

REPORT OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN RELATION TO THE 1ST QUARTERLY REPORT HELD ON 01 SEPTEMBER 2015 OF THE DEPARTMENT OF HUMAN SETTLEMENTS

1. INTRODUCTION

As stated in Rule 218 sub-rule (1) (2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature, the Member of the Executive Council responsible for a provincial department must table the quarterly reports of the department to the Speaker, within 30 calendar days after the end of a quarter.

The Committee considered the 1st quarterly report of the Department of Human Settlements (the department) for the 2015/16 financial year, reporting period April-June 2015. Interaction with the department was aimed at assessing the department's performance for the quarter.

2. METHOD OF WORK

The Honourable Speaker referred the 1st quarterly report of the Department of Human Settlements to the Committee for consideration and report back to the House.

On 19 August 2015 the Committee was briefed by the researcher on the 1st quarterly report of the Department. The Committee interacted with the Department during the deliberations, which were held on 01 September 2015. The analysis questions were sent to the Department and the written responses thereto were submitted to the Legislature on 17 September 2015, together with the responses to the questions raised by the Committee during the deliberations.

The Honourable MEC for Human Settlements, the Head of Department (HOD) and his senior management team, the Provincial Treasury, the Office of the Auditor-General, South African Local Government Association (SALGA) and House of Traditional Leaders (HTL) were invited to the meeting. Subsequently, the Committee considered and adopted its draft report on 30 October 2015.

3. GENERAL OBSERVATIONS BY THE COMMITTEE ON 1st QUARTERLY REPORT

- ❖ The Department has spent its overall budget of R 387 310 000 which is within the limits of 23% which is 2% less than the treasury benchmark of 25% for the 1st Quarter in the 2015/16 financial year.
- ❖ The Department has not done well in implementing fully the pay progression and performance bonuses.
- ❖ The Department does not have a proper plan to address the previous year's roll over and targets not achieved in this quarter.
- ❖ The Department has paid a total of R 81 978 million for accruals.

4. BROAD OVERVIEW BY THE MEC

In her opening remarks, the MEC, Hon VS Siwela thanked the Committee for the invitation to appear before the Committee to account on the spending of the department's budget during the 1st quarter - April-June 2015. The MEC reported that the quarterly performance report will be based on financial reports which were submitted to Treasury after closure for June 2015 as required by Section 40 of the Public Finance Management Act, 1 of 1999.

She further indicated that her Department has planned to create 17 561 housing opportunities during the financial year under review which consist of the following;

- ❖ Construction of top structures : 9135 houses
- ❖ Servicing of sites : 8 260 and
- ❖ Other opportunities including Rental Stock and Community Residential Units (CRU) : 166 units

The MEC further reported that as at 30 June 2015, the Department has delivered 1 791 houses against the target of 1 763 houses. The MEC also indicated that 311 sites have been serviced which were not projected for completion during the period under review. In closing, the MEC indicated that in restoring human dignity to our people, the Department has achieved 1 071 title deeds against 2 500 during the first quarter of this financial year and that under performance is due to delays experienced by conveyancers in the initial physical beneficiary verification.

5. ANALYSIS ON THE BUDGET EXPENDITURE

The Department had been allocated an adjusted total budget of R 1, 677 477 000 for the 2015/16 financial year in order to implement Outcome 8. The Department has spent by 2% less than the Treasury Benchmark of 25%.

SUMMARY OF EXPENDITURE

Programmes	Adjusted Budget (R'000)	Actual Expenditure end of June 2015 (R'000)	Outcome of %
Administration	120 996	29 817	24.6%
Housing Needs, Research & Planning	39 585	8 344	21%
Housing Development, Implementation & Target	1 513 077	348 543	23%
Housing Assets Management	3 819	606	15.9%
Total	1 677 477	387 310	23%

The Table above refers to the summary of expenditure per programme, through scrutiny of the table there is an indication that in overall, the Department spent within allowed limits by 23% which is 2% less than the treasury benchmark of 25%, therefore on that basis the Department should be commended, especially on programme where funds were spent accordingly. However, through inspection on programme by programme spending, it's noted that programme 1 & 3 spent within allowed limits, while programme 2 & 4 spent below treasury bench mark and allowed limits i.e. less by 4% and 9.1% respectively being 21% and 15.9%.

Economic Classification

Economic Classification R' 000	Adjusted Budget	Actual Expenditure to the end of June 2015	Outcome of %
Compensation of employee	151 937	38469	25.3%
Goods and Services	54 523	12 741	23.4%
Transfers and Subsidies	1 269 017	335979	26.5%
Payments for Capital Assets	202 000	121	0.1%
Total	1 677 477	387 310	23%

The above Table refers to the economic classification per items and also indicate the economic items that have spent below the Treasury bench-mark i.e. payment for capital assets whilst other items have achieved percentage required by the Treasury bench mark on transfers and subsidies and compensation of employees for the 2015/16 financial year.

Compensation of Employees

The Department was requested to give an explanation on what plan does the Department have in place to ensure that the risk of over spending is avoided or minimised to an acceptable level. In its response, the Department reported that positions vacated are either by retirement or death of officials and will not be filled and the expenditure will be closely monitored.

The Department reported that a submission has been made to the Provincial Treasury; and the Budget and Finance Committee has been informed that the Department has no savings in goods and services to fund the salary increases. The Department has also requested to utilise savings on capital budget to fund the over spending on Compensation of Employees.

Goods and Services

The Department was commended for spending accordingly on goods and services by 23.4% which is 1.6% less. The Committee noted that through inspection of the budget and expenditure report, the Department reported that the expenditure on this item was increased by payments of 2013/14 accruals of the Department. In its response, the Department indicated that there was no sacrifice to any project as all the accruals relating to projects started in the 2014/15 financial year would be completed in 2015/16 financial year. The Committee was informed that there are no specific items that were sacrificed to cover payments of accruals, especially on goods and services. The Department has reduced on spending through the cost curtailment measures.

The Committee further requested the Department to explain how it plans to achieve the targets which were sacrificed in the event of covering accruals. In its response, the Department reported that the Department will implement cost curtailment measures. The Department is on track in achieving its targets; all projects in the business plan were identified in the last financial year and there are no projects that have been sacrificed.

Payments of Capital Assets

The Department has under spent by 99.9% which is 0.1% spending which is below Treasury bench mark by 24.9%. The amount of R 202 000 000 has been allocated for payment of capital assets; however, it has not yet been spent by the Department which is of serious concern.

The Committee indicated that in order to seek an understanding of this under spending on payments of capital assets classification, inspected the budget and expenditure report and noted that there is an indication of a slow progress on the purchasing of machinery and equipment's such as computers by the Department where as a budget of R 2 000 000 has been allocated and only 6% was utilised so far and also noted that the other budget amounting to R 200 000 000 of the total allocation was for bulk infrastructure falling under building and other fixed structures which the Department has not utilized as yet and this is a growing trend where by it happens every year that the Department starts utilising the allocated funds in the last quarters of the financial year.

The Committee requested the Department to indicate by when will the Department start on service delivery which will impact the bulk infrastructure budget i.e. buildings and fixed structures allocation. The Department in its response reported that, it has no budget for bulk infrastructure projects as this is not the mandate of the Department but that of Local municipalities. The Department was also requested to provide the remedial actions to avoid under-spending on capital assets in the following quarters to enable the Department to break even. The Department reported that special allocation of R200 million has been put aside for support to Municipalities that have been identified by the Executive Council; Bushbuckridge Local Municipality is one of the beneficiaries on these projects. The rehabilitation of water supply infrastructure is currently underway

Transfers and Subsidies

The Committee noted that the Department has spent accordingly at 26.5% which is over spent by 1.5% which is within the Treasury benchmark and still within allowed limits. Through inspection of the budget and expenditure report for 2015/16 financial year, the Committee noted that the expenditure on this item was contributed by expenditure incurred by Department on projects rolled over from the previous financial year 2013/14.

The Committee also noted that during the Pre-TLP that was held in Nkomazi Local Municipality in June 2015, uncompleted and abandoned projects by the Department were identified through research and public hearings, consequently the Committee then asked the Department to submit detailed report of all projects not completed, budget allocated and spent and yet the report stand un-received to date.

6. PRESENTATION BY THE HEAD OF THE DEPARTMENT (HOD) AND INTERACTION ON THE MAIN PROGRAMMES

The HOD briefed the Committee on the Departmental performance on the financials and non-financials. The HOD presented the 1st quarterly report as it was tabled to the Committee. After the presentation, the Committee welcomed the presentation as made by the HOD. The Committee then interacted as per programme by programme.

6.1. PROGRAMME 1 - ADMINISTRATION

The purpose of this programme is to provide strategic administrative and management support to the Department.

Summary of programme 1

Sub-programmes	Planned Targets	Actual Outputs	%
1. CFO	953	911	97%
2. Human Resource Management	6	4	67%
3. Transversal Services	2	2	100%
4. Housing Subsidy Scheme – Number of beneficiaries ready for construction	2000	585	29%
5. Communication & Information Technology	6	6	100%
6. Strategic Planning & Programme	2	2	100%
7. Legal Services	3	3	100%

The Committee noted that the above table indicates that the planned targets against the actual targets achieved, under this programme it is noted that most of the planned targets have been achieved and thus the Department should be commended. The following are the sub-programmes which the Department either did not perform at all or did not achieve:

Chief Financial officer

In this sub-program the Committee noted that the Department planned to achieve **100%** payment of invoices within 30 days, however, out of **943** invoices only 907 or 96% were paid leaving a variance of 4% or **36** invoices unpaid. There was also a **100%** planned target of bids to be awarded within validity period of 90 days as well as **30%** youth and women contractors appointed which was also not achieved by the Department due to specifications/Terms of Reference changes and this created elements of concerns towards service delivery.

The Department was also requested to explain on whether there are interest charges imposed by service providers for late payments. The Department in its response reported that, there were no interest charges posed by any of the affected service providers.

The Committee requested the Department to provide an explanation on the 36 invoices which were not paid; and requested the Department to indicate plans in place to ensure that all invoices are paid within 30 days to avoid interest penalties which might result into fruitless and wasteful expenditure. In its response the Department reported that, a register is in place to ensure that all invoices received are registered and tracked on a daily basis. The delays are caused by invoices that are incorrect which have to be sent back for corrections; expired- tax clearance certificate and expired contracts.

The Committee requested the Department to provide an explanation on whether or not the Department has the Employment Equity Plan and Human Resource Plan been presented to TOPMANCO in July as indicated by the Department as a remedial action for not achieving this target in the first quarter. The Department reported that the Human Resource Plan has been finalised and approved by the Accounting Officer and Member of Executive Council, and signed-off on 16/07/2015 and 20/07/2015, respectively. However, the Employment Equity Plan is yet to be finalised and presented. Two reasons are key: The Human Resource Management Directorate does not have a Manager responsible for Human Resource Organisational Strategy and Planning; Secondly; the post could not be filled due to the abolishing of vacant posts and moratorium on the filling in thereof.

The Committee requested the Department to provide the current status quo of the Department in terms of appointment of women and people with disabilities. The Department reported that the employment equity status on women at SMS level and people with disabilities is at 17% and 2%, respectively.

Housing Subsidy Scheme

The Department had planned 2000 beneficiaries ready for construction and only 1415 were achieved which left a variance of 585 targets not achieved which the Department indicated that it was due to delays on phase 1 projects areas which affects the finalisation of the beneficiaries list and that they have requested projects areas from project managers which is a remedial action they currently have.

The Committee requested the Department to provide a progress report on the status quo on areas on Programme Managers and why there was underspending on this sub-programme. The Committee also needed clarity on how long it normally takes project managers to provide them with project areas. In its response, the Department reported that there is no specific time period but it should be at the project planning stage in consultation with the Municipalities.

The Department further reported that Human Settlements projects identification is the primary responsibility of municipalities through IDP process. The Department only assists where there is no capacity to do feasibility assessments and register projects with National Home Registration Builders Council (NHRBC). Project planning is the responsibility of Professional Town Planners not of Project Managers.

The Department also reported that the Project Managers are employees of the Department. Project management is an internal function assisted by Cuban professionals, however the Department appoints implementing agents in the implementation of ten key projects due to lack of engineering capacity internally. The Department has also established a Project Management Unit (PMU) to assist in with professional work engineering supervision due to lack of internal capacity.

Human Resource Management

The Department planned to have approved plans on Human Resource and Employment Equity and did not achieve the targets and indicated that this was due to inadequate capacity in the human resource management directorate.

Transversal Services

The Committee commended the Department in trying to improve in Children's rights Programmes.

6.2. PROGRAMME 2: HOUSING NEEDS, RESEARCH AND PLANNING

The programme is designed to facilitate research and planning for the establishment of human settlements, so that verifiable researched information can be used for the establishment of integrated sustainable human settlements. The performance of the sub-programmes is indicated below:

Housing Needs Research and Planning

Sub-programmes	PLANNED TARGETS	ACTUAL OUTPUTS	%
Technical Management	1763	1721	97.6%
• Number of certified Houses	4	0	0%
• Number of projects enrolled with NHBRC			

The Committee noted that the above Table indicates the planned targets against the achieved targets for Programme 2. Under sub –programme 1 which is technical and project management, there is an indication that the Department did not achieve all planned targets as on number of certified houses there is a variance of 42 houses not certified due to late confirmation of developed areas, slow performance of contractors and late allocation of sites by the municipality and 0 % achieved targets on number of projects enrolled with NHBRC due to delay in geotechnical reports.

The Committee noted that the Department does not have a plan to strengthen their relationship with municipalities in ensuring that service delivery is expedited. The Department reported by indicating that as part of the turn-around strategy; the Department will establish planning Forum to coordinate the planning and implementation of service delivery programmes with municipalities.

The Committee needed clarity on whether the Department has put corrective measures in place and executed by the Department to deal with slow performance of the contractors; and does the Department have contract performance management system in place to identify contractors who are not complying, such as slow performance; the Committee further needed to know how many contractors have been identified.

The Department reported that the Department is continuously engaging contractors to ascertain progress on site and where there is none performance on site, the Department takes corrective action by scaling down of projects and hand over to performing contractors. The Department reported that monthly meetings and reports are used for performance management systems.

The Department was requested to explain the causal factor to the delay in geotechnical reports that were produced. The Department in its response reported that the appointed service provider delayed in tracking and locating the sites in which geo-tech had to be done due to the large volume of work and scattered units in rural areas.

The Committee requested the Department to indicate who was doing geo-tech investigation since it's currently seen as a need. In its response, the Department reported that the appointment of laboratory companies have the capacity to do both testing of material and geo-tech. The Committee further needed clarity on whether was there a detailed need analysis done by the Department as required by Supply Chain Management (SCM) Regulations before considering the appointment of a service provider as required by SCM. The Department in its response reported that the need has always been there. In fact, in the past, this service was done by NHBRC, however, due to lack of capacity, the Department resolved to appoint service providers.

The Committee requested the Department to explain if there is capacity/skills of personnel to do geotechnical investigation within the department and does the service level agreement include a clause of transferring skills by the service providers to the department's personnel. The Department reported that there are no geo-tec engineers in the Department and that there are no appointed geotechnical engineers to whom skills could be transferred.

6.3. PROGRAMME 3: HOUSING DEVELOPMENT

The purpose of this programme is to provide individual subsidies and housing opportunities to beneficiaries in accordance with the housing policy.

Housing Development

Sub-programme	Planned Targets	Actual Outputs	Deviation	%
1. Financial Intervention <ul style="list-style-type: none"> • Number of subsidies provided through the financial intervention 	43	6	37	13.9%

<ul style="list-style-type: none"> programme • Number of finance link individual subsidies approved and disbursed • Number of units built for military veterans 	10	5	5	50%
	33	0	33	0%
2. Incremental Housing Interventions				
• Number of new households with access to basic service	0	311	311	n/a
• Number of integrated development phase 1 sites completed	0	311	311	n/a
• Number of housing units delivered through the incremental housing interventions	1070	1321	251	123%
• Number of integrated development phase 2 top structure	200	215	15	107.5%
• Number of informal settlements units upgraded	800	1047	247	130.9%
• Number of households assisted through emergency assistance	70	59	11	84%
3. Social & Rental Housing				
• Number of housing association/institution provided with financial and administrative support	4	4	n/a	100%
4. Rural Housing				
• Number of units delivered through rural housing	650	464	186	71%
• Number of Rural Housing units provided	150	150	n/a	100%
• Number of PHP units constructed	500	314	186	63%
• Total number of residential units delivered including 166 rental units	1763	1791	28	102%
• Number of housing opportunities	1763	2102	339	119%
• Number of work opportunities created through related programmes	575	0	575	0%

Financial Interventions - Military Veterans

The above Table indicates the planned targets against achieved, this programme has 4 sub-programmes and the Department achieved as indicated on the above-mentioned Table. The Committee noted that sub-programme 1 which is Financial Intervention, has an underachievement of planned targets by the Department by **86.1%** overall where a large contributing factor of the under achievement was due to the unachieved targets on number of units built for military veterans which was planned at 33 units for the quarter, the Department indicated that this delay was due to the delay by the two (2) municipalities to avail requested sites.

The Committee requested the Department to indicate the names of the two municipalities who delayed to avail the requested sites. In its response, the Department reported that the two municipalities are Emalahleni and Msukaligwa Local Municipalities. The Committee further requested the Department to explain if there was a request for sites from the municipalities and is the requested sites by the Department part of the municipalities Integrated Development Plan.

In its response, the Department reported that the sites were requested during the 2014/15 financial year. The municipalities were officially informed in writing about the Military Veteran allocation at the beginning of the 2014/15 financial year. The sites required for the construction of Military Veteran houses are not part of their IDP's but municipalities were requested to avail sites based on the location of the veterans as per the National Department of Defense Military Veterans database as well as per the directive from the National Department of Human Settlements.

Incremental Housing Interventions

The Committee noted that sub-programme 2 being the incremental housing intervention overall has achieved or overachieved on most planned targets except for items where the Department has planned to provide household with emergency assistance and only achieved **84%** of planned targets.

Social and Rental Housing

The Committee noted that sub-programme 3; the Department has achieved its planned targets at **100%** where the Department planned 4 targets and achieved the 4 targets. Under sub-programme 4, the Department has achieved its targets or overachieved its targets on other items except for the **0%** achievement on creation of job opportunities where a target of **575** was planned and **63%** achieved on proving of PHP houses where **500** targets were planned and only **314** were achieved leaving a variance of **186** targets unachieved.

The Committee wanted to know if the Department has a plan to ensure that the unachieved targets in this 1st quarter are achieved without sacrificing the achievements of the planned targets for the remaining quarters within this financial year.

The Department reported that it is closely monitoring the implementation of the business plan to ensure that all planned targets for 2015/16 financial year are achieved. Monthly meetings with programme managers are held to assess progress and deal with slow progress on site, if identified. Furthermore, all contractors have been instructed to complete their projects by the end of September 2015, failing which their contracts will be terminated and new contractors would be appointed to complete the projects.

The Committee requested the Department to provide a detailed progress report on all contractors appointed by the Department to build pavement in the province, the report should include among others and not limited to the following: Reasons for cancellation of contractors and, if contractor's contracts are terminated indicate reasons e.g. contracts cancelled due to budget contracts and details. In its response, the Department reported that the Department did not cancel any contract in 2015/16 but simply reduced scope of work for some contracts for the reasons which are listed as follows;

- ❖ Contracts included work which is the competence of the municipalities and if the Department could have continued to fund the work, this could have resulted in millions of unauthorised expenditure due to utilisation of the grant for work that is not approved for the grant. The work includes – paving of roads, installation of bulk services and construction of water reservoirs;
- ❖ Prices quoted in the contract and appointment letters were more than the price of the approved quantum;
- ❖ Contracts were issued without considering affordability and no segregation between one year and multiyear projects, the Department is currently over committed with a budget of R1.2 billion and contractual liabilities of over R2.5 billion.

The Department further reported that the Committee should note that the Department of Human Settlements as a sector is under performing. National Treasury has submitted a report to the National Minister that indicates that Provinces are actually abusing the grant by paying for work that is not meant for the grant. The sector is supposed to produce R1, 5 million human settlements opportunities for this MTSF period, it is far below the target. The Minister has issued an instruction that the grant should strictly be spent on creating housing opportunities. The Minister has also stopped programmes like rectification of old structures including hostels.

Summary of the financial performance

Economic Classification	Adjusted Budget	Actual Expenditure end of June 2015	Outcome of %
	(R'000)	(R'000)	
Compensation of employees	41 382	11 580	28%
Goods & Services	6 533	1676	26%
Transfers and Subsidies	200 000	-	0%
Payments of Capital Assets	1 265162	335 287	27%
Total	1 513 077	348 543	23%

The Committee noted that the above Table indicates the financial performance for the 1st quarter, whereby in overall the Department has spent according to the Treasury bench mark. However, when you scrutinize per classification on the Table above, there is an indication that the transfers and subsidies has not spent the R 200 000 000 allocated funds at all in this quarter which raises concerns and poses risks on march spike towards the end of the financial year.

The Committee requested the Department to explain why the Department the under spending under transfers and subsidies. In its response the Department reported that, the expenditure on transfers and subsidies is at 27%; however, there is no expenditure on payment for capital assets. The Committee further needed to know if the Department has any plans available to avoid risks of March spike and un-achievement of planned targets at the end of financial year.

The Department reported that it will try to avoid the March spike as the Department is closely monitoring the implementation of the business plan to ensure that all planned targets for 2015/16 financial year are achieved and that monthly meetings with programme managers are held to assess progress and deal with slow progress on site, if identified.

6.4. PROGRAMME 4: HOUSING ASSET MANAGEMENT

The purpose of this programme is to facilitate assets management.

Summary of planned targets and actual targets

Sub-Programme	Planned Targets	Actual Outputs	Deviation	%
Administration				
• Number of Title Deeds Registered	2500	1071	1429	43%
• Number of Rental Disputes resolved	55	48	7	87%

The Committee noted that the Table above indicates planned targets against the achieved targets. Through inspection of the Table above, the Committee noted that, overall the Department has not achieved its planned targets as it has achieved 43% and through scrutiny of the items under the sub-programme i.e. administration; also noted that the Department has planned to achieve 2555 planned targets and only managed to achieve 1119 i.e. a deviation of 1436 planned targets and a deviation of 7 against 55 planned targets for number of rental disputes resolved where 48 targets were planned and achievement was 87%.

Summary of financial performance

Economic Classification	Adjusted Budget	Actual Expenditure end of June 2015	Outcome of %
	(R'000)	(R'000)	
Compensation of employees	-	-	-
Goods & Services	-	-	-
Transfers and Subsidies	3819	606	16%
Payments of Capital Assets 20001121	-	-	-
Total	3819	606	16%

The Committee noted that the Table above indicates the financial performance of this programme, the Committee noted with concern that the Department has spent below the Treasury bench mark of 25%. The Department has not spent the allocated funds accordingly and in turn did not achieve its planned targets for the quarter; this poses risks of non-service delivery and leading to March spike and roll-overs of projects by the Department to other financial years.

7. Findings

After the interaction with the Department, the Committee found that:

- a) The overall expenditure spent by the Department is **R 387 310 000 (23%)** which means that it has spent within allowable limits and according to Treasury bench mark, however, it was like a yoyo as there is an under spending of 99.9% on payment of capital assets.
- b) The Department has achieved its planned targets in some of the programmes; but still seem to be fast-tracking delivery of roll overs from the previous financial year 2014/15; and the tendency of not starting certain projects in time, leaving them for a later stage of the financial year putting itself on risks of March spike and non -delivery of planned targets in the current year.
- c) The Department does not have a proper plan to address the previous year's roll overs and for the non-achieved targets in this quarter (1st quarter).
- d) Cuban Professionals are assisting the project management of the Department due to lack of internal capacity.

- e) The Department does not have a plan to expedite service delivery in municipalities, however, a special allocation of R200 million has been put aside for support to the municipalities that have been identified by the Executive Council; Bushbuckridge Local Municipality being one of the beneficiaries on these projects.
- f) The Department does not have geotechnical engineers as the result, the Department did not achieve all planned targets (programme 2) as on number of certified houses there is a variance of 42 houses not certified due to late confirmation of developed areas, slow performance of contractors and late allocation of sites by the municipality and 0 % achieved targets on number of projects enrolled with National Home Registration Builders Council (NHRBC)
- g) Two municipalities (Emalahleni and Msukaligwa) delayed to ear-mark sites for Military Veterans houses though were officially informed at the beginning of t2014/15 financial year, as per the directives from the National Department of Human Settlements.
- h) A detail report on all contractors appointed by the Department to build pavement in the province was not submitted on the expected date (04 September 2015), only reasons for cancellation of contractors were provided.

8. Recommendations

After the findings, the Committee recommended that the Department must:

- a) Ensure that the overall expenditure is spent according to Treasury bench mark and provide remedial actions to avoid under-spending on capital assets in the following quarters to enable the Department to break even;

- b) Achieve all its planned targets (in all the programmes) to prevent roll overs from previous financial year and that all planned targets are achieved in the current financial year.
- c) Ensure that a proper plan to address previous year's roll overs and targets not been achieved for the 1st quarter is in place so that the Department delivers successfully towards service delivery to the people before 31 December 2015.
- d) Ensure that there is skills transfer with regards to project management by the Cuban Professionals.
- e) Develop a plan to expedite service delivery to municipalities, noting the special allocation of R200 million rand that has been put aside for support to the identified municipalities (currently, Bushbuckridge Local Municipality being one of the beneficiaries on these projects). A progress report must be tabled in the Legislature by 30 November 2015 and the conditions that has been put in place of the R200 million rand;
- f) Prioritize the recruitment of geotechnical engineers for the financial year, 2016/17 after the up-liftment of the moratorium; contingency measure to be put in place by the Department to enhance service delivery.
- g) Ensure that the two municipalities fast-track the securing of the land for the construction of Military Veterans houses by 30 November 2015;
- h) Submit a detail report on all contractors appointed by the Department to build pavement in the province by 30 November 2015.

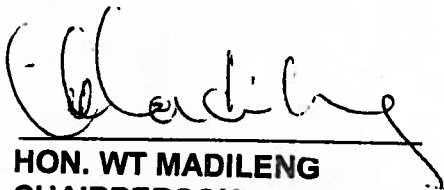
A progress report should be submitted to the Legislature on or before 30 November 2015

9. CONCLUSION

The Chairperson wishes to express his gratitude to the MEC Hon VS Siwela; the HOD and the senior officials of the Department of Human Settlements for their attendance and deliberated on the first quarterly report of the Department.

The Chairperson further wishes to thank the Hon. Members of the Committee for their sterling participation and inputs during the deliberations of the 1st quarterly report with the Department of Human Settlements and also thank the Legislature staff for the support they provided to the Committee.

Lastly, the Chairperson requests the august House to adopt the report with its recommendations.



**HON. WT MADILENG
CHAIRPERSON: PORTFOLIO COMMITTEE ON
HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND
TRADITIONAL AFFAIRS**

30/10/2015
DATE