

ii. Resolution

- a. In order to facilitate interactions between the municipality and the community, the NDOHS must prepare a Terms of Reference and presented to the municipality and the community representatives in order to guide them in their interactions with each other.
- b. The Community would meet to elect a Chairperson and other office bearers. This forum was requested to discuss the contents of the Terms of Reference, make inputs and then agree on the final version before it was signed by all the parties.

2.3.4.3 The attached draft Terms of Reference was prepared and submitted to the local authority and the community representatives in order that they operationalize the Resolution taken at the meeting held on 22 February 2010.

3 PROGRESS ACHIEVED TO DATE

3.1 Reconciliation of final number of erven serviced, houses built and funding required and Disbursed is indicated hereunder:

i. Serviced Erven:

- **UISP Portion:** Initially approved – 210. Final number erven serviced – 209, due to negative storm water impact on the one erf.
- **Greenfields Project Linked Portion:** Reduced approved – 468. Final number erven serviced – 467; due to unfavourable proximity to bulk water reservoir.

ii. Top Structures:

- **UISP Portion:** Initially approved – 210. Final number of units built – 208, one erf allocated to beneficiary who does not qualify for a subsidy – will only receive secure tenure in terms of UISP guidelines.
- **Greenfields Project Linked Portion:** Reduced approved – 468. Final number of units built 467

iii. **Funding reconciliation:**

- The impact of the above as well as the need for additional top structure funding (quantum re-phasing's etc.) is currently in progress.

3.2 The table sets out the progress achieved between January 2010 and May 2012.

	January 2010		May 2012		Project Budget	
	Planned	Progress	Complete	Beneficiaries approved	Project value	Transferred to Munic May 2012
Services UISP	209 erven	100%	100%	209	R	
Services PLS	467 erven	100%	100%	467	R	
T/S UISP	210	100%	179	208	R15 139 740	R15 139 740
T/S PLS	468	100%	362	422	R38 960 532	R38 960 532

3.3 The services portion of the said project has been completed and all funds have been paid. A reconciliation in respect of two erven not serviced will be made.

3.4 The remaining units are planned to be completed by the end of June 2012.

3.5 The additional funding requirements have quantified/motivated and is currently in being assessed by the WCDoHS. As can be seen all the units will be completed by end of June 2012 and the additional funding is required settle the last two payments certificates to the contractor as well as related professional fees. The additional funding required relates to, additional funding due to subsidy quantum re-phasing's, as well as land rehabilitation and relocation funding shortfalls.

4 ASSESSMENT OF WHETHER THE PORTFOLIO COMMITTEE'S CONCERNS WERE ADDRESSED

4.1 In an effort to ensure that all the issues raised by the Chairperson of the Portfolio Committee were addressed, a meeting with the community and the local authority was convened on 31 May 2012.

4.2 The issues raised by the Chairperson of the Portfolio Committee were presented to the meeting and the meeting was requested to make their views heard. The assessment of the issues raised is provided hereunder.

i. Flouting of Policy and the interpretation and implementation thereof

The project has been implemented in accordance with the policy guidelines of the UISP and the Project Linked Subsidy Mechanisms. The funding agreement between the Municipality and the WCDoHS has been governing the implementation process and monitoring of the process throughout by the Inspectorate of the WCDoHS has to date never indicated any flouting of policy nor the interpretation and implementation thereof.

ii. Lack of public participation

In addition it can be confirmed that subsequent to the visit of the Portfolio Committee, based on draft terms of reference provided by the National Department of Human Settlements, a wider representative Human Settlement Forum for Great Brak River was established, which met on numerous occasions to address human settlement matters (inclusive of the Wolwedans Housing Project). This dispensation carried on until such time as an official Ward Committee was established to take care of, *inter-alia*, the matters that received attention at the Human Settlements Forum. The HSF was therefore, subsequently, dissolved.

iii. Communication breakdown between certain councillors and municipal management

It would appear that the current relationship between the Municipal Management and the new Ward Councilor is on very good . Cllr C Bayman is, at present, also the Portfolio Committee Chairman for Housing and the past Chairman of the Human Settlement Forum.

iv. Exploitation of workers by contractors in human settlements development

The situation (perceived tension between main contractor and sub-contractors) that prevailed at the time of the Portfolio Committee's visit has been resolved to the point of accelerated production of an acceptable standard. The sub-contractors that could not maintain the required production and quality standards have also long since move on. In order to address the possibility of the sub-contractors not remunerating their laborers/artisans according to the

agreed rates timeframes, the main contractor intervened with certain administrative controls that effectively eliminated this possibility

v. Lack of transparency in areas of procurement

It appeared that the relevant procurement processes were followed and the municipality is happy for an audit to be undertaken to check whether the necessary supply chain principles were adhered to.

5. RECOMMENDATION

It is recommended that the Portfolio Committee takes note of the report

Chief Directorate : Project and Programme Planning
15 June 2012