

File: LG 11/2/3/2/K28
Department of Local Government and
Housing
Enquiries: S Majiet
Telephone: 483 5235

MINISTER QR DYANTYI

THE PREMIER

**REPORT TO CABINET: REQUEST FOR THE DECLARATION OF A LOCAL DISASTER REGARDING
THE HAIL STORM WHICH OCCURRED IN HAARLEM ON 20 NOVEMBER 2006**

I support the attached draft resolution.

DIRECTOR-GENERAL

THE DIRECTOR-GENERAL

1. PURPOSE

- 1.1 To inform Cabinet of the agricultural assessments regarding the hail storm which occurred in Haarlem on 20 November 2006.
- 1.2 To reach consensus and support the declaration of Haarlem as a local disaster area.
- 1.3 To request assistance for the provision of emergency funding and the request for the declaration of a local disaster as outlined in:
 - Annexure A: Eden District Municipalities report;
 - Annexure B: Department of Agriculture's Economic Evaluation report;
 - Annexure C: Department of Social Development letter; and
 - Annexure D: Supporting letter for the declaration of a local disaster area.

2. BACKGROUND

- 2.1 On Monday, 20 November 2006 at 15h30 Haarlem-East, which falls into the boundaries of the Eden District Municipalities District Management Area (DMA), was severely hit by a hail storm. A total of seven (7) farms were badly affected of which only six (6) farms desperately needs disaster recovery assistance, leaving 389 hectares of fruit trees severely damaged/ destroyed. It became apparent that the fruit crops on two of these farms were reasonably insured, while three farms had minimal insurance and the remaining two farms no insurance. These seven farms have in the past ensured the livelihood of at least 424 breadwinners, 194 permanent labourers, 160 temporary workers, mainly women from Haarlem and an additional 70 temporary workers from Uniondale. A potential crop which was estimated at approximately R32 million worth of income per annum for the DMA was lost as a result of the hail storm.

- 2.2 Apart from the devastating negative impacts and consequences on the agricultural related activities and potential income it would have generated, the social and economic impacts on the community of Haarlem are enormous. The economical survival of Haarlem is mostly reliant on farming and agricultural activities. The social impacts are also regarded negative due to the high rate of unemployment, as people are now forced to be involved in criminal activities as to provide for the livelihoods of themselves and their families.
- 2.3 The Centre Scientific and Industrial Research (CSIR) have classified Haarlem the second poorest area within the Western Cape Province. It is evident that although the farmers and workers within Haarlem were directly affected, almost 35 hawkers in this area are also negatively influenced as they don't have any fruit to sell as a result of the hail storm.

3. LOSSES/ DAMAGE ASSESSMENT

- 3.1 It is evident from assessments done by various agricultural specialists that potential fruit crops were totally destroyed and that several irrigation systems suffered serious damaged as a result of the hailstorm. The 350 000 fruit trees which were battered by the hail, have now started to show extreme strain. Apparently 1 400 trees which could not be saved, have already been removed and a tremendous amount of orchards will also have to be removed in future. Estimated \pm 12 000 trees were reported to be destroyed.
- 3.2 In order to assess the potential loss of income for the affected area, the components of profit were assessed. The first important aspect is that of potential income loss incurred. The immediate effect is on the cash flow of farmers, workers and the community. The secondary effect is the influence on longer term profits and the negative effect of payments which fall behind and thus attract more interest payable over time. Other economical losses are as follows:
- Costs already incurred by the time the hail struck. At that period in time, the costs which were already incurred included pruning, fertilizer, weed control, pest control, fungicide control, irrigation costs and thinning costs.
 - Most of the pre-harvest costs have already been incurred, meaning that on the profit side not only the losses of income, but also the production costs that will not be covered for at least three (3) years. This will have a devastating effect on farmers.
 - Income will for some time in future, still be negatively influenced, as the damage to trees will have a negative affect on yields for at least three (3) years. This may result in further losses, as a setback of this magnitude can translate to an extension of up to five (5) years in terms of break-even years. This is a result of the time value of money, interest payments falling behind and the actual losses.
 - For the next two years all normal production costs will have to be reached, except for harvesting and marketing costs. There is also a very real potential danger of losing a specific market. By the time that the Haarlem production is back to normal other markets could have been created.
 - Employment opportunities in the area is uncertain, as it depends on how effective the negative consequences of the hail damage are managed. On the one hand farmers will

need labour to recover from the physical damage and on the other hand, due to the total loss of income, they can hardly afford the wages.

- 3.3 It is furthermore important to understand that many of the people of Haarlem are totally dependent on the well being of the fruit industry. Many of the locals are in some way or another involved with fruit production i.e. being farmers themselves, working on the farms, working in packing sheds or working in the trading side.
- 3.4 Another aspect of concern is the possible replacement of existing orchards and in this regard, the potential costs are very high. With replacement costs varying from R 65 000/ha to R 116 000/ha, it adds up to an additional cost of between R 21 000 000 and R 42 000 000 for the region as these costs are influenced by cultivar types. Replacing an orchard will also mean that for at least the next five years there will be no meaningful income from that orchard. The estimated cost for treatment/recovery of trees damaged by the hail is well within the norm of about R35/tree. Uncertainty surrounding recovery possibilities of the trees as well as the age of the trees, contribute to the difficulty of accessing the potential damage.
- 3.5 The current challenge regarding the losses incurred is that none of the farms have sufficient funds to repair their natural resource namely the trees. Fruit trees are not insurable against hail damage, as the damage is un-quantifiable. If not assisted, this resource could be negatively affected for as long as five years. The immediate intervention by Eden District Municipality assisted with the initial crisis and extenuates the impact, but cannot be extended past July 2007. Thus, Provincial as well as National assistance is **urgently** needed.

4. EDEN DISTRICT MUNICIPALITIES INTERVENTION

- 4.1 The management of this event demonstrated a very effective multi-sectoral, multi disciplinary approach to disaster recovery which was co-ordinated by the Eden District Disaster Management Centre. The participation and commitment of, not only the District Municipality, but also the farmers and workers that were directly affected as well as NGO's and farmers from the area not affected, need to be applauded for the successful management of this disastrous event.
- 4.2 Herewith an illustration of the intervention and recovery plan as embarked upon by the Eden District Municipality:

INTERVENTION	DATE
1. Established a task team to assess the damages	29 November 2006
2. Eden's Municipal Manager and various councilors visited the area	1 December 2006
3. Eden's council resolved at a special council meeting to propose Haarlem to be declared a disaster area	4 December 2006
4. A report in this regard was submitted to the Provincial Disaster Management Centre	December 2006
5. Task specific interventions in access of R5 million were embarked upon by Eden	December 2006 – June 2007
6. Provincial Agriculture MEC, Minister Kobus Dowrey visited Haarlem	15 January 2007
7. National Department of Agriculture; Director, Mr Ben Kgakatsi assessed/ visited Haarlem	27 March 2007
8. Provincial Disaster Management Centre (PDMC) convened meeting with	13 April 2007

relevant role-players	
9. Eden DM request assistance re food parcels from Dept. Social Development	18 April 2007
10. Meeting was held between Provincial-, National- and Eden Disaster Management	23 April 2007
11. Provincial Disaster Management Centre convened 2 nd meeting with relevant role-players	4 May 2007
12. Meeting between PDMC, Eden Disaster Management and the Agricultural economist	14 May 2007
13. PDMC to report to Cabinet to propose a declaration of a local disaster	August 2007
14. PDMC to liaise with National Disaster Management Centre regarding the classification of a local disaster area	August 2007

- 4.3 It is clear, from the above-mentioned table, that Eden District Municipality assessed and intervened appropriately, before requesting for assistance. Unfortunately the problem encountered needs long term solutions/ interventions which will be too costly for the affected municipality. Eden District Municipality has acknowledged the magnitude of the problem and an amount of R5 895 000.00 have been provided for disaster recovery purposes in the 2006/2007 financial year. It is also noted that mitigation projects and risk reduction projects were embarked upon. This resulted in local economic development initiatives which provided employment for some of the affected labourers by providing them with local and labour intensive employment opportunities. The detail of the projects as identified in the table below is contained in the report of Eden District Municipality.

Funds allocated by Eden District Municipality to aid farms in the Haarlem area after the hail disaster of 20 November 2006	
Project	Funds allocated
Social relief (Food parcels etc.)	R 200 000.00
River bank clean up (Temporary labour)	R 90 000.00
Capacity building (Saving the remaining trees)	R 1 300 000.00
Temporary labour in urban areas	R 100 000.00
Storm water drainage/ repairs to Haarlem dam	R 2 000 000.00
Expanded Public Works Programme roads in DMA	R 605 397.47
Haarlem storm water upgrading	R 600 000.00
Paving of Albert street	R 1 000 000.00
Total financial contribution to projects	R 5 895 397.47

5 FUNDING REQUIRED FOR AGRICULTURAL PURPOSES

- 5.1 A summary of recovery funding which is needed to overcome the negative impacts on the agriculture sectors have been provided by the Provincial Department of Agriculture, as follows:

	Total funding for Year 1 (R)	Total funding for Year 2 (R)	Total funding for Year 3 (R)
Total funding needed	6 759 531.00	671 445.00	419 740.00
Total funding needed with inflation	6 759 531.00	711 732.00	444 924.40
Total including production costs	15 560 713.00	9 472 626.00	9 220 921.00
Total with inflation plus production costs	15 560 713.00	10 040 983.00	10 360 626.00

5.2 The Provincial Department of Agriculture has confirmed the availability of an amount of **R2 624 847.80** which is registered as a surplus of drought relief funds and an amount of **R1 614 228** surplus of the relief funds for the Montagu floods. This provides a total of **R4 239 075.80** that is available for this disaster within the Western Cape Department of Agriculture. The total funding which is however required to recover from the losses incurred amounts to **R7 916 187.00**. This leaves a total of **R3 677 111.60** which the Western Cape Department of Agriculture indicated that they could use this available funding, if mandated to do so. The above-mentioned explanation is summarised as follows:

- Funding available = R4 239 075.80
- Funding required = R7 916 187.00
- Total Shortfall = R3 677 111.60

5.3 Both the above-mentioned agriculture related funding support schemes, namely the flood recovery fund for the Montagu floods and the drought relief scheme for the Western Cape drought declared areas, were complied with. All farmers who qualified for the relief funding, have received the necessary support. These surplus funds presently still available on the agricultural budget could be re-allocated to be utilised for the recovery of the Haarlem hail disaster. If approved, the surplus funds could provide added support. This re-allocation, however needs the approval of the National Department of Agriculture as well as Provincial and National Treasury.

6. DECLARATION OF DISASTER

6.1 As an alternative measure in dealing with this devastating hail incident by the Department of Agriculture, the declaration of Haarlem as a local disaster in accordance with the Disaster Management Act (Act 57 of 2002) could be investigated. The Disaster Management Act makes provision for the declaration of a local disaster. Although not a prerequisite, the declaration could assist access to central contingency funding, as to allow the applicable national / provincial and municipal department's budgets to be supplemented. The process for a local disaster is as follow:

- District Municipal Disaster Management Centre to request the declaration of a local disaster;
- Provincial Disaster Management Centre to recommend / not recommend the request for a local disaster declaration; and
- National Disaster Management Centre to confirm the local disaster declaration through a classification process. The outcome of this classification process will determine the declaration of a local disaster which has to be published in the provincial gazette.

6.2 The following Departments, Municipalities and institutions consulted supported the declaration of Haarlem as a local disaster:

- Provincial Department of Agriculture;
- National Department of Agriculture;
- Provincial Department of Social Development;
- Eden District Municipality;
- Provincial Disaster Management Centre;
- National Disaster Management Centre; and
- Agri Western Cape

6.3 In the light of the above, it is recommended that Haarlem be declared a local disaster area. It should be noted that a non-declaration of Haarlem as a local disaster area will prohibit the Department of Agriculture to access the necessary funding to deal with the Haarlem situation.

7. CHALLENGES AND OPPORTUNITIES

It is evident that the area has suffered serious damages and deserves urgent attention. The Department of Agriculture would need to lend its support to the hail disaster survivors through rehabilitation interventions consisting of actions which could prevent secondary infections of trees, which will result in the estimated time period for the rehabilitation process, could be shortened. This support also needs to include the re-establishment of certain orchards. The Provincial Department of Agriculture would need to assist in sustaining a training programme to train different types of workforces in the prevention of the secondary infections incurred by the trees and ensuring that these workforces receives the necessary training accreditation. In doing so, the trained workers will be equipped to handle similar “disasters” in other areas in the future. It is important that the Provincial and National Departments of Agriculture brings the needs of the community under the attention of the National Treasury in order for them to provide the necessary financial support as to recover from the consequences of this disaster.

8. RECOMMENDATIONS

Based on the above assessment, it is recommended:

- 8.1 That the Provincial Government of the Western Cape, recommends the declaration of Haarlem as a local disaster area; (Draft letter as per Annexure D)
- 8.2 That the Provincial Government of the Western Cape supports the request of Eden District Municipality to declare Haarlem as a local disaster, and that this request be forwarded to the National Disaster Management Centre for the disaster classification process;
- 8.3 If the declaration of a local disaster is supported by the National Disaster Management Centre, the Provincial Government of the Western Cape be provided with the necessary mandates to immediately engage with National Treasury via the National Disaster Management Centre in obtaining additional funding to counter the costs of agricultural damages;

- 8.4 That the Provincial Treasury assists the Provincial Department of Agriculture to manage losses encountered through the best possible funding mechanisms;
- 8.5 That the Department of Local Government and Housing through its Provincial Disaster Management Centre be mandated to assist Eden Disaster Management Centre with the co-ordination and facilitation of the recovery process;
- 8.6 That Eden District Municipality continue to promote mitigation and risk reduction initiatives in its attempt to create job opportunities, also taking into account local economic development and labour intensive strategies;
- 8.7 That the Provincial Department of Agriculture investigate the establishment of a disaster management component within their structure, with the primary responsibility for the co-ordination of major agricultural related disastrous incidents such as Haarlem, the Eden flood disaster (31 July – 3 August 2006 and 24 – 28 August 2006), and the West Coast flooding (6 – 11 and 25 and 26 June 2007).
- 8.8 That the Department of Local Government and Housing, through its Provincial Disaster Management Centre and in co-operation with the Eden District Municipalities Disaster Management Centre embark upon a disaster management training, education awareness and marketing (TEAM) programme to enhance the human survival skills of the Haarlem community.

9. **PERSONNEL IMPLICATIONS**

No personnel implications.

10. **FINANCIAL IMPLICATIONS**

The financial implications as assessed indicates that the Department of Agriculture requires an amount of R7 916 187.00 of which R4 239 075.80 can be made available by the Provincial Department of Agriculture's own budget and an amount of **R3 677 111.60** is needed to recover from the impacts caused by the Haarlem hail storm. It should be noted that unless a local disaster is declared, the Department of Agriculture would not be able to access the amount which is available from previous disaster relief programmes, neither will they be able to fund the recovery process.

11. **PRIORITY CLASSIFICATION**

Category of priority: B - Essential

12. **OTHER DEPARTMENTS / INSTITUTIONS CONSULTED**

National Disaster Management Centre
National Department of Agriculture

Provincial Department of Agriculture
Provincial Department of Local Government and Housing
Provincial Department of Social Development
Provincial Department of Community Safety
Provincial Treasury
Eden District Municipality
Agri-Western Cape
Various NGO's and church organisations

13. RECOMMENDATION

The Cabinet takes note of the recommendations in paragraph 8.

Comments:

I, the undersigned, do hereby certify that, in terms of Provincial Treasury Instruction 2.2.1:

- The Financial implications of the submission have been noted and funding is available;
- The submission complies with all applicable financial statutory requirements; and
- The submission is therefore in order.

CHIEF FINANCIAL OFFICER

DATE

Comments:

The Cabinet takes note of the recommendations in paragraph 8.

HEAD OF DEPARTMENT

DATE

Comments:

The financial implications have been noted.

HEAD OFFICIAL: PROVINCIAL TREASURY

DATE

Comments:

I concur with the legal contents of the memorandum.

CHIEF DIRECTOR: LEGAL SERVICES

DATE

Comments:

The contents of the memorandum have been noted.

DIRECTOR-GENERAL

DATE

Comments:

The contents of the memorandum have been noted.

MINISTER QR DYANTYI

DATE

CABINET MEETING.....

MINUTE NO. /2007

REPORT TO CABINET: REQUEST FOR THE DECLARATION OF A LOCAL DISASTER REGARDING THE HAIL STORM WHICH OCCURRED IN HAARLEM ON 20 NOVEMBER 2006

(LG 11/2/3/2/K28

Local Government and Housing)

1. RESOLVED that Cabinet:

- 1.1 That the Provincial Government of the Western Cape, recommends the declaration of Haarlem as a local disaster area;
- 1.2 Support the request of Eden District Municipality to declare Haarlem as a local disaster, and that this request is forwarded to the National Disaster Management Centre for the disaster classification process; as per draft document "Attachment D";
- 1.3 Approve immediate engagement by the Provincial Government of the Western Cape with National Treasury via the National Disaster Management Centre to obtain additional funding to counter the costs of agricultural damages that could not be catered for in the Provincial Department of Agriculture's budget;
- 1.4 Approve assistance by the Provincial Treasury to the Provincial Department of Agriculture to manage losses encountered through the best possible mechanisms;
- 1.5 Mandate the Department of Local Government and Housing through its Provincial Disaster Management Centre to assist Eden District Municipality with the co-ordination and facilitation of the recovery process;
- 1.6 Mandate the Eden District Municipality together with the Provincial Department of Agriculture continue to promote mitigation and risk reduction initiatives in its attempt to create job opportunities also taking into account local economic development and labour intensive strategies;
- 1.7 The Provincial Department of Agriculture investigates the establishment of a disaster management component within their structure with the primary responsibility of co-ordinating major/ disastrous agricultural incidents; and
- 1.8 Mandate the Department of Local Government and Housing through its Provincial Disaster Management Centre in collaboration with Eden District Municipality to embark upon disaster management capacity building initiatives in Haarlem.

SECRETARY: CABINET

VERSLAG AAN KABINET: VERSOEK VIR DIE VERKLARING VAN 'N PLAASLIKE RAMP RAKENDE DIE HAELESTORM WAT OP 20 NOVEMBER 2006 IN HAARLEM PLAASGEVING HET

(LG 11/2/3/2/K28

Plaaslike Regering en Behuising)

1. Kabinet BESLUIT dat:

- 1.1 Dat die Provinsiale Regering van die Wes-Kaap, die deklarasie van Haarlem as 'n plaaslike ramp gebied ondersteun;
- 1.2 Om die versoek van Eden Distriksmunisipaliteit om Haarlem as 'n plaaslike ramp te verklaar, te ondersteun, asook om die versoek vir die ramp klassifiseringsproses aan die Nasionale Rampbestuursentrum deur te gee; soos per konsepdokument "Aanhangsel D";
- 1.3 Goedkeuring verleen word vir onmiddellike gesprekvoering deur die Provinsiale Regering van die Wes-Kaap met die Nasionale Tesourie via die Nasionale Rampbestuursentrum ten einde addisionele fondse te bekom om sodoende die landbou skade aan te spreek wat nie deur die Provinsiale Departement van Landbou se begroting beredder kan word nie;
- 1.4 Goedkeuring verleen word vir bystand deur die Provinsiale Tesourie aan die Provinsiale Departement van Landbou om hul verliese te bestuur deur middel van die beste moontlike meganismes;
- 1.5 Om die Departement van Plaaslike Regering en Behuising deur die Provinsiale Rampbestuursentrum te mandateer om Eden Distriksmunisipaliteit by te staan met die koördinering en fasilitering van die herstelproses;
- 1.6 Om Eden Distriksmunisipaliteit tesame met die die Provinsiale Departement van Landbou te mandateer om versagting en risiko verminderingsinisiatiewe te bevorder in 'n poging om werkseleenthede te skep, inaggenome van plaaslike ekonomiese ontwikkeling en arbeidsintensiewe strategieë;
- 1.7 Die Provinsiale Departement van Landbou om die moontlikheid van die daarstel van 'n rampbestuurskomponent binne hul struktuur te ondersoek met die hoofsaaklike verantwoordelikheid om groot/ rampspoedige landbou insidente te koördineer; en
- 1.8 Om die Departement van Plaaslike Regering en Behuising deur die Provinsiale Rampbestuursentrum, in samewerking met Eden Distriksmunisipaliteit te mandateer om rampbestuurskapasiteitsbou inisiatiewe in Haarlem te loods.

SEKRETARIS: KABINET