

PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

MONDAY, 18 NOVEMBER 2019

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 2019, DATED 12 NOVEMBER 2019.**

1. Introduction

The Annual Report programme for the 2018/19 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the 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 1 November 2019.

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.

2. Overview

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

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

In the year under review, the Provincial Treasury received its sixth consecutive clean audit, spent 98.97 percent of the adjusted appropriation amount and achieved 98.3 percent of their targets. The Board received an unqualified audit with findings for the 2018/19 financial year. For the year under review, the WCGRB fully achieved 15 and partially achieved 17 approved targets.

3. Deliberations on the 2018/19 Annual Reports

3.1 Provincial Treasury: Findings/Concerns

- In the year under review, the Department struggled to keep its vacancies under control. There was an under-expenditure for the filling of posts in terms of the graduate interns. The Department has a bursary programme, which enables bursars to work back their bursary obligations. Some of the bursary holders either did not achieve the marks they needed to fulfil their internship or they decided to study further, resulting in less intern positions being filled at the Department.
- The vacancy rate at senior management level, for the year under review, was concerning. There were also many acting positions at senior management level. Additionally, there was a vacancy rate of 38 percent in the Supply Chain Management (SCM) unit, which is one of the most crucial sections across government. The Department is in the process of filling these vacancies in the SCM unit. The position of Head of Department will also be filled as at 1 December 2019.
- Related to the vacancies, the Department's performance and over-achievement of some of its targets seemed to be happening at a cost to employee wellness. There has been an increase in sick leave taken by employees, which has been reflected in Table 3.10.1, on page 133 of the Annual Report, and will be further reflected in the next Annual Report.
- The most resignations in the Department occurred in the 30 to 39 age group. Many of the resignations were due to "insufficient progression possibilities". Most people within this age group are in the middle of their career, which was concerning. Employees in the age group of 30 to 39 are seen as "upwardly mobile" and would be on the lookout for better remuneration and better opportunities for career progression. Most resignations were within the SCM unit. The Department's biggest competitor for employees are municipalities as they offer better employment/salary packages.
- The Department's level of adherence to its own Employment Equity plan was concerning, especially at top management and senior management levels. There were two positions available at top management level and both were filled by males. This was also linked to the young, black employees in the 30 to 39 year age group that were leaving the Department due to better offers elsewhere.
- Part of the strategy that national government is using to address the country's deficit is to contain the Wage Bill. This is a challenge for the Western Cape as salaries make up 54 percent of the total expenditure in the Province, which is the

lowest of all the provinces in the country. Targeting Cost of Employment (COE) as it relates to reducing expenditure may not be the most effective way of dealing with the Wage Bill.

- In terms of SCM and Corporate Governance practices, more work had to be done with municipalities to enable them to manage and spend their budgets. The Department has a very structured approach to supporting municipalities. There are a few units within the Department that are specifically focused on municipalities. The units assess the municipalities and a forum has been set up to assist municipalities. The Department has introduced a number of projects to municipalities that focus on capacity building and building the skills pipeline within municipalities. SCM has been a key focus area in terms of addressing the internal control deficiencies within municipalities.

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

- There are still two vacancies on the Board currently, with another two vacancies that will occur at the end of March 2020, even though the Committee held interviews with candidates at the end of August 2019 and made recommendations to the Minister in early September 2019, after the Department informed the Committee that the vacancies needed to be filled urgently. Currently, if one member cannot attend a Board meeting, the meeting will not be deemed quorate. The Board has reminded the Minister and the Department about the filling of vacancies, however, the concerns have not been responded to.
- The Board implements Corporate Social Investment (CSI) initiatives through license holders, which means that the Board, itself, does not run CSI initiatives. There was a concern about whether the Board monitors these license holders with regards to whether CSI initiatives are implemented. However, there are sectorial sub-committees within the Board, which receive reports from license holders about CSI initiatives, on a quarterly basis. The sub-committees also engage with various beneficiaries of the CSI initiatives, however, this work is not reflected in the Annual Report.
- The Annual Report stated that the Board engaged the industry on Broad-Based Black Economic Empowerment (B-BBEE) achievements and monitored the set targets for the various sectors of the industry. However, the Board also indicated that there was no B-BBEE sector code or sector charter for the gambling industry. Each regulator imposes its own B-BBEE compliance targets. The Board has committees for each of the sectors of the gambling industry, which engages with license holders on the challenges and progress with B-BBEE targets, however, this information is not reflected in the Annual Report.
- The Board's ability to become self-sufficient came into question. There is a gap in legislation in terms of the casino exclusivity fee and the Limited Pay-out Machines (LPM) operator fee, which the Board is associated with. Legislation will have to be amended to reflect those amended fees.
- There was a concern regarding the policy rationale to locate the Board under Provincial Treasury and not under the Department of Economic Development and Tourism. The Western Cape is the only province where a gambling board falls under Provincial Treasury and not economic development committees.

- There was confusion about whether pigeon-racing in the Western Cape was categorised under sporting activities or if it was a form of gambling, which is illegal, as there is no legislation that sanctions animal racing, except horse-racing.
- Online gambling and e-gaming has also been a concern for the gambling industry, as online gambling is illegal. There are illegal, online gambling businesses disguised as internet cafes, however, the Board works closely with the police to curtail these illegal activities. E-gaming has also posed quite a bit of a challenge. The Board has had discussions around how this matter should be legislated.

4. Resolutions/Actions

The Committee RESOLVED to, at a future date:

- 4.1 Invite the Department to brief the Committee on the key developments on data mining and dash boarding into SCM performance information; and
- 4.2 Write a letter to the Department and the Minister of Finance and Economic Opportunities to enquire about the timeline of events from when the Committee made the recommendations of candidates to fill the vacancies on the Western Cape Gambling and Racing Board, to when the Minister's recommendation would be brought before the Executive Council for final approval, and the reasons for the delay so far.

5. Information Requested

- 5.1 The Committee REQUESTED that the Department, submits, by 15 January 2019:
 - A list of the challenges the Department experiences within the SCM space, as engaged with the National Treasury;
 - A status report on the provincial Public Private Partnerships indicated on page 18 of the Department's Annual Report; and
 - A report on the nature of the grievances lodged as per Table 3.12.4 of the Department's Annual Report.
- 5.2 The Committee REQUESTED that the Western Cape Gambling and Racing Board, submits, by 15 January 2019:
 - A report on CSI initiatives that the Board engages licensees on;
 - A report on B-BBEE compliance targets, achievements, initiatives and reporting mechanisms;
 - A report on online gambling and e-gaming in the Western Cape; and
 - A status report on pigeon-racing in the Western Cape.
- 5.3 The Committee RECOMMENDED that the Budget Committee consider requesting a briefing from Provincial Treasury on gender-based budgeting and how this will be implemented in departments in the future.

6. Conclusion

The Chairperson thanked the Minister, Department and the Board for their preparation and responses to questions raised by the Committee members.

2. REPORT OF THE STANDING COMMITTEE ON SOCIAL DEVELOPMENT ON THE 2018/19 ANNUAL REPORT OF THE DEPARTMENT OF SOCIAL DEVELOPMENT.

The Standing Committee on Community Development, having deliberated on the Annual Report of the Department of Social Development for the year ended 31 March 2019 referred to it dated 12 November 2019, reports as follows:

1. Introduction

The Western Cape Provincial Parliament's Annual Report Programme for the 2018/19 financial year was advertised in newspapers. Stakeholders and members of the public were invited to attend and participate in the discussions. The Committee deliberated on the Annual Report of the Department of Social Development on 23 October 2019 as part of its oversight function. Before proceeding to the deliberation on the Annual Report of the Department of Social Development, the Minister and the Head of Department were given the opportunity to make opening remarks.

The Department was examined on:

Part A: General Information;

Part B: Departmental Performance Information; and

Part D: Human Resources Management of the Department's Annual Report.

2. Overview

The Minister of Social Development, Hon S Fernandez, provided an overview of the successes and challenges faced by the Department of Social Development (the Department) during the 2018/19 financial year. Minister Fernandez reported that the Department focused on maintaining and strengthening essential services in the context of an austere economic environment during the year under review. She informed the Committee that the Department has made progress in improving service delivery and in addressing emerging service-delivery gaps and risks in the province.

The Minister reported that the Department was guided by the provincial strategic goals (PSGs), specifically PSG 2 and PSG 3. In terms of PSG 2, a focus on safer communities has led to greater coordination between the Department and the criminal-justice sector, including extensive departmental involvement in the Child Justice Forum, provincial joint committees on gangs, murders and other priority crimes, and the hosting of a Child Probation Services Workshop with key criminal-justice stakeholders. In addition, under PSG 2, the Department focused on youth-development programmes, redesigning the provincial strategy and projects aimed at young people through targeted funding of NPOs that are serving young people. Under PSG 3, the Department continued its work

on reforming child-protection services, increasing wellness and safety, and tackling social ills. The Department has launched five child-play therapy rooms to address greater societal issues pertaining to child safety in the province.

The Minister stated that the Department had made tremendous strides in improving and expanding services for persons with disabilities and would continue to support organisations that assist persons with disabilities. The Minister reported that, during the financial year under review, more than 88 000 people received specialised services.

Minister Fernandez also reported that care and support for victims of domestic violence were prioritised during the period under review. The Department currently funds and supports 16 shelters that provide safe accommodation, therapeutic services and skill development for up to three months. In addition, four emergency shelters in the province for victims of domestic violence provide safe accommodation for up to seven days.

The Minister also indicated that, during the 2018/19 financial year, the Victim Empowerment Programme (VEP) experienced unprecedented growth due to additional earmarked funding for the prevention of violence against women and children. In addition, the Department launched a new ten-bed shelter in Atlantis and also implemented accredited skills-development courses at the shelters to provide the abused women with skills, training and economic opportunities. The Minister further reported that the Department had prioritised the residential care facilities for frail older persons and had made substantial progress with the mandatory registration of funded and private residential facilities in terms of the Older Persons Act, 2006 (Act 13 of 2006).

3. Findings

- 3.1 The Department reported that child care and protection remain a priority and a significant proportion of the Department's budget had been allocated to fulfilling its statutory mandates and obligations in this regard.
- 3.2 During the financial year under review, tools, standard operating procedures (SOPs) and training programmes were developed to assist social workers with the implementation of their statutory duties.
- 3.3 Accredited safety and risk-assessment training was provided to 112 departmental child-protection social workers in order to standardise the effective assessment of children at risk.
- 3.4 During the 2018/19 financial year, 119 child-protection organisations with corrective action plans reported on them, however, Badisa in Ladismith was the only organisation that did not report on its Corrective Action Plan as the organisation was no longer funded by the Department.
- 3.5 The Department reported that it was engaging with municipalities with regard to fire certificates, zoning and building plans as these remain the primary challenges for the registration and renewal of registration of ECDs in the province.
- 3.6 The Department provided training for probation practitioners and stakeholders on the revised Diversion Accreditation Policy Framework and on the Department's Anti-gang Strategy for Children and Youth at Risk.
- 3.7 The Department reported that the Western Cape Province was leading the country in the registration of child and youth care centres (CYCCs). The province also leads in providing secure care programmes for children and young people in accordance with the Child Justice Act, 2008 (Act 75 of 2008).

- 3.8 The Department is also the first in the country to establish a provincial management board for government-managed CYCCs.
- 3.9 The Department reported that a Disability Mainstreaming Strategy had been approved in the current financial year and that a targeted awareness campaign providing information on the services available to persons with disabilities had been launched in digital, print media and on radio.
- 3.10 Services to older persons, including the registration and monitoring of funded and unfunded residential facilities, as well as the drive to register all service centres, was an ongoing process.
- 3.11 The Department continued to implement the drug-treatment services in all Department of Social Development secure CYCCs in response to the escalating youth substance-abuse challenge.
- 3.12 The drug-treatment services are provided in all the departmental CYCCs and a school-based drug-treatment service is available at 10 high-risk secondary schools in the province.
- 3.13 The Department participated in the after-school care (ASC) game changer, under PSG 2, through the funding of the after-school care facilities and youth cafes that enabled children and young people to participate in activities in a safe and enabling environment.
- 3.14 The Department facilitated the establishment and operationalisation of three new youth cafes during the year under review. This brings the total to 11 youth cafes that are located across the province.
- 3.15 A total of 33 unemployed young people participated in, and completed the Community Development Internship at the Department. The young people were placed at local offices across the province. In addition, 35 Assistant Community Development Practitioners (ACDPs) would be presented with the National Framework Qualification (NQF) on level 5 in Community Development, a first-ever RPL Programme in the Department.
- 3.16 The Department reported that the province had over 2 100 registered non-profit organisations across all sectors with nearly 40% not compliant with the Non-profit Organisations Act, 2000 (Act 71 of 2000). In response to this, the Department has focused on capacity building to enable them to comply with the requirements of the Act.
- 3.17 During the 2018/19 financial year, the Department also established a Departmental Human Trafficking Task Team to assist with the implementation of the Prevention and Combating of Trafficking in Persons Act, 2013 (Act 7 of 2013). Furthermore, three shelters received conditional accreditation to offer services to victims of human trafficking.
- 3.18 The Department reported that it would be assisting with the implementation of the Sanitary Dignity Pilot Project. The project aims to assist young girls and young women from grades 4 to 12, who attend schools in poor communities, where the need for the service is high.
- 3.19 According to the 2011 census data, 13% of young people in the province are Not in Employment, Education and/or Training (NEETS), while more than 60% of the unemployed have less than a matric standard of education.
- 3.20 The Department collaborated with the Department of the Premier to ensure that there was a transversal alignment and implementation of youth-targeted

programmes across all provincial departments. In addition, the Ministerial Cape Youth at Work Programme was rolled out across the province.

- 3.21 The extent of substance abuse in the province and its linkages to various social pathologies require urgent intervention as the Western Cape remains the province with the highest rate of drug-related crime.
- 3.22 The Department reported that its community-based Substance Abuse Treatment Programme had grown considerably since its implementation in 2009 and would be assessed during the 2019/20 financial year.
- 3.23 The Department reported that it had appointed people in various positions that were funded through the National Treasury Conditional Grant within the approved departmental organisational structure. It had also appointed 37 social-work graduates on contract. These graduates were holders of the national Department of Social Development's social-work bursaries.
- 3.24 During the 2018/19 financial year, the Department allocated 53 new bursaries to staff members in specialised fields where skills deficit exist, namely probation services, addiction care, child and family studies, forensic and clinical social work.
- 3.25 In Programme 1: Administration, the Department spent 98,93% of its R226,115 million budget for the 2018/19 financial year. The unspent amount of R2,419 million relates to underspending in compensation of employees due to the Department not finding suitable candidates in the recruitment process, internal promotions, staff exits and the underspending on social-work graduate conditional grant.

4. Public input

Ms D Kiewiets from the Cape Metro Community Health Forum and Mr M Mbiko from Nyanga Development gave oral submissions. The Minister and the Head of the Department duly responded to the input made by the members of the public.

5. Resolutions

The Committee RESOLVED to, at a future date:

- 5.1 Invite the Department of Social Development to brief the Committee on the SOP and compliance interventions provided by the Department to NPOs before NPOs close down.
- 5.2 Invite the Provincial Child Welfare NGO to brief the Committee on its programmes, services and funding.
- 5.3 Invite the Department of Transport and Public Works to brief the Committee on government transport and vehicle allocation.
- 5.4 Invite the national Department of Social Development to brief the Committee on its registration, funding, monitoring and evaluation of NPOs.

6 Recommendations:

The Committee RECOMMENDED that:

- 6.1 Member Bans provide the Department with more information on the closure of the NPO in Moorreesburg.

- 6.2 Mr Mbiko provide the Department with the details of the ECDs that require funding in the Nyanga area.
- 6.3 The Department must consider its Employment Equity Plan when filling vacancies.
- 6.2 The Department should improve accessibility through digitalisation by making sure that its website is easily accessible.
- 6.3 The Department should focus more on providing services and capacity to NPOs operating in rural areas.

6 Information requested by the Committee

The Committee REQUESTED the Department by Friday 29 November 2019, submits:

- 6.2 A copy of the Provincial Youth Development Strategy.
- 6.3 A copy of the Provincial Disability Mainstream Strategy.
- 6.4 A copy of the Uniform Referral Pathways Strategy.
- 6.5 A copy of the Employment Equity Strategy.
- 6.6 A detailed list of all the programmes and geographical areas where the Alcohol Foetal Syndrome Programme is provided.
- 6.7 A list of the priority schools identified for the Sanitary Dignity Project in the province.
- 6.8 A list of the NPOs that are funded in the financial year under review.
- 6.9 A detailed information on substance-abuse programmes that are in place for children who are using drugs in schools, including what the success stories are, the impact that these programmes have in schools and how many children have been assisted during the financial year under review.
- 6.10 Detailed information on the substance-abuse collaborative programmes between the Provincial Department of Social Development, the Department of Health and the Western Cape Education Department.
- 6.11 The number of ECDs funded by the Department during the financial year under review and their geographical areas.
- 6.12 Detailed information and a list of all NPOs that closed down in various communities during the financial year under review, including the reasons for their closure and the intervention provided by the Department to assist these NPOs.
- 6.13 A list of rehabilitation centres in the province and their geographical areas.
- 6.14 A list of NPOs that are aligned with GBVs and their geographical areas.
- 6.15 A list of ECDs under Child Welfare in the province.

8. Conclusion

The Committee expressed its appreciation for the information provided by the Minister, the Head of Department and the officials of the Department. The Committee also thanked the members of the public who were in attendance.

3. Report of the Standing Committee on Agriculture, Environmental Affairs and Development Planning, dated 12 November 2019, on the 2018/19 Annual Reports of the Department of Agriculture, and its Entity Casidra, for the year ended 31 March 2019.

The Standing Committee on Agriculture, Environmental Affairs and Development Planning, having considered the Annual Reports of the Department of Agriculture and its Entity, Casidra, for the year ended 31 March 2019, referred to it, reports as follows:

1. Introduction

As part of its oversight function, the Standing Committee on Agriculture, Environmental Affairs and Development Planning (the Committee) considered the Annual Reports of the Department of Agriculture (the Department) and its Entity, Casidra, on 22 October 2019. Annual reports are the key instruments for departments to report on performance measured against their performance targets and budgets as outlined in their Strategic Plans and Annual Performance Plans.

The Annual Report Programme for the 2018/19 financial year was advertised in various newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

The Committee deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department and its Entity.

2. Department of Agriculture

2.1 Overview

The Department experienced a difficult year in terms of the drought that caused a delay in a number of the Department's projects. Major problems were experienced in rural areas prompting the Department to request additional funding. The water shortage also resulted in 30 000 job losses. The remnants of the drought in terms of irrigation water was evident in the report. Despite this, there has been growth in the agriculture sector and in investment. Innovation and technologies, a long term effort, has started to yield results.

The Department received a qualified audit opinion. The basis for the qualified audit opinion related to the terms of "transfers" and "subsidies" as well as irregular expenditure. The Auditor-General is of the opinion that the Department did not account for payments made to implementing agents in accordance with the requirements of the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act, 1999 (Act 1 of 1999). According to the Auditor-General, the Department entered into contracts with implementing agents without adhering to the Treasury Regulations. There exists a dispute between the Department and the Auditor-General in this regard and the matter is presently before a court of law.

2.2 Key issues discussed

- 2.2.1 Despite the fact that the Province experienced the worst drought in 100 years, the province managed to attract a R4 billion direct investment into agriculture. The gross value add-on into agriculture for the past year was R43 billion. There remains large parts of the Western Cape that was affected by the drought. These areas are largely in the Matzikama region, the Central Karoo and in the Little Karoo and this had a severe impact on the farmers, farmworkers and the rural economy in these particular areas. This in turn necessitated the Provincial Minister of Agriculture to approach the National Department of Agriculture to request drought relief to the amount of R147 million. Cabinet has, in principle, approved this request. Subsequently, the Provincial Minister of Agriculture approached Cabinet with an urgency that the impact of the drought is so severe that the Province could not wait for the adjustment budget process. The Minister of Finance was requested to evoke section 25 of the Public Finance Management Act, (Act 1 of 1999) which is a provision that allows the Provincial Minister of Finance to immediately make money available. R50 million was requested and was authorised on 21 October 2019 and tabled in the Provincial Parliament on 29 October 2019.
- 2.2.2 Prevailing economic conditions caused the Department's budget to be increasingly constricted. This was evident in the 5%, 6% and 7% consecutive budget cuts over the next three years as stated in the 2020/2021 Medium Term Expenditure Framework. To mitigate this, the Department has reduced expenditure on certain services and also made use of partnership agreements in order to carry out its mandate. In addition, only critical appointments will be made.
- 2.2.3 Greater resource efficiency was achieved in terms of energy usage, which reduced by 20% and water usage, which reduced by 50%. These resources have shown a continual high increase in tariffs that had to be funded from the Department's existing budget. The Department's dependency on the municipal supply will be further reduced with the installation of a third borehole at its offices. This borehole is able to supply the entire Elsenburg area. As a result, the Department's water account has reduced from R1.5 million per month to R150 000 per month. In terms of electricity, the Department has reduced its kilowatt usage. With the assistance of the Department of Transport and Public Works, 1200 solar panels were installed.
- 2.2.4 The Commodity Approach Strategy is proving to be effective in driving mentorship support, market access and the commercialisation of land reform farmers. This strategy does not define a commodity as a project. Instead, it is an agreement involving different projects. The Department has 243 such projects and a sample size was evaluated in order to determine the success rate. In terms of the sample size, 30% of these projects did not meet the criteria that was set by the Department. Three weaknesses were identified, namely, tax, labour laws and environmental issues. The Department responded to the evaluation and undertook another evaluation in order to identify any gaps. The 30% of projects

that failed is indicative of the fact that not everybody does well in agriculture but also that people have been given an opportunity.

- 2.2.5 Equity schemes were set up by the National Department of Rural Development and Land Reform. Problems associated with this include, the large number of beneficiaries that impedes the sustainability of the farm, business plans in relation to resources that were unrealistic and the fact that the agricultural sector is high risk. Land reform is an element that the Department does not control. The Department plays a supporting role in this regard.
- 2.2.6 The Department has commissioned a study on the implications of the Fourth Industrial Revolution for Agriculture. It has conducted a diagnostic and design evaluation that indicated four improvement objectives, namely, to embed the Fourth Industrial Revolution into the activities of the Department, to accelerate responsive technology adoption in the agricultural sector, to develop young people and to reposition perceptions on agriculture. As part of this response, the Department has been working with the University of the Western Cape. The University is the only one in South Africa offering a post graduate course in emerging technologies that include virtual and artificial reality.
- 2.2.7 The Department's technology and research is not patented and is freely available. The Department invests in items such as drones that can be used in its own research. Another area of investment is weather stations where information is converted into online tools for the farmer's use. Some of the technologies developed are co-developed with partners.
- 2.2.8 Project Khulisa was launched in 2014 and is aimed to accelerate growth and jobs in the Province's most competitive sectors, which includes tourism. The Project aims to increase awareness of the Western Cape in key markets and sectors, improve accessibility to Cape Town and the regions, and boost the attractiveness of the region through competitive offerings. In this regard the Department has assisted 10 brands associated to the Project to maintain international market status.
- 2.2.9 The study pertaining to the Philippi Horticulture Area (PHA) was concluded. The findings confirm the need to have it protected for agriculture, given its contribution to job creation and food security. The matter regarding the use of this area for development versus agriculture is before a court of law at present. The Department has opposed every land use application relating to the PHA and is a respondent in the particular court matter.
- 2.2.10 The Sustainable Resource Management Programme facilitated financial support to the Lower Olifants Water User Association (LORWUA) in respect of the construction of preventative maintenance on the old concrete canal lining system. The canal supports about 12 000 hectares that is under irrigation and also provides water to nine towns in the area.

- 2.2.11 The introduction of the National Chemical Residue Plan was delayed. It is a plan to ensure that products that are locally produced adhere to certain minimum standards. For the past few years there have been challenges with regard to the Department of Environmental Affairs, Forestry and Fisheries in ensuring that samples were collected on time so that testing is timeously completed. The results were not forwarded to the Department's trading departments on time and resulted in the rejection of the Department's products for export. In mitigation, the Department has invested in the construction of a chemical residue facility at the Western Cape Provincial Laboratory.
- 2.2.12 The Disaster Risk Management Unit has limited capacity to cope with the increase in demand for services in the Western Cape. The increased demand is in respect of climate change as well as the fact that the number of disasters over the past five years have increased significantly.
- 2.2.13 The Commodity Approach Programme continued to provide targeted support to 50 black commercial farmers as identified in the National Black Producers Commercialisation Programme. In terms of this, the Department offered support to these farmers by way of accreditation, risk management, institutional arrangements, registration for tax and infrastructure.
- 2.2.14 Farm worker evictions is not the mandate of the Department. If a situation arises, it is referred to the Department of Rural Development and Land Reform and to the Department of Labour.
- 2.2.15 The Department supports bee farming and has developed a strategy to investigate bee harnessing.

3. Information requested

- 3.1 The Committee REQUESTED that the Department, by 31 January 2020, submit:
- 3.1.1 In terms of the commodity approach for land equity scheme beneficiaries, a list of the farms that were assisted, the names of those who were not assisted as well as the reasons for the latter;
- 3.1.2 A copy of the study that was compiled on the implication of the Fourth Industrial Revolution on the agricultural sector;
- 3.1.3 A detailed report on the 17 cases where irregular expenditure was incurred;
- 3.1.4 The number of students who relinquished their courses before completion in relation to the specific course and degree programmes offered by the Agricultural Training Institute.
- 3.1.5 In terms of the 280 young persons who participated in the Department's Development Programme, a list of the areas where the interns were placed;
- 3.1.6 A report on the 50 black commercial farmers with specific reference to the location of the farms and the selection criteria that was used to identify the farmers; and
- 3.1.7 The research report that was compiled on the bee strategy to investigate the harnessing of bees.

4. Resolutions

The Committee RESOLVED to, at a future date, invite the Department to brief it on its plans to manage the fiscal constraints as prescribed by the National Treasury.

5. Casidra

5.1 Overview

Casidra is the implementing agent for the Department and has achieved an unqualified audit for three consecutive years. Casidra is in its 30th year of existence. Casidra's primary focus is being the leading partner and catalyst in the development of rural areas through agriculture and economic development programmes as well as sustainable land reform. Operational funding and compliance was a challenge during the year under review and required much resourcefulness.

5.2 Key issues discussed

- 5.2.1 Amalienstein and Waaikraal are farms that are managed by Casidra on behalf of the Department. Both farms are currently unsustainable due to the availability of limited funding. The drought has also had a significant impact as these farms are situated in the drought stricken areas of the Little Karoo. Waaikraal's farming activities were hampered by the amount of available water for irrigation. Fodder was purchased to see the herd through this period until cultivated pastures could be restored. The lack of cultivated pastures necessitated the reduction of the Nguni cattle herd in 2017 and the entire herd was sold in 2019 with the view to purchase another breed when the drought has ended. The motivation to purchase another breed of cattle is based on the low prices per kilogram obtained for the Nguni cattle.
- 5.2.2 Anhalt Boerdery is a successful land reform project where the immovable property as well as the operating farm has been transferred to a Communal Property Association who owns the farm. Anhalt Boerdery is the operating company that manages the farm. Apples and pears grown here are successfully exported.
- 5.2.3 In order to broaden its revenue base, a strong focus was placed on the marketing of Casidra's project management services to other government departments and institutions.
- 5.2.4 The Landcare Programme within Casidra aims to conserve and rehabilitate natural ecosystems and alleviate the burden on water resources. Many rural communities benefitted from short-term work opportunities in different projects in this regard.

6. Information requested

- 6.1 The Committee REQUESTED that Casidra, by 31 January 2020, submit:

- 6.1.1 A report on the status of the turnaround strategies for farms Anhalt, Waaikraal and Amalienstein; and
- 6.1.2 The process that was followed for the sale of the Nguni cattle, the price that these cattle were sold for and to whom these cattle were sold.

7. Resolutions

- 7.1 The Committee RESOLVED to, at a future date:
 - 7.1.1 Undertake an oversight visit to farms Anhalt, Waaikraal and Amalienstein; and
 - 7.1.2 Invite the Department of Environmental Affairs and Development Planning and CapeNature to brief it on the deforestation of the former Milkwood Forest near Hermanus, as this does not fall within the ambit of Casidra's mandate.

8. Conclusion

The Committee notes its appreciation for the responses of the Department of Agriculture and Casidra to the scrutiny of the Annual Reports and wishes to thank the Minister, Head of Department, Chairperson of the Board and Chief Executive Officer of Casidra for their contributions and efforts in this regard.

4. REPORT OF THE STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM ON THE ANNUAL REPORTS OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM AND ITS ENTITIES; WESTERN CAPE TOURISM, TRADE AND INVESTMENT PROMOTION AGENCY (WESGRO) AND SALDANHA BAY INDUSTRIAL DEVELOPMENT ZONE LICENCING COMPANY (SOC) LTD FOR THE YEAR ENDED 31 MARCH 2019, DATED 12 NOVEMBER 2019.

1. Introduction

The Annual Report programme for the 2018/19 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

Members of the Standing Committee on Finance, Economic Opportunities and Tourism deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department of Economic Development and Tourism and its entities: Western Cape Tourism, Trade and Investment Promotion Agency and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd, on 18 October 2019.

Members of the public were also given an opportunity to pose questions and make oral submissions.

2. Overview

The Committee considered the Annual Reports of the Department of Economic Development and Tourism (the Department) and its Entities; Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd (SBIDZ).

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

In the year under review, the Department and its Entities received clean audits for the 2018/19 financial year. The Committee made findings and recommendations based on its interaction with the Department and its Entities on the respective Annual Reports.

3. Deliberations on 2018/19 Annual Reports

3.1 Department of Economic Development and Tourism: Findings/Concerns

- There was a concern about halal certification and the tension that has been created with traditionally non-halal catering businesses. The concern was that standardising catering contracts could create prejudice against catering contracts that do not necessarily require halal products. The Department clarified that its focus has largely been to stimulate export growth into foreign countries for halal products from the Western Cape. The matter with the contracts was a supply chain management policy issue that needed to be addressed with Provincial Treasury. The Department is committed to addressing challenges associated with the halal market. The Department encourages black-owned businesses, especially in the Cape Flats area, through assistance with an export development programme that will build small suppliers, who could become export-ready, and prepares them for the next edition of the Africa Halal Week. There is also a halal forum that businesses can approach for additional assistance in terms of new opportunities.
- The Annual Report did not seem to speak to government investment into the Western Cape. For example, Gauteng received government investment for the Gautrain, and water infrastructure in Lesotho. There will also be investment in the port of Durban. Many of these infrastructure projects are necessary as a catalyst for economic growth. It seems that the Western Cape is struggling to attract the same type of investment from national government. More work needed to be done in this area to address infrastructure backlog issues in the Province.
- Many of the Department's vacancies were unfilled because of cost containment measures placed on Cost of Employment (COE). Some of the posts that were vacant were unfunded posts. The unfilled vacancies posed a challenge, however, the Department's new Five-Year Strategic Plan will review the nature of the senior management's positions. Additionally, the Annual Report did not distinguish between funded and unfunded vacant posts. This should be clarified in the Annual Report going forward.

- The nature of the spaza shop industry in townships has changed dramatically as at present they are mostly foreign-owned. The Department has developed a model that empowers local people. This model provides proven entrepreneurs with a chain store such as Pick 'n Pay (Pick 'n Pay Spaza Programme). This is not a franchise store; it belongs to the owner but is powered by Pick 'n Pay. The Pick 'n Pay Spaza Programme converts existing spaza shops in townships in to independently-owned supermarkets. Four of these chain stores have been rolled out in the Western Cape.
- The customs challenge in the Port of Mossel Bay started one and a half years ago with the implementation of Phase 1 of the Total Project. There is a requirement for customs and immigration services in the Port of Mossel Bay. However, at the moment it means that the National Department of Home Affairs' officials have to travel from Cape Town to Mossel Bay to provide customs services at the port. The Department has engaged with the National Department of Home Affairs to request more regular visits from officials as the efficiency of these services have been negatively affected. This discussion has not been concluded; the Home Affairs service is still being rendered from Cape Town and not from the nearest office in George. In the meantime, the Department has been engaging with the National Department of Home Affairs to possibly establish a permanent customs office in Mossel Bay, or to make staff from the Home Affairs office in George available to the Port of Mossel Bay, and to have Mossel Bay declared a port of entry and exit for crew and tourists.
- In terms of Human Resource matters, the Department's Annual Report indicated that there were no persons with disabilities at the top management and senior management levels. There was a low number of persons with disabilities out of 222 employees in the Department. The difficulty to employ persons with disabilities was due to the limitations of Cost of Employment. There seemed to be a relatively high staff turnover in certain salary bands.
- The organogram did not reflect the demographics of the Western Cape in its top management structure. The Department needed to consider addressing non-compliance with Broad Based Black Economic Empowerment (BBBEE) requirements by implementing skills development programmes for lower level employees so that they are able to progress to top management positions. This concern would be addressed in the Department's Workforce Plan.

3.2 Western Cape Tourism, Trade and Investment Promotion Agency: Findings/Concerns

- There were only three women on Wesgro's Board for the 2018/19 financial year, which was not a fair representation of the industry. There should be more women in the space that Wesgro operates in.
- Conferencing/Events tourism seemed to be successful for certain larger venues such as the CTICC, however, there should be more focus on filling venues outside of Cape Town as well. Wesgro is currently looking at second tier cities such as Stellenbosch and other venues in the Western Cape that can accommodate meetings and conventions.

3.3 Saldanha Bay IDZ Licencing Company (SOC) Ltd: Findings/Concerns

- There have been delays in the infrastructure projects that the SBIDZ would like to make available to investors and businesses. In terms of revenue collection from tenants, the infrastructure projects are still in progress, therefore no revenue was generated through leasing. The delay was due to longer tenant lease negotiations than was anticipated, as well as community protests. However, the revenue collection amount on page 49 of the Annual Report was set as an estimate and not as a target as the infrastructure projects were still in an establishment phase.
- The Access and Ease of Doing Business Complex has not been finalised. There are new estimates on the completion date and the SBIDZ is working closely with the construction team and the professional team managing these projects. The SBIDZ has implemented a localisation platform to ensure maximum localisation of these projects. The budget for the Complex is R134 million, which was secured from the Department of Trade and Industry's Special Economic Zone (SEZ) Fund.

4. Submission from the Public

4.1 Mr Mlandeli Mbiko from the Nyanga Tourism Platform (NTP) requested clarity from the Department on the following matters:

- The steps taken by the Department to unblock unnecessary red tape that has stifled economic growth, and the steps taken to assist small businesses in Nyanga;
- The manner in which the Department will be engaging with the 280 informal traders in Nyanga who will not be registering their businesses because of the costly process associated with registration fees, employment of an accountant, proper book keeping and transport expenses, etc.;
- The manner in which the Department will address the lack of access to ICT labs in Nyanga. There is only one library in Nyanga with five computers. The Department speaks of digital economy but there are seven schools in Nyanga and no ICT labs;
- The reason tourism has not been prioritised in Nyanga and Langa;
- In terms of the Alcohol Harms Reduction Game Changer, the Taverners Intervention Programme operates at the Safe Taverners Pilot Area, however, clarity is needed on the progress made with this project; and
- The reason open spaces in Nyanga are not being utilised for economic activities, as there are empty, under-utilised areas in Nyanga that are being used for criminal activities.

4.2 The Department's Response:

- Small, Medium and Micro Enterprises (SMMEs) have possibly been the biggest beneficiaries of the Red Tape Reduction Unit's activities. The Department has assisted well over 5 500 businesses over the last few years resolving challenges associated with permitting issues and business registration, amongst others. The Department supports small businesses, not only with access to markets, but also with funding mechanisms within the national space.

- In terms of Alcohol Harms Reduction Game Changer, there was the matter of liquor licensing and liquor trade; however this matter was within the mandate of the Department of Community Safety.
- There are two major initiatives that the Department has been driving in terms of Digital Economy. In order to promote the tech industry, it is important that citizens also have access to technology so that they become digitally literate and therefore more employable. The Department has a Jump Platform for informal and SMME businesses to access information such as how to improve a business, assess what the challenges are, and provides advice on how businesses can receive assistance. The Department is in the process of converting this initiative from an online platform to an application. The second initiative involves schools and creating a digital pipeline around skills. The Department has been working with schools and industries on how to roll out after school programmes across the Province. The intention is to implement this programme in many schools with a good geographic reach.
- The Department has been searching for organisations such as the NTP who can guide the Department to understand how they can assist small businesses, particularly in local, light manufacturing. The Department has met with the City of Cape Town and other provincial departments to identify under-utilised plots of land and businesses that can benefit from being in a light industrial area. The Department will engage with the NTP to see how they can be included in this programme.
- In terms of tourism, the Department will link the NTP to Cape Town Tourism and its eKasi programme, which engages with local communities in townships, creating network opportunities with large businesses on the supply side to demonstrate what tourism product the community has to offer. The Department is also in the process of creating a tourism master plan that will relook at the approach to tourism development and promotion in the next twenty years in the Western Cape. The tourism master plan will assist small businesses to create products that are saleable.

5. Resolutions/Actions

The Committee RESOLVED the following:

- 5.1 To invite the Department to brief the Committee on the results of the preliminary investigations conducted with the City of Cape Town (the City), into possible impacts of regulation of so-called disruptive industries like AirBnB (tourist accommodation) and Uber (taxi services), envisaged by both the national government and the City, at a date to be determined by the Committee;
- 5.2 The Department should respond in writing to the NTP on the matters raised in the meeting that were not addressed, and link the NTP to the relevant programmes mentioned in the Department's response; and
- 5.3 To undertake an oversight visit to the SBIDZ, which should be prioritised for early 2020.

6. Information Requested

6.1 The Committee REQUESTED that the Department submit the following information by 15 January 2019:

- A breakdown of where the Department has given support to Technical and Vocational Education and Training (TVET) colleges in terms of artisanal trades, and a breakdown of the R60 million allocated to skills development;
- A report on the funded and unfunded posts that have not been filled; and
- A report on the credentials (specialised skills) of the two foreign workers, as stated in Table 3.9.1 on page 171 of the Annual Report.

6.2 The Committee REQUESTED that the SBIDZ provide the Committee with the Gap Analysis Report on the Saldanha Bay SMMEs' readiness to comply with national standards in the oil and gas, and maritime sectors, once it is completed.

7. Conclusion

The Chairperson thanked the Minister, Department and its Entities for their preparation and responses to questions raised by the Committee members.