

File: LG 11/2/3/2/K28
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MINISTER QR DYANTYI

THE PREMIER

REPORT TO CABINET: DAMAGE ASSESSMENT REGARDING THE HAIL STORM WHICH OCCURRED IN HAARLEM ON 20 NOVEMBER 2006

I support the attached draft resolution.

DIRECTOR-GENERAL

THE DIRECTOR-GENERAL

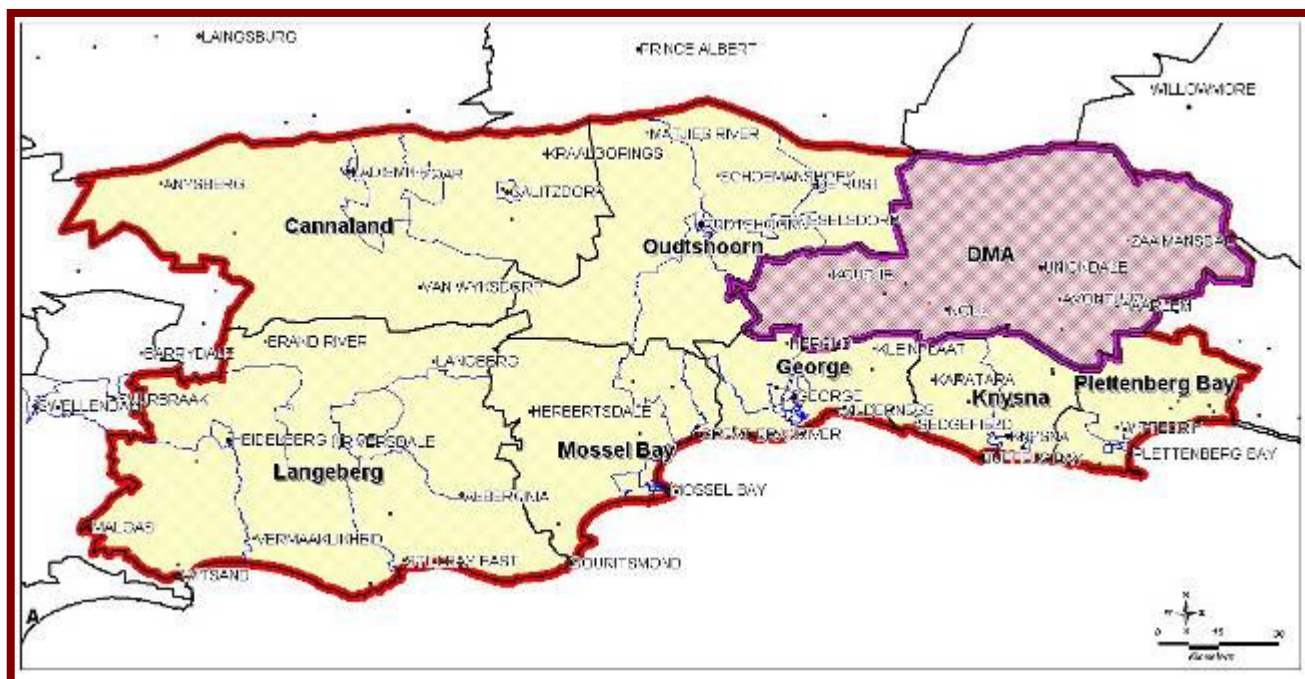
1. PURPOSE

- 1.1 To inform Cabinet of the outcome of the damage assessments and verifications regarding the hail storm which occurred in Haarlem on 20 November 2006.
- 1.2 To reach consensus on the declaration of Haarlem as a disaster area.
- 1.3 To request assistance for the provision of emergency funding as outlined in Annexure A: Eden District Municipalities report & B: Department of Agriculture's Economic Evaluation report.

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 farms were badly affected of which only 6 farms desperately needs assistance, leaving 389 hectares of fruit trees severely damaged/ destroyed. Two of these farms have transformed into joint ownership by the previous owners and their labour, which turned out to be a successful example of how transformation can succeed. It became apparent that the fruit on two of these farms were reasonably insured, while three farms had minimal insurance and the remaining two farms with no insurance. These seven farms ensured the livelihood of at least 424 breadwinners, 194 permanent labourers, 160 temporary workers, mainly women from Haarlem and an additional 70 temporary from Uniondale. A potential crop estimated R32 million worth income per annum for the DMA was lost as a result of the hail storm.

2.2 This map illustrates the exact location of Haarlem and the affected areas.



2.3 Apart from the devastating impacts and consequences on the agricultural activities and potential income it would have generated, the social and economic impacts on the community of Haarlem is enormous. The economy of Haarlem are still negatively impacted as a result of the fact that most of the economic activities within this area are driven by the farming/ agricultural activities. The social impacts are also regarded negative in the sense that crime has been increasing as people are stealing food, i.e. committing criminal activities in order to provide for themselves and their families.

2.4 It should be noted that about two years ago, Haarlem was classified by the Centre Scientific and Industrial Research (CSIR) as the second poorest area within the Western Cape. It is evident that though the farmers and workers within Haarlem were indirectly affected, almost 35 hawkers in this area were also negatively influenced to the extent that these hawkers don't have any fruit to sell as a result of the hail storm.

3. LOSSES/ DAMAGE ASSESSMENT

3.1 It is clear from assessments done by various agricultural experts that potential fruit crops were destroyed by the hail storm and irrigation systems seriously damaged. The 350 000 fruit trees which were battered by the hail, have started to take the strain. Apparently 1400 trees which could not be saved, have been removed and a tremendous amount of orchards will also have to be removed. Currently \pm 12 000 trees are already dead.

- 3.2 In order to assess the potential loss of income for the affected area, the components of profit should be assessed. The first important aspect is that of income loss incurred immediately. The immediate effect is on the cash flow and the secondary effect is the influence on longer term profits by the negative effect of payments that fall behind and thus attract more interest payable over time.

The other aspect is costs already incurred by the time the hail struck. By that time of the season costs already incurred include: rest breaking agents, pruning, fertilizer, weed control, pests control, fungicide control, water costs and thinning costs.

Most of the pre-harvest costs would thus have been incurred meaning that on the profit side not only the loss of income, but also the production costs that will not be covered for at least 3 years, will be devastating.

It can further be expected that income will for some time in future still be negatively influenced as damage to the trees will negatively affect yields for at least 3 years. This may result in further losses as a setback of this magnitude can translate to an extension of up to 5 years in terms of break-even year, this is due to the time value of money, interest payments falling behind and actual losses.

For the next 2 years all normal production costs will have to be made except harvesting and marketing costs. There is also a very real potential danger of losing a specific market by the time that production is back to normal as most fresh markets is based on consistency of delivery.

- 3.3 The effect on the employment in the area is uncertain as it depends on how the hail damage effects will be 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.

To appreciate the problem facing the area, it is necessary to understand that many of the people of Haarlem are very much 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 question of concern is the possibility of replacement of the 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 costs of between R 21 000 000 and R 42 000 000 for the region, these costs being influenced by cultivar types. Replacing an orchard will also mean that for at least the next 5 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 is regarding the losses incurred is that none of the farms have the funds to repair their natural resource, the trees. Fruit trees are not insurable against hail damage, as the damage is un-quantifiable. If not assisted, this resource could be damaged for as long as five years. The immediate intervention by Eden DM helped 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 devastating event which occurred in Haarlem on 20 November 2006 demonstrates a multi-sectoral, multi disciplinary approach, co-ordinated by the Eden District Disaster Management Centre. The participation and commitment of not only the District Municipality, farmers and workers affected but NGO's and farmers from the community not affected all assisted and co-operated in the management of this event.

4.2 Herewith a illustration of the intervention/ 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 declare Haarlem 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 excess of R5 million were embarked upon by Eden	Dec'06 – Jun'07
6. Damage and losses became more prominent	15 December 2006
7. Provincial Agriculture MEC, Minister Kobus Dowrey visited Haarlem	15 January 2007
8. National Department of Agriculture; Director, Mr Ben Kgakatsi assessed/ visited Haarlem	27 March 2007
9. Provincial Disaster Management Centre (PDMC) convened meeting with relevant role-players	13 April 2007
10. Eden DM request assistance re food parcels from Dept. Social Development -	18 April 2007
11. Meeting was held between Provincial-, National- and Eden Disaster Management	23 April 2007
12. Provincial Disaster Management Centre convened 2 nd meeting with relevant role-players	04 May 2007
13. Meeting between PDMC, Eden Disaster Management and the Agricultural economist	14 May 2007
14. PDMC to report to Cabinet	July 2007
15. PDMC to liaise with National Disaster Management Centre re declaration & classification	July 2007

4.3 It is clear that Eden District assessed and intervened accordingly before asking for assistance. Unfortunately the problem encountered needs long term solutions/ interventions which will be too costly for the affected District. Eden District Municipality acknowledged the magnitude of the problem and to date R5 895 000 have been made available for recovery purposes. All these funds will still be spent during their financial year, ending June 2007. It is also clear that mitigation projects/ risk reduction projects were embarked upon also as a local economic development initiative to provide employment for the affected labourers by providing local and labour intensive jobs for them. The table illustrates the amounts allocated as well as spent to date on the various identified projects/ initiatives.

Table 1: Funds as provided by Eden District Municipality

Funds allocated to aid farms adjoining Haarlem after the hail disaster of 20/11/2006			
Project	Funds allocated	Funds spent to date	Funds available
Social relief (Food parcels etc.)	R 200 000.00	R 217 600.00	-R 17 600.00
River bank clean up (Temporary labor initiative in rural areas)	R 90 000.00	R 105,857.00	-R 5 857.00
Capacity building (Saving the remaining trees)	R 1 300 000.00	R 950,000.00	R 350 000.00
Temporary labor in urban areas	R 100 000.00	R 100 000.00	-
Storm water drainage/ repairs to Haarlem dam (To commence beginning of May 2007)	R 2 000 000.00	R600,000.00	R 1,400,000.00
EPWP roads DMA, to be spent in Haarlem (To commence beginning of May 2007)	R 605 397.47	R 156 541.95	R 448 855.52
Haarlem storm water upgrading (To commence beginning of May 2007)	R 600 000.00	R0	R 600 000.00
Paving of Albert street (To commence beginning of May 2007)	R 1 000 000.00	R0	R 1 000 000.00
Haarlem hail damage totals	R 5 895 397.47	R2 129 998.95	R3 765 398.52

4.4 Social Relief

Food parcels to the value of R200.00 per household were distributed by Eden between the permanent and temporary workers that were employed on the effected farms. The affected farmers were unable to pay their employees the normal annual bonus of R600.00 for the past Festive Season and that is why it was decided to provide food parcels (3 x R200) to all the house holds for a three months period and not just to the people that lost their jobs. The last food parcels hand-out took place 23 April 2007.

4.5 Mitigation/ Risk Reduction Projects initiated by Eden

4.5.1 River Bank Clean-Up – R90 000.00 (Labour intensive project)

The aim of this project was to reduce and possibly eradicate the remaining tons of felled trees and wattle which are still lying along the river banks of the Kammanassie River and the Holledrift River. The Action Plan which has been instigated is to identify the high risk areas, divide these areas into blocks by creating a 4m wide firebreak around them and to then burn these blocks one by one.

Once these blocks have been burned, the potential risk of having the road through The Poort (road between Uniondale and the Langkloof) and water pipes washed away will be greatly reduced. These actions will also reduce the fire risk in these areas.

This project will ensure the retrenched workers of an income till the end of May 2007. Up to 20 people, mostly woman, work daily in the veldt for a labour rate of R45.00 per day to be in line with the labour rate paid by the farmers. The project has been successful up till now and the fire brakes at the first 5 blocks have already been completed without any injuries.

Due to funding constraints, this project will end at the end of May 2007.

4.5.2 Storm water Drainage: Haarlem – R2 000 000.00

This project will start during May 2007 with the mandate to be as labour intensive as possible allowing for retrenched labourers to be incorporated on this project. The repair to the gabions at the Haarlem Dam will form part of this project.

4.5.3 Save the Trees – Initial allocation R 500 000.00/ Now R 1 300 000.00

More than 80% of the productive fruit trees in the area were severely damaged by the hail.

In order to save these trees, a lot of pro-active work and pesticides will be needed to ensure that these trees bare fruit in the coming season as well as the years to follow. This will be done in the form of a Capacity Building (Training) program for the farm workers.

The first module of the aforementioned program has been completed by the Task Team in collaboration with the farmers in the area. A copy of this module has been sent to the Institution for Agricultural Training (Eisenburg), to be accredited as a formal training module. Once this has been done trainees will be able to obtain a certificate of training undersigned by the Institution for Agricultural Training. Most of the farm labourers have already completed the training program.

An additional R560 000.00 + R240 000.00 (in total R 1 300 000.00) has been allocated towards the project and will last until the end of June 2007.

Although the training has assisted in saving most of the trees so far, this will not be enough, labour, chemicals and tree fertilisers have been addressed, but the extent of the damage exceeds the capabilities that can be met with the available funding.

Fuel, water, electricity costs as well as the bank repayments to be made at the end of April are currently exceeding the initial predictions made for this project.

Currently the farm owners are quite prepared to pay their outstanding debt to the banks, water affairs, Eskom and the local co-operative, but they have requested that they receive interest free extensions or at least at a reduced interest rate, with repayments rescheduled in 24 to 36 months time. In some instances they are paying prime + 7% which is totally unacceptable!

Requests in this regard have been forwarded to the relevant parties.

4.5.4 Temporary labour – R100 000.00

In order to provide a job opportunity to as many of the retrenched labourers, in the towns Uniondale and Haarlem, as possible, municipal projects in the DMA have been revised in order to temporarily employ as many general workers as possible.

5 FUNDING NEEDED BY AGRICULTURE

Table 2: Breakdown of funding needed to overcome major damage.

	Total funding for Year 1	Total funding for Year 2	Total funding for Year 3
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

The Western Cape Department of Agriculture confirmed to have available R2 624 847.80 from the surplus of drought relief and R1 614 228 surplus of the flood relief of Montagu. This gives a total of R4 239 075.80 that is available for this disaster within the Western Cape Department of Agriculture. The total funding needed therefore is thus for R7 916 187.00. This leaves a total need for funding of R3 677 111.60 which the Western Cape Department of Agriculture indicated to use the available funding.

Funding available = R4 239 075.80

Funding required = R7 916 187.00

Difference = R3 677 111.60

Both the flood relief scheme for Montagu and the drought relief scheme for the Western Cape were completed. All the farmers who qualified for support received the necessary support. Even though all the qualified farmers received that support, the surplus funds could be re-allocated to the people affected by the hail disaster, if approved by the Department of Agriculture. If approved, the surplus funds could provide added support.

6. DECLARATION OF DISASTER:

6.1 As an alternative measure in dealing with this devastating hail incident by the appropriate line departments, 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 Task Team investigation. The outcome of this recommendation will determine the classification and declaration of a local disaster which has to be published in the provincial gazette.

6.2 During the meetings with the primary line Departments, namely the Department of Agriculture and Social Development, the following Departments/ Municipality supported / not support the declaration of Haarlem as a local disaster, namely:

LOCAL DISASTER DECLARATION	
Supported	Not Supported
Provincial Department of Agriculture	/
National Department of Agriculture	
Provincial Department of Social Development	
Eden District Municipality	
Provincial Disaster Management Centre	
National Disaster Management Centre	
Agri Western Cape	

6.3 In the light of the above it is recommended that Haarlem be declared a local disaster area.

7. CHALLENGES:

It is evident that the area suffered serious damage and deserves urgent attention. The Department of Agriculture would need to lend its support to the hail disaster survivors through rehabilitation consisting of actions to prevent secondary infections of trees and estimating the time period of the rehabilitation process. The support also needs to include re-establishment of certain orchards. The Department of Agriculture would need to assist in sustaining a training program to train different workforces in the prevention of secondary infections of trees and ensuring that the workforces receive accreditation accordingly. In doing so, the trained workers will be equipped to handle similar “disasters” in other areas in the future. It is important that the Department of Agriculture brings the needs of the community under the attention of the National Treasury in order for them to provide the necessary financial backing.

8. RECOMMENDATIONS:

Based on the above assessment, it is recommended:

8.1 That the Provincial Government of the Western Cape, declare Haarlem a local disaster;

- 8.2 That the Provincial Government of the Western Cape immediately engage with National Treasury via the National Disaster Management Centre in obtaining additional funding to counter the costs of agricultural damages;
- 8.3 That the Provincial Treasury assists provincial department of Agriculture to manage losses encountered through the best possible mechanisms;
- 8.4 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;
- 8.5 That Eden 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;
- 8.6 That the Provincial Department of Agriculture be mandated to establish a disaster management component within their structure with the responsibility of co-ordinating major/ disastrous incidents such as Haarlem;
- 8.7 That the Department of Local Government and Housing through its Provincial Disaster Management Centre in co-operation with the Eden District Municipalities Disaster Management Centre embark upon capacity building initiative in Haarlem.

9. PERSONNEL IMPLICATIONS

No personnel implications.

10. FINANCIAL IMPLICATIONS

The financial implications as assessed and calculated by primary line Departments, namely Agriculture and Social Development have been assessed and alternative funding sources should be pursued.

11. PRIORITY CLASIFICATION

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 of the recommendations in paragraph 8.

HEAD OF DEPARTMENT

DATE

DIRECTOR-GENERAL

DATE

The content of the memorandum is noted.

MINISTER OF LOCAL GOVERNMENT AND HOUSING

DATE

CABINET MEETING.....

MINUTE NO.

/2007

REPORT TO CABINET: DAMAGE ASSESSMENT 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 Declare Haarlem a local disaster;
- 1.2 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;
- 1.3 Approve assistance by the Provincial Treasury to the Provincial Department of Agriculture to manage losses encountered through the best possible mechanisms;
- 1.4 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;
- 1.5 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;
- 1.6 Mandate the Provincial Department of Agriculture to establish a disaster management component within their structure with the responsibility of co-ordinating major/ disastrous agricultural incidents; and
- 1.7 Mandate the Department of Local Government and Housing through its Provincial Disaster Management Centre in collaboration with Eden District Municipality to embark upon capacity building initiatives in Haarlem.

SECRETARY: CABINET

KABINETSVERGADERING.....

NOTULE NR.

/2006

VERSLAG AAN KABINET: SKADE BEPALING RAKENDE DIE HAELOSTORM WAT IN HAARLEM PLAASGEVING HET OP 20 NOVEMBER 2006

(LG 11/2/3/2/K28

Plaaslike Regering en Behusing)

1. Kabinet BESLUIT dat:

- 1.1 Haarlem as 'n plaaslike ramp verklaar word nie;
- 1.2 Goedkeuring verleen word vir onmiddellike gesprekvoering deur die Provinsiale Regering van die Wes-Kaap met die Nasionale Tesourie via die Nasionale Rampbestuursentrum ten einde adisionele fondse te bekom om die landbou skade aan te spreek wat nie deur die Provinsiale Departement van Landbou se begroting beredder kan word nie;
- 1.3 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;
- 1.4 Om die Departement van Plaaslike Regering en Behusing deur die Provinsiale Rampbestuur sentrum te mandateer om Eden Distrik Munisipaliteit te assisteer met die koördinerings and fasilitering van die herstel proses;
- 1.5 Om Eden Distrik Munisipaliteit tesame met die die Provinsiale Departement van Landbou te mandateer om versagting en risiko verminderings initiatiewe te bevorder in 'n poging om werkseleenthede te skep inagenome van plaaslike ekonomiese ontwikkeling en arbeids intensiewe strategieë;
- 1.6 Om die Provinsiale Departement van Landbou te mandateer om 'n rampbestuur komponent te stig binne hul struktuur met die verantwoordelikheid om groot/ rampspoedige landbou insidente to koördineer; en
- 1.7 Om die Departement van Plaaslike Regering en Behusing deur die Provinsiale Rampbestuur Sentrum, in samewerking met Eden Distrik Munisipaliteit te mandateer om kapasiteitsbou initiatiewe te loods in Haarlem.

SECRETARY: CABINET