

Tuesday, 30 April 2024]

No 58 - 2024] SIXTH SESSION, SIXTH PARLIAMENT

PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 30 APRIL 2024

COMMITTEE REPORTS

1. ***(Final Mandate Stage) Report of the Budget Committee on the Division of Revenue Bill [B 4-2024] (NCOP), dated 29 April 2024, as follows:***

The Western Cape Provincial Parliament confers on the Western Cape's delegation in the National Council of Provinces the Authority not to support the Bill.

In terms of Standing Rule 90, Al Jama-ah expressed its minority view to support the Bill.

Report to be considered.

2. **Annual Committee Report of the Budget Committee for the 2023/24 financial year, as follows:**

The Committee comprised of the following members:

Permanent Members

America, D (DA)
Bartman, DM (DA) (Chairperson)
Brinkhuis, K (Al Jama-ah)
Murray, C (DA)
Mvimbi, LL (ANC)

Alternate members

Bosman, G (DA)
Fry, C (DA)
Maseko, LM (DA)
Nkondlo, ND (ANC)
Plato, D (DA) (until 12 February 2024)
Pretorius, G (DA)
Sileku, I (DA)

Smith, D
Van der Westhuizen, AP (DA)

1. Introduction

1.1 The mandate of the Committee was to:

- 1.1.1 Consider and make recommendations to the House on budget allocations in the annual Medium Term Budget Policy Statement (MTBPS), the main budget, the Budget Review and the relevant Bills with a view to improve spending effectiveness and efficiency;
- 1.1.2 Review and assess overall provincial expenditure and non-financial reports on a quarterly basis for spending efficiency and effectiveness;
- 1.1.3 Engage the provincial government on spending patterns;
- 1.1.4 Perform such other tasks assigned to it by resolution of the House; and
- 1.1.5 Ensure public involvement in all budgetary processes.

1.2 In fulfilment of its mandate the Committee -

- 1.2.1 facilitated public participation and involvement in the legislative and other processes of the Committee;
- 1.2.2 conducted its business in a fair, open and transparent manner;
- 1.2.3 promoted co-operative governance; and
- 1.2.4 reported regularly to the House.

With reference to the 2023/24 Strategic Objectives of the WCPP linked to the Speakers' Priorities to the end of the 6th Term, the outcome of this report is linked to:

Priority 1: Building a credible WCPP; and
Priority 3: Strengthening the core business.

2. Reporting department

2.1 Provincial Treasury

3. Overview of Committee's activities

Number of Committee Meetings	19 (this includes public hearings)
Number of Public Hearings	4
Number of Oversight Visits	0
Number of Provincial Bills considered	2
Number of NCOP Bills considered	2

4. Oversight activities

During the period from April 2023 to March 2024, the Budget Committee fulfilled its mandate, addressing financial matters and legislative considerations. The key activities undertaken during this period were as follows:

April and May 2023:

- Considered, conducted public hearing, and adopted the Negotiating and Final Mandate Reports on the Division of Revenue Bill [B 2-2023] (NCOP), with briefings from the Permanent Delegate and National Treasury.

June 2023:

- Engaged in a comprehensive briefing by the Department of the Premier and Provincial Treasury on E-Government and Digital Economy programs within Western Cape Government Departments.
- Undertook the review and adoption of the draft Committee Report concerning the workshop discussing the First Draft of Amendments to the Standing Rules and the Draft Money Bills Amendment Procedure Bill.

July 2023:

- Received a briefing from Provincial Treasury on the 2022/23 4th Quarter Performance, comprising both financial and non-financial aspects.

August 2023:

- Gained insights from the Financial and Fiscal Commission regarding the 2024/25 Submissions for the Division of Revenue.

September 2023:

- Received briefings from Provincial Treasury on the Provincial Economic Review and Outlook, as well as the 2023/24 1st Quarter Performance.
- Considered and adopted the Draft Committee Report on the Provincial Economic Review and Outlook 2023.

October 2023:

- Engaged in an overview by the Auditor-General of South Africa (AGSA) on the 2022/23 Audit Outcomes of the Public Finance Management Act, 1999.
- Received a briefing from Provincial Treasury on the 2022/23 Annual Report process pertaining to Departments and Entities of the Provincial Government of the Western Cape.

November 2023:

- Received briefings and conducted public hearings on the Division of Revenue Amendment Bill [B 33 – 2023] (NCOP).
- Received a briefing from Provincial Treasury on Municipal Economic Review and Outlook.
- Considered and adopted negotiating and final mandates on the Division of Revenue Amendment Bill [B 33 – 2023] (NCOP).
- Received briefings on the Western Cape Adjustments Appropriation Bill 2023, and the Medium-Term Budget Policy Statement.
- Received a briefing on the 2023/24 2nd Quarter Performance from Provincial Treasury.

December 2023:

- Considered and adopted the Draft Committee Report on the Western Cape Adjustments Appropriation Bill 2023.

March 2024:

- Received a detailed briefing on the 3rd Quarter Performance for the fiscal year 2023/24.
- Considered and adopted the Western Cape Appropriation Bill 2024.

Workshops and Technical Enhancements:

The Committee conducted a workshop to discuss the First Draft of Amendments to the Standing Rules and the Draft Western Cape Money Bills Amendment Procedure Bill. It collaborated with stakeholders to establish a Technical Team to incorporate technical proposals into the Draft Bill.

5. Legislation

Throughout the period, the Committee engaged with legislation, including the Division of Revenue Bill [B 2-2023] (NCOP), Division of Revenue Amendment Bill [B 33 – 2023] (NCOP), Western Cape Adjustments Appropriation Bill [B 7-2023], and Western Cape Appropriation Bill [B 2-2023].

6. Facilitation of Public Involvement and Participation

Aligned with its mandate to facilitate public participation in the legislative process, the Committee held four public hearings. To this end, it advertised the annual budget activities and Division of Revenue Bills, informing and inviting stakeholders to participate in public hearings.

7. Financial particulars

The Committee's original budget was R60 000. Actual expenditure for the 2023/24 financial year amounted to R59 117 against an adjusted budget allocation of R59 111 resulting in an over expenditure of R7.

3. Report of the Standing Committee on Agriculture, Environmental Affairs and Development Planning on its oversight visit to Beaufort West and surrounding areas from 5 to 7 February 2024, as follows:

Delegation

The delegation consisted of the following members:

America, D (DA)
 Marais, PJ
 Marran, P (ANC)
 Murray, CA (DA)
 Van der Westhuizen, AP (DA: Chairperson)

An apology was received from Member Peter de Villiers (GOOD).

1. Introduction and background

Section 114 (2)(b)(i) of the Constitution of the Republic of South Africa mandates provincial legislatures to provide for mechanisms to maintain oversight over the Provincial Executive Authority in the province.

At a committee meeting that took place on 25 October 2023, the Committee resolved that it would, subject to the availability of meeting slots on the Parliamentary Programme, undertake an oversight visit to the Central Karoo, possibly at the end of January 2024. The committee would focus on projects associated with the Department of Agriculture and the Department of Environmental Affairs and Development Planning and SANParks. In terms of the latter, the purpose of the visit was to do a comparative study between the tourism offering at nature reserves that were i) managed by national government versus ii) those managed by CapeNature.

At a committee meeting that took place on 21 November 2023, the Chairperson called the Committee's attention to the afore-mentioned resolution. The Committee embarked on various oversight visits in the Western Cape but had not had the opportunity to visit many parts of the vast area of the Karoo. The Committee then agreed that the oversight visit will show respect to and interest in the residents of the area so that they are not marginalised in terms of the Committee's mandate to ensure effective oversight.

Projects that were identified included a visit to Murraysburg as the Department of Agriculture appropriated approximately R1,5 million to a garlic project in the area. The Committee would also engage with small-scale livestock farmers who were assisted during the last drought and with the Department of Agriculture on the assistance that was offered to fight locust swarms; and explore the environmental impact of fracking together with the Standing Committee on Finance, Economic Opportunities and Tourism. The visit to a CapeNature Reserve in the area, the Swartberg Nature Reserve, did not take place as the Committee was advised that the road to Die Hel was not in a good condition and that vehicles would have great difficulty navigating the narrow roads, tight bends and steep ascents. The visit to the Karoo National Park (SANParks – a national entity) did not take place as there was no response to the Committee's request for a visit.

The Committee received an invitation from the Department of Agriculture to attend its Career Open Day in Beaufort West on 7 February 2024. The Committee accepted the invitation and attended. The specific goal regarding the Career Open Day was to expose local youth (not limited to those at school) to career opportunities and associated support mechanisms. As the youth of Murraysburg did not have the means of attending open days of tertiary and skills institutions, the intention was to bring truncated versions of these open days to the town. As it was clear the agricultural sector would not be able to absorb all these young people, the Department of Agriculture decided that such an open day should move beyond the agricultural sector and include all sectors of the economy. For this reason, all learning and tertiary institutions as well as government departments in the Province formed part of this initiative.

This report highlights the Committee's findings and recommendations stemming from the visits.

2. Garlic Farm and Small-Scale Livestock Farming (Murraysburg)

2.1 Overview

The visit commenced with a welcome by the Department of Agriculture, that was followed by a presentation and a brief tour of the facilities used for the production of garlic. The Committee was also addressed by Mr Sam Daniel, a small-scale livestock farmer in the area.

The Murraysburg commonage is located next to Murraysburg and is now the property of the Beaufort West Municipality in the Central Karoo Region of the Western Cape Province. The commonage spans a total area of 5 794 hectares and is currently being used

by a number of livestock farmers. There are three garlic growers, each operating on a 6-hectare scale, in the town.

2.2 Findings and observations

2.2.1 The small scale garlic project played a significant role in creating jobs in a town marked by high unemployment. Local business strategists, with the financial assistance of the Department of Agriculture, repaired the historic town water scheme in late 2017. In this way the spacious plots in the town could be irrigated again, which paved the way for the garlic farming enterprise.

2.2.2 Mr Ryan Newborn and his brother established a company named Global Breeders Solutions and acquired land within the town. They registered another company, KMA (Pty) Ltd (with black shareholders), under the beneficiaries' names. This was the only way that the municipality would lease the land. A joint venture company, Murraysburg Garlic, was also formed with KMA holding a 51% ownership stake and Global Breeders Solutions owning 49%. The decision to venture into garlic production stemmed from the necessity of cultivating a crop resilient to harsh winter conditions and unaffected by late frosts, as Murraysburg experienced frost until late October. Garlic was also chosen as it was a high-value crop and compact in size, for easy transportation to distant markets.

Furthermore, the farming location's challenges and the town's unemployment rate influenced the decision. Initially, the project faced the expense of acquiring garlic seed, essentially planting garlic cloves. To address this, the project began establishing a seed bank using locally adapted garlic varieties, thereby reducing reliance on external seed purchases. The cultivar was known as Murrayburg garlic. The Murraysburg Garlic Entity was responsible for processing, packaging, and selling the garlic. The Entity also acquired land in the town to establish a processing and packaging facility. This was done with the financial assistance from the Department of Agriculture.

2.2.3 The project started with 6 permanent employees, who were overseen by Ms Martha Booyen, herself being a beneficiary. In addition to the permanent staff, the project employed between 20-40 seasonal labourers. The processing facility was completed in time to process the 2023 harvest, but for the drying of garlic, the project still utilised the rented property close to the farm. The processing of garlic into by-products was under consideration for the 2024 yield, after markets have been explored and the appropriate training provided.

2.2.4 Of concern to the Committee was the limited economic opportunities in Murraysburg; the absence of a policy on the management of commonages; allegations regarding the import tariffs and the charges relating to importing garlic. The tariff was not offering a competitive advantage for local producers. For this reason, local producers were struggling to sell to suppliers because suppliers could get the product cheaper. All indications were that the customs duty on imported products was not enforced. The high tariffs of water was of further concern.

2.2.5 Mr Sam Daniel, a small-scale farmer, farmed just outside of Murraysburg with approximately 200 livestock. The Department of Agriculture has assisted with the erection of infrastructure and drought relief funds. The negative influence of crime on farming such as the theft of livestock, fencing and cables, as well as stray dogs that kill the farmers' animals was apparent. The Committee therefore emphasised the role of better policing and a more effective criminal system to protect agriculture.

2.2.6 The Committee noted the municipality’s reluctance, as land owner, to lay charges where theft has occurred. The Committee was informed that the municipality was aware of the identities of those that were involved with stock theft. It was claimed that the failure by the municipality as land owner resulted in no action against the offender. The absence of formal lease agreements resulted in a “free for all”, resulting in overgrazing, an unwillingness to invest in infrastructure, and strife between farmers. It was not clear where liability resided in the event of theft.

3. Resolutions/Actions

3.1 The Committee RECOMMENDED that the Department of Agriculture:

3.1.1 Develops a draft policy on the management of commonages and assist with templates for lease agreements for small-scale farmers; and

3.1.2 Liaises with the Beaufort West Municipality on lease agreements for the livestock farmers in the Murraysburg area, with a specific focus on and reference to stricter management of the commonage, access to the commonage, regulations regarding the number of livestock, the selection criteria that successful lessees needed to comply with; and clarity and co-operation in terms of liability in the event of theft and other matters.

3.2 The Committee RESOLVED that it would:

3.2.1 Engage the Western Cape Police Ombudsman regarding any investigations that they may have done in terms of the theft of livestock and other crimes that affect farmers; and

3.2.2 Write to the Chairperson of the Portfolio Committee on Trade, Industry and Competition in the National Assembly, pointing out that there are serious allegations regarding the enforcement of import tariffs and the charging of such for importing garlic.

4. Locust Swarms

4.1 Overview

The responsibility for controlling locust swarms in the Central Karoo and other regions resided primarily with the national Department of Agriculture, Land Reform, and Rural Development (DALRRD). DALRRD managed the implementation of the Locust and Grasshopper Control Programme, which aimed to monitor locust populations, detect outbreaks, and conduct control measures when necessary to prevent significant damage to crops and vegetation.

When it became clear in 2022/2023 that the national department was not able to control the locust outbreaks, the Western Cape Department of Agriculture established a Provincial Locust Joint Operations Committee. Regular meetings were held with all relevant stakeholders, including Organised Agriculture, affected municipalities, Municipal and Provincial Disaster Management Centres, Cape Nature, SANParks and disaster management officials.

The Western Cape Department of Agriculture officials were actively part of the National Locust Joint Operations Committee, chaired by DALRRD. An amount of approximately R5 million was received for locust intervention. Locust infestation must be seen in the context of the prolonged drought.

The Committee met with Mr Jan Bostander and the Department of Agriculture in its district office in Beaufort West. Mr Bostander was actively involved in the operation to eradicate locust swarms in 2022 and relayed his experience to the Committee, including challenges that he experienced.

4.2 Findings and observations

Challenges included the delayed payment of locust control teams by DALRRD, the risk of control teams not availing themselves due to non-payment; insufficient pesticides; insufficient or poor quality personal protective clothing (PPE); poor protection against chemicals leaking through the PPE; insufficient or poor quality spraying equipment. The Committee was informed that the equipment supplied by DLRRD was old and poorly maintained. The spraying equipment sometimes had chemicals leaking from sprayers, posing a health risk to workers.

The Department of Agriculture instituted mitigation measures by ensuring a provincial coordination of the locust intervention and worked closely with DALRRD and other stakeholders to ensure the fair procurement and distribution of pesticides, sprayers and PPE sets (gloves, goggles, masks, jackets). Funding was also made available for aerial spraying. The Department also embarked on formal training of locust control teams in all districts, and also coordinated workshops and debriefing sessions with farmers.

5. Shale Gas Development

5.1 Overview

The Committee, together with the Standing Committee on Finance, Economic Opportunities and Tourism met with officials from the Department of Environmental

Affairs and Development Planning, the Central Karoo District Municipality and representatives from Geoscience at the precinct of the Central Karoo District Municipality in Beaufort West. The Department of Environmental Affairs and Development Planning and Geoscience, via Microsoft Teams, provided the Committees with information pertaining to the status of regulatory applications for shale gas development, key policy and law reform initiatives related to shale gas, research related to shale gas and the readiness for large scale development in the Karoo.

5.2 Findings and observations

5.2.1 Due to the blanket moratorium (see below), there has been no shale gas development in the Karoo to date. It was still a polarised theoretical debate. The current focus was on developing the regulatory framework and research.

5.2.2 A moratorium was placed on the processing of regulatory applications since April 2011. Regulatory applications in terms of the *Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002)* were still pending. No applications for environmental authorisation were received in terms of the *National Environmental Management Act, 1998 (Act 107 of 1998)* and for environmental impact assessments by the Department of Environmental Affairs and Development Planning, in its capacity as the commenting authority.

- 5.2.3 The research by the Council for Geoscience was commissioned by the Department of Mineral Resources and Energy (DMRE), consistent with the recommendations of the research report adopted by the Minister of Mineral Resources. The objectives of the research report covered various environmental impacts that were of public concern and measured the gas content from the deep borehole. The Council for Geoscience was in the process of conducting a five year geo-environmental baseline study to better understand the impact that could be brought about by any geo-resource exploration activities on the Karoo environment. The research project was in its final stages and the information will be released once it has been peer reviewed and approved by the DMRE. Only one deep borehole has been dug. The research undertaken by the Petroleum Agency for South Africa was also funded by the DMRE. The research covered a much wider geographical area (i.e. the entire Karoo Basin). It was unclear whether more boreholes were needed in order to study the potential effects of fracking.
- 5.2.4 The Committee expressed concern that the role-players were not communicating with each other. There appeared to be much confusion and uncertainty around shale gas development and the progress made.
- 5.2.5 Feedback from the Central Karoo District Municipality was that Category B municipalities were not represented in meetings on shale gas development. There was a concern that municipality's may not have the necessary infrastructure and policies in place when the time comes for implementation. It was suggested that the Environmental Health Forum in the district should be used as a platform for public consultation. It was unclear where health services would fit in and what their role would be. Further uncertainty and concern related to the municipality not knowing what the benefit of the research to the community would be and this raised doubt if shale gas development should continue or not.

6. Resolutions/Actions

- 6.1 The Committee RECOMMENDED that the Department of Environmental Affairs and Development Planning:
- 6.1.1 Supports municipalities, particularly their planning departments, which may need assistance to determine the conditions for mining and fracking, as well as for the ongoing monitoring of mining companies in order to enforce adhering to the set conditions; and
- 6.1.2 Ensures that public consultation be undertaken and that interested and affected stakeholders be identified as inhabitants of the Karoo and that they must be consulted through mechanisms such as a Community Forums or the like, while being assisted by people with the necessary knowledge and skills so that they are a part of future discussions on shale gas development.

7. Acknowledgements

The Committee recognised i) the challenges faced by small-scale farmers in Murraysburg, ii) the outstanding community service by individuals, such as Mr Jan Bostander in terms of the locust swarms and iii) the uncertainty around fracking and the future of shale gas extraction.

The Committee appreciated the commitment from the Department of Agriculture to continue supporting the community of Murraysburg with training and advisory services. The Committee further expressed appreciation to the Department of

Agriculture for their effort to support job creation in poorer communities such as Murraysburg.