



Wes-Kaapse Provinsiale Parlement Western Cape Provincial Parliament IPalamente yePhondo leNtshona Koloni

MINUTES OF PROCEEDINGS

STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM

Wednesday, 22 July 2020 (09:00), Virtual Meeting via MS Teams, Cape Town

ATTENDANCE

Members:

Democratic Alliance

Baartman, D (Chairperson)
Mitchell, D
Van der Westhuizen, A

African National Congress

Nkondlo, N

Economic Freedom Fighters

Makamba-Botya, N

Additional Members:

Bosman, G (DA)
Mvimbi, L (ANC)(Alternate)

Officials and Members of the Public

Western Cape Provincial Parliament

Ms Z Adams, Procedural Officer
Ms L Cloete, Senior Procedural Officer

1. Welcome

The Chairperson welcomed the Members to the meeting and explained that the Committee would be deliberating on resolutions proposed following the briefing by Kannaland Local Municipality on its solar power project with Inovasure. Thereafter, the Committee would consider and adopt the Committee's Draft Annual Activities Report for

the 2019/20 financial year, as well as outstanding draft Committee Minutes for 18 March, 27 May, and 9 and 10 June 2020.

2. Deliberations on resolutions proposed by Members following the briefing on Kannaland Local Municipality's energy project

Members discussed resolutions proposed by the Chairperson and Member Nkondlo, and proposed additional resolutions.

Members agreed that more clarity was needed on the scope of the project as this was unclear from the presentation made by Kannaland Local Municipality on 10 June 2020.

3. Resolutions/Actions

3.1 The Committee REQUESTED that Kannaland Local Municipality provide the Committee with the following information:

- 3.1.1 Clarity on the scope of the project, and the over-arching plan behind the project, as not all matters concerning the Committee were addressed in the briefing;
- 3.1.2 The local content and public participation strategy for the project in terms of the Industrial Policy Action Plan, the Special Economic Zone Policy, Broad-Based Black Economic Empowerment, and the Renewable Energy Independent Power Producers Procurement Programme;
- 3.1.3 The Socio-Economic Profile of the area with direct and indirect participation in this Project;
- 3.1.4 A report detailing the fiscal position of Kannaland Local Municipality and how this would impact on the project, whether the Municipality is able to meet any financial obligations within the partnership (if any), and if so, how this could adversely affect the independence of the Municipality;
- 3.1.5 A report on the roles of the National Treasury, the Department of Minerals and Energy, the Department of Environmental Affairs, the Department of Cooperative Governance and Traditional Affairs, the Department of Small Business Development, the Department of Trade, Industry and Competition and its Provincial counterparts (provincial departments) during and after the implementation of this project;
- 3.1.6 All relevant documentation in relation to (a) the unsolicited bid by Inovasure (b) the proposed agreement with the investor (c) the Business Plan which was submitted to the Kannaland Municipality by the Investor (d) The Council Resolution that was taken regarding the project (e) the management decision regarding the matter, if any, and (f) the communication between the National Treasury, Eskom and the Municipality which "approved" or "supported" the project, as indicated to the Economics Cluster oversight committee;
- 3.1.7 A report from Kannaland Local Municipality and National Treasury detailing the step-by-step approval process for the project and Public Private Partnership (PPP), as well as the PPP Framework, and sections thereof, that enabled the project to be approved;
- 3.1.8 The details of the official from National Treasury that will be overseeing the project;
- 3.1.9 The details of the Supply Chain Management lawyer appointed for the process as well as the process followed to appoint the lawyer by Kannaland Local Municipality, as indicated in the meeting;
- 3.1.10 A detailed report on the planning and construction of the project;

- 3.1.11 A report on whether the Municipality has by-laws in place for the procuring of energy from Independent Power Producers, in terms of Section 34 of the Electricity Regulation Act, 2006 (Act 4 of 2006); and
- 3.1.12 A report containing (a) the tariff agreement between the municipality and Eskom (b) the tariffs that residents pay in Kannaland set by the Municipality (c) a breakdown of areas in Kannaland serviced by the Municipality in terms of electricity, and areas serviced by Eskom (d) the potential savings for residents and the municipality per one unit of electricity, once the project is completed.

3.2 The Committee expressed concern about the substantial reliance of Kannaland Local Municipality on its private partner, Inovasure, for technical knowledge about the project during the briefing on 10 June 2020, including when answering questions posed by Members. The Committee was concerned that the Municipality's lack of technical knowledge and capacity will hinder its ability to manage the project and perform proper oversight on the implementation of the project, leaving Inovasure with too much influence and authority in the decision-making processes and implementation of the project. This is undesirable as it may lead to the interest of the public being compromised. How will Kannaland Local Municipality mitigate this risk?

3.3 The Committee RESOLVED the following:

- 3.3.1 To deliberate on the information once provided by Kannaland Local Municipality, in order to decide whether to invite the Municipality back to the Committee for another briefing on the energy project; and
- 3.3.2 To forward the information provided by Kannaland Local Municipality to the Provincial Treasury, the Provincial Department of Economic Development and Tourism and the Provincial Department of Local Government so that they may express their views, in the form of a report, on the viability of the project, their respective positions on the project, and any challenges the departments may foresee with such a project.

3.4 The Committee FURTHER RESOLVED to request the following:

- 3.4.1 A report from National Treasury detailing the reasons that the PPP was approved for Kannaland Local Municipality; and
- 3.4.2 A report from Inovasure detailing whether it has had similar projects with other municipalities and what the status of those projects are.

4. Consideration and adoption of the Committee's Draft Annual Activities Report for the 2019/20 Financial Year

The Committee considered and adopted its Draft Committee Annual Activities Report for the financial year 2019/20.

5. Consideration and Adoption of Draft Committee Minutes

The Committee considered and adopted the draft Committees Minutes for 18 March, 27 May, and 9 and 10 June 2020.

The meeting adjourned at 10:05.



ADV D BAARTMAN, MPP

**CHAIRPERSON: STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND
TOURISM**