

# PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

## ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 15 JULY 2022

### COMMITTEE REPORTS

#### 1. REPORT OF THE STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM ON THE ANNUAL REPORTS OF THE PROVINCIAL TREASURY AND THE WESTERN CAPE GAMBLING AND RACING BOARD FOR THE YEAR ENDED 31 MARCH 2021.

##### 1. Introduction

The Annual Report programme for the 2020/21 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the virtual meeting and discussions.

Members of the Standing Committee on Finance, Economic Opportunities and Tourism (the Committee) deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Provincial Treasury and its Entity, the Western Cape Gambling and Racing Board, on 3 February 2022.

Members of the public were also given an opportunity to pose questions and make oral submissions. The Committee did not receive any input from the public for this Annual Report deliberation.

##### 2. Overview

The Committee considered the Annual Reports of the Provincial Treasury and its Entity; Western Cape Gambling and Racing Board (the Board).

Before proceeding to the consideration of the Annual Reports, the Minister, the Head of Department, the respective Chief Executive Officer and Chairperson of the Board were given an opportunity to make opening remarks.

The Provincial Treasury and the Board received a clean audit outcomes for the 2020/21 financial year.

### **3. Deliberations on the 2020/21 Annual Reports**

#### **3.1 Provincial Treasury: Findings/Concerns and Observations**

- 3.1.1 The Minister indicated that there were several highlights during the year under review, such as the production of new research reports and innovations in respect of the Provincial Economic Review and Outlook and the Municipal Economic Review and Outlook, the development and adaptation of the budget process which assisted the Western Cape Government to respond to the COVID-19 pandemic, and the implementation of additional measures to respond to risks in the procurement environment, in the form of the Central Procurement Advisory Committee (CPAC) and the Procurement Disclosure Report. The Provincial Treasury achieved these goals under difficult circumstances brought upon by the COVID-19 pandemic.
- 3.1.2 The powers/responsibilities in respect of the condonation working committee were held within the National Treasury before it was delegated to the Provincial Treasury. There was a lack of processing of condonations, so prior irregular expenditures had accumulated over time before the responsibilities of the condonation working committee were delegated to Provincial Treasury. The transfer of duties to Provincial Treasury meant that a framework and governance structures had to be developed and implemented so that there was guidance on the minimum requirements for condonations, as well as checks and balances within the governance system. In the Western Cape, in respect of irregular expenditure - in almost every case - disciplinary measures were taken, value-for-money was attained and very minimal loss was incurred. Most of the cases received by the Provincial Treasury were of an administrative nature. At the closure of every assessment, communication is sent to the accounting officer indicating the recommendation for whether the irregular expenditure has been condoned or not. This communication includes remedial steps to ensure that the irregular expenditure does not reoccur, and there is commitment from the accounting officer to ensure that the irregular expenditure is contained. The Provincial Treasury has worked through most of the condonation cases for all the departments. A strategy was developed to tackle the departments with the highest amount of irregular expenditure and to work its way down.
- 3.1.3 The Provincial Treasury indicated that the CPAC was an advisory structure, only, without decision-making powers. However, the CPAC drew on the depths of skills and experience of the most senior procurement officials across the Western Cape, specifically to deal with complex challenges associated with procurement during the COVID-19 pandemic. The CPAC created a peer group to which accounting officers, Chief Financial Officers and procurement staff could seek advice from. The CPAC has assisted accounting officers to manage risks in respect of complex COVID-19 procurement matters.
- 3.1.4 The Committee noted that the Western Cape Supplier Evidence Bank (WCSEB) was an excellent initiative, however, a question was raised about whether a supplier would be able to appeal a negative review if the need arose for this. While the WCSEB was an excellent tool, it was important to ensure that all suppliers were treated fairly. The Provincial Treasury indicated that there was a Client Support Centre that the suppliers were able to contact if they needed assistance. In the case of consistent non-performance of suppliers (with evidence provided) in the WCSEB, departments are able to request that these suppliers are restricted or that they not be utilised in the future. The Provincial Treasury analyses the information and evidence provided with the complaints and if the supplier is found to be at fault, Provincial

Treasury sends the information to National Treasury and further requests that the supplier be restricted from providing the service. There have only been a few cases such as these in the Western Cape over the last few years.

- 3.1.5 The Procurement Disclosure Report (PDR), initiated by the Western Cape's Provincial Treasury, was proposed to the National Treasury as well as provincial treasury departments in other provinces, as an initiative that could be pursued nationally. This proposal was welcomed by National Treasury and other provincial treasury departments, and a national framework was developed, largely based on the Western Cape Provincial Treasury's existing framework. This resulted in the national disclosure of COVID-19-related reporting. The Provincial Treasury has expanded this initiative to include more extensive quarterly reports and an annual report that provides more outcome-related information in respect of the procurement space. The success of this initiative was due to the historical investments made by Provincial Treasury into data systems and technology, and the team effort put into the project, especially by Ms Janine Mostert, who was recognised by the Civil Service Awards in the Western Cape as the leading support employee in the Province in respect of the PDR.
- 3.1.6 The Provincial Treasury and Department of Economic Development and Tourism collaborated on a project to ascertain the impact of the COVID-19 pandemic on the Western Cape economy and the livelihood of the Province's residents. Each municipality in the Province received a report outlining the impact of the pandemic on key sectors within their specific local economies, as well as the medium to long term growth and development prospects. The Provincial Treasury indicated that this research was useful in terms of shifts made in the MERO. Discussions were also held with municipalities during strategic integrated municipal engagements, which was a key input in the municipal budget processes. The collaboration was also important for the Province in respect of decisions that were made in the various adjustment budgets.
- 3.1.7 National government is in the process of reviewing and reforming the Public Private Partnerships (PPP) Framework. The Provincial Treasury hopes to align its processes with those of national government's so that when the PPP regulations are released, the Provincial Treasury will be in a position to move forward.
- 3.1.8 Fiscal instability within municipalities due to political instability was a concern. This was especially visible recently because of the increase of smaller political parties within municipalities, resulting in some hung councils. This had serious implications for the financial management of municipalities, especially since private investors would be weary of politically unstable municipalities. The Minister indicated that political instability was a risk that was anticipated by the Provincial Treasury, who have put additional measures in place to counteract the implications. The Provincial Treasury added that it acted in accordance with the law when it identified municipalities that were in distress or if there were instances of instability that threatened the financial sustainability of a municipality. The Provincial Treasury developed monitoring systems that created an internal dashboard of vulnerable municipalities in the Province. These municipalities were monitored regularly, on a monthly basis, and these reports were published as well.
- 3.1.9 Previously, the Provincial Treasury indicated that it was introducing Artificial Intelligence (AI) and machine-based learning into its programmes in order to pick up on matters such as corruption, efficacy and efficiency in respect of transactions, and in order to streamline processes and bring certain departmental systems online. The Provincial Treasury updated the Committee on this matter, stating that the country has entered the 4<sup>th</sup> Industrial Revolution and the Provincial Treasury has used machine-based learning and AI to introduce aspects of computer algorithms that can improve systems automatically through experience and data that is collected.

Provincial Treasury has introduced a data centre, which has tools that can assist with decision-making issues. The goal was to develop a data portal for the Western Cape, where all the data could be collected and stored. Provincial Treasury has even created a dashboard for matters of conflict of interest, where the system is able to detect where government employees are doing business with government departments. Machine-based learning and AI are being used to automate Provincial Treasury's dashboards.

- 3.1.10 In terms of strategic Supply Chain Management (SCM) at provincial level, Provincial Treasury acts as an enforcer and an enabler. The Provincial Treasury is involved in issuing and designing tools, templates, checklists and governance requirements that create an enabling environment for departments to move within the much regulated, difficult space of procurement. There was formalised training on SCM as well as integrated and bespoke training, which is less formalised training and can be customised to the needs of the requestor.
- 3.1.11 There was a concern about employment equity within the Provincial Treasury, especially at Senior Management level and providing equitable distribution in terms of having diverse groups of employees. The Provincial Treasury indicated that it tried to have career development discussions with all its staff as part of a performance review process. This was part of management's function and role. The Provincial Treasury added that it was making progress in terms of employment equity; however, it remained an area of concern for the Department and the Minister. Employment Equity was not just about the algorithmic application of targets and mandatory processes; it needed to be a more active process in terms of the diversity of staff and leadership in the Provincial Treasury. The Provincial Treasury has started to look at how it advertises positions, how it markets itself, where it markets itself and the channels that it has used in the past, amongst other things. The approach going forward would be a more "intelligent" approach to ensure that the Provincial Treasury reaches the audience that it wants to reach.

### **3.2 Western Cape Gambling and Racing Board: Findings/Concerns**

- 3.2.1 The Western Cape Gambling and Racing Act (Act 4 of 1996) stated that the Western Cape Gambling and Racing Board (the Board) requires five out of seven board members to be present for a meeting to be quorate. Currently, the Board only consists of six board members. This could be challenging, however, the Board had an excellent attendance record and has not had to adjourn a meeting due to not being quorate. The Board has also made use of the "round-robin" method to communicate with one another. It required a legislative amendment to change the number of Board members that are required for the Board to be quorate.
- 3.2.2 The Western Cape Gambling and Racing Act has been amended 19 times in 21 years, which indicated that the Act needed to be modernised. In terms of the current policy review, the Provincial Treasury has been and will continue to engage with the Board on a new green paper policy.
- 3.2.3 The Board's ability to become financially self-sustainable has been an ongoing discussion for some time. The Board, in its 2020/21 Annual Report, indicated that it receives its revenue from statutory fees and cannot generate its own income in any other form other than increasing the gambling offerings within the Western Cape gambling industry. The Western Cape Nineteenth Gambling and Racing Amendment Act, 2021, which has been adopted into law and gazetted as such, provides for legislated statutory revenue to flow to the Board. However, the Act has not been promulgated by the Premier yet. Once the Act comes into effect, fees of approximately R33 million would be paid to the Board.

- 3.2.4 Another concern was the capacity constraints that the Board was under in terms of the shortage of personnel in some of its key sections, resulting in the Board becoming more and more challenged in respect of the ability to effectively service the requirements of the ever-changing gambling environment. This was especially concerning as this challenge came at a time where the Board needed to be innovative to become self-sufficient. This concern was high on the agenda of the Board, who was in the process of procuring a service provider to assist the Board to develop an optimal organisational structure.
- 3.2.5 When the COVID-19 pandemic and the Disaster Management Regulations came about, it impacted on the gambling industry and caused a lot of instability and difficulties for the sector, especially in respect of revenue. Recovery of the sector was underway, however, there were more profound structural changes in the industry that required a more systematic review. The intention was to release a discussion document about the gambling industry in the Western Cape that would look at the industry structure, the economic impact, the revenue impact, the social consequences of problem gambling and probity issues.
- 3.2.6 According to the Western Cape Gambling and Racing Act, the Committee does not have to rank candidates applying for board membership in order of preference once the assessments have been finalised, as the final appointment is made by the Executive Council. For the first two years, the Committee did not rank the candidates, however, the Committee was advised in the third round of appointments that it would assist the Minister if Members provided rankings. The Committee provided its ranking of candidates, however, the candidate who was ranked second was chosen, which was allowed in terms of the legislation, however, a question arose concerning whether the Committee should revert to the previous way of recommending candidates to the Minister without ranking them. The Provincial Treasury indicated that the Committee's input and insights on the candidates were valuable and that the Committee played a critical role in assessing the candidates. Following the Committee's recommendations to the Minister, the Provincial Treasury also considered the Western Cape 19<sup>th</sup> Gambling and Racing Amendment Act and the relocation issues at the time, which led to the second-ranked candidate being appointed.
- 3.2.7 The "metaverse" has become a trending topic of conversation and a lifestyle for many people - the youth in particular. There seemed to be a platform in the digital space and within digital gaming that could provide opportunities for the gambling sector. However, the Board indicated that while some bookmakers were taking bets on e-gaming, it was still considered a volatile contingency as bookmakers could not guarantee the intended outcome, which were the contingencies that they liked to offer, to a certain extent. Another challenge was that many e-commerce players were under the age of 18. Although they were not partaking in gambling itself, they were contributing towards the contingencies on which gaming takes place. The matter was still in discussion but there were many questions that needed to be clarified before e-gaming could be considered.
- 3.2.8 In terms of e-commerce, digitalisation and automation in the gambling industry, the Board started digitising some of its business processes in 2018. The Board started with the digitisation of its licencing process, which was completed in September 2021. The Board created a workflow system to automate all its processes for licencing applications and users in the industry.
- 3.2.9 It seemed that the Board's employees were protected from loss of income during the pandemic, however, there seemed to be some unhappiness from employees in respect of the Work From Home Strategy, as indicated by the union. The Board indicated that there were a number of administrative workers who were unable to work from home when the strategy was implemented due to the requirements of their jobs.

Additionally, the employees did not have the necessary resources that were required for them to work from home. The union's perception was that the strategy did not favour these employees, however, the Board has since acquired the equipment that would enable the employees to work from home. The Board has also engaged with the union and the affected employees and the matter has been resolved.

#### **4. Resolutions/Actions**

**4.1** The Committee REQUESTED that the Western Cape Gambling and Racing Board provides it with the following information:

- 4.1.1 A report comparing the different license fees and different income streams received by the Western Cape Gambling and Racing Board to those received by the Gauteng Gambling Board;
- 4.1.2 An update on the filling of the vacancies in respect of the Regulatory Compliance and Licensing posts;
- 4.1.3 A copy of the latest judgement on the court case that the Board has appealed (Tsogo Sun and 3 Others v WCGRB & 1 Other, case number: 21344/17); and
- 4.1.4 A copy of the research commissioned on digital e-commerce as well as the international research that was finalised.

**4.2** The Committee RESOLVED that it would request a briefing from the Provincial Treasury and the Western Cape Gambling and Racing Board on digitisation, the digital economy and e-commerce in the gambling and racing sector.

#### **5. Conclusion**

The Chairperson thanked the Minister, Provincial Treasury and the Western Cape Gambling and Racing Board for their preparation and responses to questions raised by the Committee members, and for their hard work and dedication during a difficult financial year.

## **2. Report of the Standing Committee on Finance, Economic Opportunities and Tourism on its briefing on matters related to Delta Air Lines, film permits and Remote Working Visas, and the oversight visit to the Cape Town Film Studios on 25 February 2022, as follows:**

### **Delegation**

#### **Members**

Baartman, DM (Chairperson)  
 Bosman, G (Alternate)  
 Makamba-Botya, N (EFF)  
 Maseko, LM (DA)  
 Nkondlo, ND (ANC)  
 Van der Westhuizen, AP (DA)

#### **Staff Members**

Adams, Z (Procedural Officer)  
 Cloete, L (Senior Procedural Officer)  
 Motsapi-Mrubata, M (Committee Assistant)  
 Barends, A (Logistical Officer)

## **1. Introduction**

The Standing Committee on Finance, Economic Opportunities and Tourism (the Committee) embarked on an oversight visit to the Cape Town Film Studios (CTFS) on 25 February 2022. Prior to the tour of the CTFS, the Committee received a briefing from the Department of Economic Development and Tourism and its Entity; Wesgro, on the matter of Delta Air Lines not being able to fly directly to Cape Town, as well as on film permits in the Western Cape's film industry and Remote Working Visas. The Minister was afforded the opportunity to make opening remarks ahead of the presentation.

The tour was led by Mr Mackie Slamang, the Acting Chief Executive Officer for the CTFS. The Committee was also accompanied on the tour by Ms Wrenelle Stander, CEO of Wesgro, and Ms Monica Rorvik, the Head of Film and Media at Wesgro.

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

## **2. Briefing by the Department of Economic Development and Tourism on Delta Air Lines, Film Permits and Remote Working Visas**

### **2.1 Overview**

The day commenced with a briefing from the Department of Economic Development and Tourism (the Department) and Wesgro on Delta Air Lines, who are unable to fly to Cape Town, film permits in the Western Cape and remote working visas.

The briefing was held virtually via MS Teams. The briefing was led by Mr Rashid Toefy, Deputy Director-General at the Department, Ms Ilse van Schalkwyk (Chief Director: Economic Sector Support), Mr Paul van den Brink (Aviation Liaison), Mr David King (Project Manager for Cape Town Air Access at Wesgro), Ms Anzel Venter (Deputy Director: Finance and Business Services) and Mr Jacques Stoltz (Director: Tourism). Ms Wrenelle Stander (Chief Executive Officer of Wesgro) and Ms Monica Rorvik (Head of Film and Media Promotion at Wesgro) were also in attendance and would accompany the Committee on the tour of the CTFS.

### **2.2 Briefing on Delta Air Lines: observations**

2.2.1 The Western Cape Government, the City of Cape Town, Airports Company South Africa (ACSA), South African Tourism and Cape Town Tourism established the Cape Town Air Access Programme in 2015, to attract a United States-based carrier to Cape Town as there was no direct flight route between the US and Cape Town. There was no direct flight route between Cape Town and the US until 2019 when United Airlines started operating between Cape Town and Newark. Unfortunately, this flight route was halted in March 2020, because of the COVID-19 pandemic but has resumed operation since December 2021.

2.2.2 The November 2021 statistics for flight numbers indicated a 40% recovery in respect of international travelers to Cape Town since 2019, however, this number dropped significantly in December 2021 with the surge of the Omicron variant. However, the January 2022 numbers indicated a 35% recovery in respect of international travelers from 2019. The international flight numbers for February 2022 have shown a 50% recovery rate from 2019. Flight numbers and bookings until the Easter period were

looking very positive and the Department was optimistic that more people would return to Cape Town over time.

- 2.2.3 The Department and Wesgro has engaged with Delta Air Lines who used to have a flight route between the US and Cape Town until 2009. Delta Air Lines has since operated via Johannesburg to and from Atlanta. However, in March 2020, Delta Air Lines indicated that they wanted to optimise their fleet, which meant phasing out their older aircrafts and introducing the Airbus A350-900 aircraft into their fleet. The challenge was that Johannesburg is on a higher altitude, which meant that taking off from that point resulted in higher fuel burn. Warmer weather also affected the performance of the Airbus A350-900. Delta Air Line's proposed solution was the introduction of a triangular flight route from Atlanta to Johannesburg and Cape Town, and back to Atlanta. In 2020, Delta Air Lines applied to amend the Foreign Operators Permit to operate the triangular route. This request was necessitated by the fact that the new generation Airbus A350-900 aircraft would not be able to operate a non-stop flight from Johannesburg to Atlanta without severe load penalties due to the take-off altitude and the occurrence of headwinds. The engines in the Airbus A350-900 are less powerful and with headwinds and warmer weather, it meant that 30% of their passengers needed to be offloaded i.e. only 70% of the aircraft can be filled. This was not profitable in the long run, hence the request to operate a triangular route.
- 2.2.4 According to the Bilateral Air Service Agreement between the US and South Africa, it should be possible for Delta to operate this service, but the National Department of Transport disagrees with the US government on the interpretation of the wording of that agreement. Legal opinions have been requested and the debate is ongoing. Delta's application has not yet been approved and it is the Department's understanding that Singapore Airlines and Etihad Airways submitted a similar application in 2021 without success as well.
- 2.2.5 Minister Maynier and the Wesgro Board Chairperson sent letters to the Minister of Transport supporting the approval of the Cape Town route, however, they have not received responses from the Transport Ministry yet, leading to the initiation of an intergovernmental dispute. If the application for a triangular route is not approved, Delta might discontinue its flight route completely. Delta has also submitted an application to the US authority to fly a direct route from Atlanta to Cape Town from November 2022.

### **2.3 Briefing on Remote Work Visas: observations**

- 2.3.1 In respect of work done for the Remote Work Visa Campaign, and in response to the damage caused to the international tourism market by the COVID-19 pandemic, the Department looked at ways in which they could attract tourists from different countries that were able to work remotely to the Western Cape. The Department looked at various visa requirements and benchmarking exercises from other countries, which resulted in amendments to immigration legislation in those countries that enabled remote working.
- 2.3.2 The Department's tourism recovery initiatives focused on (a) a remote working visa submission to the Ministers of Home Affairs and Tourism focusing on policy amendment and the introduction of a remote working visa, (b) the launch of a Remote Work Portal, which assists potential tourists with all logistical requirements for remote working and (c) the launch of a Digital Nomad Campaign, which promotes remote working.
- 2.3.3 There did not seem to be much interest from the National Departments of Tourism and Home Affairs to institute a remote work visa. Minister Maynier has also raised this matter on numerous occasions with little response from the respective National Ministers. However, the President's State of the Nation Address noted the importance



of remote working visas, which was a positive sign for the Province. The Department continues to engage with the National Departments of Tourism and Home Affairs on the remote working visa proposal.

- 2.3.4 The E-Visa pilot will be extended to 15 markets, however, since the Western Cape's core international markets are visa-exempt, the roll out of the E-Visa system is not a major determinant in driving tourism recovery. The Department of Home Affairs has been working with the State Security Agency to increase the number of visa-exempt countries.

## **2.4 Film Permits in the Western Cape: observations**

- 2.4.1 The film and media sector in the Western Cape was identified as one of the main industries with the potential to contribute to economic growth in the Province. The sector has grown rapidly over the last few years and has flourished into a vibrant and internationally competitive industry.
- 2.4.2 Film permits are regulated and issued by various departments at local, provincial and national levels of government, depending on each shoot's particular requirements. However, the permitting method for industry to gain access to "shoot permits" is uneven around the Province and the result is that some regions within the Western Cape are "less ready" for these film-related activities. The Department and Wesgro, as part of an inclusive film action plan with the districts, have been developing the film permit process in the various districts.
- 2.4.3 The Department and Wesgro have provided further assistance in the film and media sector by providing ongoing visa and locations assistance for new reality shows and television series from Netherlands, Belgium, Germany, France, Australia, India, Russia, the United Kingdom and the US. The Department and Wesgro has also lobbied for the removal of barriers to access such as the removal of South Africa from Red Lists, the removal of Omicron travel restrictions and has offered investment advice to new and possibly expanding large film studios and other investor projects in the film and media value chain.

## **2.5 Tour of the Cape Town Film Studios: observations**

Prior to the tour of the Cape Town Film Studios (the CTFS), the attending Committee Members and accompanying officials were required to present with clear COVID-19 PCR test results (24 hours before the tour), and had to sign Non-Disclosure Agreements, as the information given during the tour regarding the production of Project Panda was considered highly confidential. However, following the tour by the Committee on 25 February 2022, President Cyril Ramaphosa also visited the CTFS on 17 March 2022. The President's media statement noted a number of facts that are now deemed public information.

CTFS is the first world-class, custom built "Hollywood style" film studio complex in Africa, and has been rated the best of its kind in the developing world by international production executives. The CTFS is supported by all spheres of government in a public-private partnership. The CTFS' shareholders – Videovision Entertainment, eMedia Investments and Wesgro – are leaders in their respective fields of media, film, entertainment, marketing and business.

The tour of the CTFS was led by the Acting Chief Executive Officer, Mr Makkie Slamong, and the Committee was also accompanied by Ms Wrenelle Stander (CEO of Wesgro) and Ms Monica Rorvik (Head of Film and Media Promotion at Wesgro). The Committee also engaged briefly with the Showrunner/Line Producer of Project Panda, Mr Chris Symes.

The observations were as follows:

- 2.5.1 The CTFS has been in operation for almost 12 years. The CTFS' initial focus was on location-based filming but they have since evolved into production and manufacturing of film-related effects. The CTFS has generated an estimated R7 billion a year and approximately R100 billion to the Western Cape during its period of operation.
- 2.5.2 The CTFS complex includes five sound stages (four out of the five stages include artist support facilities), production offices, three workshop venues, six backlot sets (African Town Set, Prison Set, African 1950's Motel Set, Multi-themed World Set, Eighteenth Century American Town Set and Satellite Platform), five ships, three water tanks, a hazardous waste facility, an exterior green wall, a backup energy centre, a data centre, studio garden and environmental management facilities.
- 2.5.3 Project Panda is the working title for Netflix's live action anime series, One Piece, which is being filmed at the CTFS.
- 2.5.4 One Piece is Netflix's biggest production project in Africa to date in terms of scale and budget. Production of this live action series includes 50 South African cast members, more than 1 000 crew member jobs consisting of 67% previously disadvantaged individuals and 46% youth employees, and an Academy of Creative Excellence mentorship programme for more than 30 young creatives and technicians in collaboration with the SA Film Academy.
- 2.5.5 The CTFS expressed that the challenges they have experienced, which affected production, was due to load shedding and in previous years, the drought.
- 2.5.6 In 2010, the CTFS brought in international film industry workers with various skills and these skills were transferred to local workers. Currently, the Western Cape has some of the best scenic artists and creatives. This was evident when the Committee toured the site and were witness to expert boat building and carpentry skills.
- 2.5.7 The CTFS indicated that the skills needed in the film industry included carpentry, scenic artists, stage hands, welders, mechanics, painters, sanders, costume designers, hair and makeup artists, and prosthetics experts.
- 2.5.8 For the production of the Black Sails series, which was also filmed at the CTFS, there were only 30 to 35 international crew members, which was quite low for a big production. Many local crew members were employed as the Province has extremely skilled workers and a large pool of talented actors. For Project Panda, the number of international crew members is even lower. Approximately 95% of the crew is South African because the producers were able to employ local talent.
- 2.5.9 The CTFS indicated that it did not measure its success by the number of new film projects it booked, but by the number of film projects and productions that returned to the studio.

### **3. Acknowledgements**

The Chairperson thanked the Minister, the Department of Economic Development and Tourism, Wesgro and the Cape Town Film Studios for their willingness to meet with the Committee and to share information with the Committee and each other.

### **3. Annual Committee Report of the Standing Committee on Finance, Economic Opportunities and Tourism for the 2021/22 financial year as follows:**

#### **Members**

The Committee comprised of the following members:

America, D (DA)(Permanent Member from 28 February 2022)  
 Baartman, DM (DA)(Chairperson)(until 28 February 2022)  
 Bosman, G (DA)(Chairperson from 1 March 2022)  
 Mackenzie, RD (DA)(Permanent Member from 28 February 2022)  
 Makamba-Botya, N (EFF)  
 Maseko, LM (DA)(until 28 February 2022)  
 Nkondlo, ND (ANC)  
 Van der Westhuizen, AP (DA)(until 28 February 2022)

### **Alternate Members**

Bans, AP (ANC)  
 Baartman, DM (DA)(from 28 February 2022)  
 Bosman, G (until 28 February 2022)  
 Maseko, LM (DA)(from 28 February 2022)  
 Mvimbi, LL (ANC)  
 Plato, D (DA)(from 28 February 2022)  
 Schafer, BA (DA)(until 28 February 2022)  
 Van der Westhuizen, AP (DA)(From 28 February 2022)  
 Wenger, MM (DA)(from 28 February 2022 until 15 May 2022)  
 Xego, M (EFF)

## **1. Introduction**

The mandate of the Committee was to:

- 1.1 Maintain oversight over the executive members and the departments concerning the way in which they perform their responsibilities, including the implementation of legislation and to hold them accountable; and
- 1.2 Consider and report on legislation, other matters and the annual reports referred to it by the Speaker.

In fulfillment 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 cooperative governance.
- 1.2.4 Reported regularly to the House.

## **2. Reporting Departments and Entities**

- 2.1 Provincial Treasury
- 2.2 Western Cape Gambling and Racing Board (WCGRB)
- 2.3 Department of Economic Development and Tourism
- 2.4 Western Cape Destination Marketing, Investment and Trade Promotion Agency (WESGRO)
- 2.5 Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd (SBIDZ)
- 2.6 Atlantis Special Economic Zone (ASEZ)

## **3. Overview of Committee's activities**

Number of Committee Meetings	11
Number of Public Hearings	6

Number of International Study Tours	0
Number of Oversight Visits	5
Number of Provincial Bills considered	0
Number of NCOP Bills considered	0
Workshops/conferences attended	0

#### **4. Oversight activities**

The Standing Committee on Finance, Economic Opportunities and Tourism (the Committee) conducted its oversight responsibilities and produced a high level of output, holding a total of 11 meetings, five oversight visits (two oversight visits as part of the Cluster Visit Week held in February 2022) and six public hearings during the 2021/22 financial year, despite the COVID-19 pandemic. The Committee also embarked on an inquiry into the Unemployment Insurance Fund's (UIF) Temporary Employer/Employee Relief Scheme (TERS) funding process in the Western Cape, which took the form of a public participation process where members of the public were requested to provide the Committee with submissions on their experience with the TERS application or process.

##### **4.1 Legislation**

During the 2021/22 financial year, the Committee deliberated on Vote 3: Provincial Treasury and Vote 12: Economic Development and Tourism in the Schedule to the Western Cape Adjustments Appropriation Bill [B 6-2021] on 7 December 2021. The Committee also deliberated on Vote 3: Provincial Treasury and Vote 12: Economic Development and Tourism in the Schedule to the Western Cape Appropriation Bill [B 2-2022], on 17 and 18 March 2022, respectively. Both Votes were supported.

##### **4.2 Committee Meetings (including TERS inquiry and the interviews for the Western Cape Gambling and Racing Board)**

The Committee covered a range of issues impacting on the Western Cape during the 2021/22 financial year. The first meeting of the 2021/22 financial year commenced with a briefing from the UIF on the challenges relating to the processing and distribution of the UIF's COVID-19 TERS fund in the Western Cape. The UIF briefed the Committee on 12 May 2021 and the Committee resolved to conduct a public participation process to gauge the public's perception on the COVID-19 TERS funding process.

A questionnaire/survey was developed for participants, which was used as the employer or employees' submissions. The questions contained in the questionnaire/survey were developed for two reasons. The first reason was to gauge the participants' experiences with the UIF COVID-19 TERS funding process, and the second reason was to collect participants' information in respect of unresolved claims so that this information could be forwarded to the UIF for their immediate attention and assistance. This process was also advertised in mainstream and community newspapers across the Province. The submission period ran for a month from 12 June 2021 to 12 June 2022 and 70 submissions were received on the TERS process. The Committee also received 53 submissions in respect of non-TERS but UIF-related claims.

This entire public participation process ran from May 2021 to when the TERS Report was adopted in January 2022, where TERS-related information as well as non-TERS but UIF-related cases were recorded. The Report found that claimants had experienced a number of

challenges with the UIF's TERS application process. The UIF was requested to assist claimants with their unresolved claims.

The Committee received further briefings from the Department of Economic Development and Tourism and its Entities on a number of issues pertaining to the tourism statistics for the tourism season, the assistance provided to tour guides in respect of tour guide permits, especially during the pandemic, Business Process Outsourcing and work placement programmes, skills training and educational programmes in various sectors. The Provincial Treasury briefed the Committee on public procurement and the "value for money" aspect thereof, and the proposed grant framework.

The Committee continued its oversight work in respect of the tourism industry by inviting key role players to speak to the tourism recovery plans for Cape Town and the Western Cape following the devastating impact of COVID-19 on the tourism sector. The Committee also met with mobile payment solutions; Zapper, Yoco and Snapscan, and received briefings on the services they offer to small businesses, and the successes and challenges experienced by these companies in the Western Cape.

The Committee interviewed a list of candidates to fill one vacancy on the Western Cape Gambling and Racing Board (WCGRB). Four candidates were interviewed and recommendations were made to the Minister of Finance and Economic Opportunities and Tourism on 8 September 2021.

In keeping with previous years' committee activities, the Committee deliberated on the 2020/21 Annual Reports of the Department of Economic Development and Tourism and its Entities; Wesgro, Saldanha Bay IDZ Licencing Company SOC Ltd (SBIDZ-LC) and Atlantis Special Economic Zone, on 25 November 2021. The Committee also deliberated on the 2020/21 Annual Reports of the Provincial Treasury and its Entity, WCGRB, on 3 February 2022.

Towards the end of the 2021/22 financial year, it was announced via ATC that the Committee Membership had changed and that this would require an election of Chairperson. Member Bosman was duly elected as the Chairperson on 1 March 2022.

### **4.3 Oversight Visits**

The 2021/22 financial year continued to be a challenging year in terms of conducting in-person oversight visits given the COVID-19 pandemic and the restrictions placed on movement of persons, gathering of large groups and rules for social distancing. However, the Committee conducted three oversight engagements once the COVID-19 regulations were eased.

The Committee noted the importance of the Port of Cape Town for the Western Cape's economy and embarked on a briefing session and oversight visit with Transnet to the Port. The request for the briefing was further encouraged by the Citrus Grower's Association's request to inform the Committee about the challenges at the Port, which negatively affected the export of citrus products. The Committee was briefed by Transnet on 23 June 2021 on the challenges experienced at the Port and how this impacted on the different industries in the Western Cape. Thereafter, the Committee received a tour of the Port. The Committee

later followed up with Transnet on the challenges at the Port, the use of the Belcon Station to transport containers and the recent cyber security attack on the ports.

The Committee embarked on an oversight visit to two Pick ‘n Pay (PnP) market stores in Langa on 25 August 2021. The PnP Market Store Project forms part of the Department of Economic Development and Tourism’s (the Department) Enterprise Development Programme. The Committee received a briefing from the Department of Economic Development and Tourism on the Pick ‘n Pay (PnP) Market Store Project, the challenges encountered and the employment opportunities created by the project. The Committee engaged with representatives from Pick ‘n Pay and the owners of the stores, Mr B Ntshuntshe (Nabe’s Market) and Ms J Thembi Dike (Thembi’s Market).

The Committee undertook an oversight visit to the Cape Town Film Studios (CTFS) on 25 February 2022, where Members received a tour of the premises and some of the sets relating to “Project Panda”. The Committee had to sign Non-Disclosure Agreements, which meant that they could not release information relating to Project Panda. However, shortly after the Committee’s visit, President Ramaphosa visited the CTFS and a press statement was released indicating that Project Panda was the working title for Netflix’s live action anime series, One Piece, which was being filmed at the CTFS. One Piece is Netflix’s biggest production project in Africa to date in terms of scale and budget. This tour was preceded by briefings from the Department of Economic Development and Tourism and Wesgro on Delta Air Lines not being able to fly to Cape Town, film permits in the Western Cape, and remote working visas.

The Committee also visited the !Khwa ttu Food from the Ancestors Experience in Darling and received a briefing from Mykonos Casino and the WCGRB during its Service Delivery Cluster Visit Week, which took place between 8 and 11 February 2022.

## **5. Legislation**

In the 2021/22 financial year, the Committee dealt with the following legislation:

### **5.1 Provincial Bills**

- 5.1.1 Vote 3: Provincial Treasury in the Schedule to the Western Cape Adjustments Appropriation Bill [B 6-2021]
- 5.1.2 Vote 12: Economic Development and Tourism in the Schedule to the Western Cape Adjustments Appropriation Bill [B 6-2021]
- 5.1.3 Vote 3: Provincial Treasury in the Schedule to the Western Cape Appropriation Bill [B 2-2022]
- 5.1.4 Vote 12: Economic Development and Tourism in the Schedule to the Western Cape Appropriation Bill [B 2-2022]

### **5.2 NCOP Bills (Section 76)**

- 5.2.1 None

## **6. Facilitation of Public Involvement and Participation**

In line with its mandate to facilitate public participation as part of the legislative process, the Committee held public hearings on all the Bills. To give effect to this, the Committee advertised the Annual Report, the Western Cape Appropriation Bills and the TERS inquiry in mainstream and community newspapers across the Western Cape, informing and inviting stakeholders to participate in the public participation processes.

**7. Financial particulars**

The Committee's adjusted budget for the 2021/22 financial year was R 191 420.00 and the Committee incurred actual expenditure of R 98 922.00, resulting in an under-expenditure of R 92 498.00.