No.110 - 2022: Fourth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Wednesday, 23 March 2022

# ANNOUNCEMENTS

none

# TABLINGS

none

**COMMITTEE REPORTS**

1. The Acting-Chairperson of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee, Hon. M J Kanyane, tabled the Committee’s Oversight Report on the Third Quarterly Performance Report of the Department of Economic Development for the 2021/2022 financial year, as attached**:**

**COMMITTEES QUARTER OVERSIGHT REPORT ON DEPARTMENT / ENTITY PERFORMANCE**

**Portfolio Committee on [Economic Development, Environment, Agriculture and Rural Development Committee] Oversight Report on the [3rd Quarterly Report of the [ Gauteng Department of Economic Development] for the [2021/22] Financial Year**

| **Committee Details** | | **Department / Entity Details** | |
| --- | --- | --- | --- |
| **Name of Committee** | **Economic Development, Environment, Agriculture and Rural Development Portfolio Committee** | **Name of Department / Entity** | **Gauteng Department of Economic Development** |
| **Which Financial Year** | **2021/22 FY** | **Dept. Budget Vote Nr.** | **Vote 3** |
| **Which Quarter** | **3rd Quarter** | **Hon. Minister / MEC** | **MEC Tau** |
| **Committee Approvals** | | | |
|  | **Name** | | **Date Considered by Committee** |
| **Hon. Chairperson** | Hon. Acting Mpapa Kanyane | | 17th March 2022 |
| **Adoption and Tabling** | | | |
| **Date of Final Adoption by Committee** | | | **Scheduled date of House Tabling** |
| **17 March 202** | | | **24 March 2022** |

**NOTES:**

* When expressing monetary amounts, please use South African Rand only “R” and express the full Rand amount with no cents
* When expressing percentage, please use the “%” sign and round off to two (2) decimal places
* When analysing Department / Entity performance, please do NOT copy and paste the Department / Entity performance / budget tables. These need to be analyzed.
* In the Executive Summary, include just the strategic or high level “Snap-shots” of the required information. Details will be provided later in the report under “Programme Achievement”

*[Note: Please remember to “update” the table of contents just before printing or forwarding]*

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# ABBREVIATIONS

| **Abbreviation** | **Full Wording** |
| --- | --- |
| APP | Annual Performance Plan |
| DED | Department of Economic Development |
| DDI | Domestic Direct Investment |
| FDI | Foreign Direct Investment |
| FY | Financial Year |
| GEP | Gauteng Enterprise Propeller |
| GGDA | Gauteng Growth and Development Agency |
| GPL | Gauteng Provincial Legislature |
| GDE | Gauteng Department of Education |
| GGB | Gauteng Gambling Board |
| GTA | Gauteng Tourism Authority |
| NGP | New Growth Path |
| HOD | Head of Department |
| MEC | Member of the Executive Council |
| PFMA | Public Finance Management Act |
| SMME | Small Medium and Micro Enterprises |
| SMS | Senior Management Service |
| SOM | Sector Oversight Model |
| SDG | Sustainable Development Goals |

# SUMMARY

| **ii. [Summary of the report]** |
| --- |
| **[Note: Only snapshots or “One-Liners” or Bullet Points of the most important / strategic achievements. No details please]** |
| ***Strategic Priorities***  *High level summary of Committee’s overall assessment of the Department / Entity achievement of relevant strategic priorities for the period under Review* |
| Economic transformation and job creation – on this strategic priority, the Committee observed that 100% of service providers were paid within 15 days. |
| ***Department / Entity APP Achievement***  *An overall Summary of whether the Committee thinks the Department / Entity Non-Financial Performance is sound and prudent* |
| The Department realised 18 of 26 targets as compared to 15 of 26 in the previous quarter. The performance remains unsatisfactory and in turn, 113.22% was spent. There were increased indicators and targets noted during the 2021/22 budget adjustment process, and there are additions on the revised APP, mainly to implement the Gauteng Township Economic Development Bill amongst other projects.  The Committee noted that the GDED has spent 113.22% (R573 112 000 against R506 205 000) of its allocation, which represents an overspending for the quarter under review. This is attributed mainly to additional funds allocated by the Provincial Treasury during the adjustment period to fund operational costs and infrastructure at the Tshwane Automotive Special Economic Zone (TASEZ)  The overspending is on the Economic Planning programme, which spent over 201.89% of its budget for the quarter. This is the programme responsible for funding the TASEZ. Whilst there was poor spending on the Administration and Business Regulation programmes. The latter is mostly affected at 51.12% budget spent for the quarter and in turn, at 41.41% on the year to date. Sadly, the reasons for the underspending remain the same as in the preceding quarters, including high vacancy rate and procurement delays. The programmes (Integrated Economic Development Services & Trade and Sector) responsible for agencies have transferred 100% but the agencies’ spending is at 85% in the quarter under review.  The Quarter 3 performance of the Departmental agencies and its subsidiaries is fairly satisfactory as it realised 49 out of its 71 planned targets thus translating into a 69% achievement. The performance shows a significant improvement when compared with the 46% realisation (37 out of its 80 targets) in the 2nd quarter of the 2021/22 FY. Pertaining to the performance of individual agencies, the GIDZ had the worst performance as it realised none of its 2 planned targets (0%) whilst spending R5 837 000. Another unsatisfactory performance is on the AIDC achieving 6 of its 11 planned targets (54%) with an expenditure of R16 400 000 (89%). This shows a misalignment between the inputs and outputs requiring follow-up.  On the other hand some improvements are accounted in some agencies such as the GEP attaining 12 out of 19 targets (63%) whilst spending R51 942 000 (94%). Further improvements are on the GTA realising 4 of 6 targets (67%) meanwhile the expenditure is significantly low at R16 610 000 (49%). Additionally, the ConHill, TIH and GGB attained all planned targets (100%).  Disappointingly, challenges such as delayed infrastructure projects at the Constitutional Hill and Biopark phase 3 at the Innovation Hub persists. Further limitations include constraints on the rand value of both Foreign Direct Investments and Domestic Direct investments. The lack of progress on the SMME partnership fund possesses significant negative consequences for the SMME sector. Conversely, some developments exist on the City of Tshwane fleet contract and increases in the number of new companies recruited at eKasi labs. |
| *An analysis on whether (and if so, the extent to which) the Department / Entity Programmes / Projects are indeed achieving its Strategic Objectives / Service Delivery Outcomes for the period under review.* |
| No special projects undertaken in the quarter under review. |
| ***Department / Entity Project Management***  *Overall Summary on management and delivery of Department / Entity Projects* |
| Projects by the Department have been outlined above in the report submitted by the Department. |
| ***Financial Performance***  *An overall Summary of whether the Committee thinks the Department / Entity Financial Performance is sound and prudent* |
| The Committee noted that the Department budgeted an amount of R 1 782 911 000 (R1.782.9.b) and in the quarter under review the Department budgeted an amount of R 506 205 000 (R506.2m). Of the amount budgeted, the Department spent an amount of R 573 112 000 (R573.1m) for the quarter. |
| ***Resolutions Management***  *An overall Summary of the Committee’s assessment of Department / Entity Resolutions Management* |
| In the quarter under review the Committee did not analyse any resolutions as the Department and its entities did not submit any of the resolutions. Follow up will be made on those resolutions that have not been responded to. This was because the GPL went on recess and therefore Committee’s were not convening any meetings. |
| ***Petitions Management***  *An overall Summary of the Committee’s assessment of Department / Entity Petitions Management* |
| No petitions were dealt with by the Department in the quarter under review. |
| ***Public Engagements***  *An overall Summary of the Committee’s assessment of Department / Entity Public Engagements* |
| Eight (8) SMMEs constituted by four (4) males and four (4) females were supported by CCBSA programme based on individual business needs.  Out of the eight (8) only are five (5) youth (3 male and 2 female) where supported by CCBSA programme based on individual business needs.  Three (3) senior citizen constituted by two (2) female and one (1) male were supported by CCBSA programme based on individual business needs.  Consumer affairs conducted five workshops in all Gauteng corridors during August 2021. An estimated 293 women were reached. The purpose of the workshops was to educate and empower them about their consumer rights and responsibilities. |
| ***International Agreements***  *Overall Summary on Department / Entity implementation of relevant Internal Agreements / Treaties [Only if applicable] [Applicable only to OCPOL / OoP]* |
| None in the quarter under review |
| ***GEYODI Empowerment***  *Overall Summary on Department / Entity achievement on actual GEYODI empowerment in communities* |
| Five (5) consumer education workshops took place across the corridors. The purpose of the workshops was to provide information on Consumer Protection and Financial Literacy to young people. |
| ***Fiduciary Compliance***  *Overall Summary on Department / Entity Compliance with fiduciary requirements* |
| Department did not report anything under this section |
| ***Capacitated Department / Entity***  *An overall Summary of whether the Committee thinks the Department / Entity is adequately capacitated and resourced to carry out its functions and discharge its mandates* |
| The Committee has always been of the view that all Departmental vacant positions should be filled to ensure that service delivery imperatives are attained. This would then mean that the Department is not adequately capacitated to ensure that service delivery is implemented. |
| ***Any other Committee Focus Area (if relevant / applicable and Requirement)***  *High level summary of any other area of Department / Entity performance with respect to its Quarter Report that the Committee wishes to report on, which is not already included in any of the above Focus Areas.* |
| None |
| ***Summary of Committee Findings***  *High level summary of Committee findings. Broadly, which aspects do they relate to* |
| The Department including entities should attain targets especially those relating to job creation.  There should be alignment between inputs and outputs in all Departmental programmes.  GEP will be placed under considerable scrutiny and oversight as it is key in supporting SMME’s and also ensuring that the R 250 000 000 (R 250m) fund allocated to the entity for  Filling of crucial vacancies in including those within agencies should be finalized as many positions are under way to being filled.  Project such as the ConHill Visitor Centre and the Chamdor Industrial Hub should be finalized  Empowering of the youth, women and People with Disabilities remains a challenge |
| ***Summary of Committee Recommendations***  *High level summary of Committee Recommendations. Broadly, which aspects do they relate to* |
| The Department including entities should attain targets in particular relating job creation  There should be alignment between inputs and outs in all Departmental programmes.  GEP will be placed under considerable scrutiny and oversight as it is key in supporting SMME’s and ensuring that the R 250 000 000 (R 250m) fund allocated to the entity for  Concrete plans to finalize and operationalize projects such as the Chamdor Industrial Hub should be implemented  Youth, Women and People with Disabilities be supported by GEP with financial and non-financial support. |

# INTRODUCTION

The Economic Development, Environment, Agriculture and Rural Development Portfolio Committee exercises oversight and scrutiny over the Gauteng Department of Economic Development and its entities. This includes planning, budgeting, financial management and quarterly performance reporting by the Provincial Department of Economic Development. In line with the provisions of the Constitution of the Republic of South Africa (1996), the Public Finance Management Act (1999) which creates the basis on which oversight by Legislatures should be exercised. It clearly outlines areas of service delivery that should be reported on, including the responsibilities of officials and the role of the Legislature in cases where reports are tabled.

The Committee noted that the Department was allocated an amount R 1 782 911 000 (R1.782.9.b) for the 2021/22 financial year to ensure radical transformation, modernisation and re-industrialization of the Gauteng economy; provide an enabling policy and legislative environment policy and legislative environment for equitable economic growth and development; development of programmes that will revitalise township economies; build a new , smart, green, knowledge based economy and industries; ensure decent employment and inclusion in economic sectors; facilitate radical transformation, modernisation and re-industrialization and establish appropriate partnerships for delivery.

This report primarily focuses on examining whether the budget allocated for the Department and its entities is aligned to key government strategic priorities. Furthermore, the report assesses whether the objectives of the Department correlate with the intended outputs as well as outcomes. The Committee intends to interrogate and assess the overall departmental performance through in-year monitoring process, summary of findings per programme as well as stakeholders’ submissions on the 3rd Quarterly Performance of the Department.

The Gauteng Provincial Legislature’s oversight methodology stipulates that when analysing the budget, the variables of the Sector Oversight Model (SOM) must be considered. Given that SOM variables are interrelated, which means that priorities, inputs (capital and current), outputs and outcomes should be considered. This report is also tabled at a time wherein the report has been developed in accordance with the Sector Oversight Model (SOM), the GPL Committees Oversight and Accountability Framework (COVAC) as part of the GPL Project on Standardization of Oversight, Accountability and Reporting in Gauteng (SOAR-GP).

# PROCESS FOLLOWED

In line with the GPL Standing Rules the Department submitted its 3rd Quarterly Performance Reports for the 2021/22 FY including entities. The Department also reported on its financial and non-financial performance in line with the requirements of the Public Finance Management Act (PFMA) 1999. The Speaker of the Gauteng Provincial Legislature thus formally referred the 3rd Quarterly Performance Report of the Department in terms of Rule 149 of the Standing Rules to the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee for consideration and reporting.

The Committee convened and discussed the research analysis in the meeting that was scheduled for the 15th February 2022. In a meeting that convened on the 3rd March 2022 the Department presented to the Committee its 3rd Quarterly Performance Report for the 2021/22 FY and this included its entities. The Committee deliberated and adopted its oversight report on the 3rd Quarterly Performance Report over the Department in a meeting convened on 10th March 2022.

The report was submitted to the Proceedings Unit for tabling and consideration by the House.

# OVERSIGHT ON DEPARTMENT / ENTITY ACHIEVEMENT OF STRATEGIC PRIORITIES

| **1.1 THE DETAILS ON Department / Entity achievement on relevant Strategic Priorities for the period under review]** |
| --- |
| **Strategic priority: An enabled business environment**  **Programme 1. Administration**  The purpose of the programme is to provide strategic leadership, support and transversal business solutions to enable the MEC, HOD and the DED Group effectively and efficiently deliver on its mandate.  In the quarter under review the Department managed to attain all 3 set targets, targets include 100% of supplier invoices paid within 15 days, 40% procurement to women owned businesses and 100% implementation of the public facing consumer complaints management system. The programme spent an amount of R51 080 000 (R 51m) against the budget of R58 911 000 (R58.9m) in the quarter and this translates to the spending of 86.71%, resulting into a huge variance at 13.29%. The Committee once implores that spending should be in line with the attaining of targets.  The Department reported that 9 SMS positions were advertised with the closing date on the 31st January 2022, currently the 9 positions remain unfilled, the Department is currently with the process of filling these vacant positions and should be filled by the second quarter of 2022 financial year. The Committee will continue monitoring the filling of these positions.  **Strategic priority: An enabled business environment**  **Programme 3 Trade and Sector Development**  The programme has attained 2 of 3 set targets and that constitutes 66.67%, this is an improvement as compared to the attainment of 1 out of 5 in the previous quarter. The attained targets include 345 jobs created across the Departmental group against 300 jobs planned and R 100 000 000 (R 100m) value investment contributed towards 10 high growth sectors.  The programme did not attain the 20 000 jobs scheduled be created in supporting broadband services. Notably, there was an extensive revision of the plans for this programme; reducing and removing indicators on establishing of hubs such as clothing and textile, furniture manufacturing, and removing and revising targets on a number of SMMEs incubated. For example, the GDED was targeting 501 SMMEs incubated in identified sectors and now, it targets 30% black female, youth and disabilities SMMEs participating in 10 growth sectors. It seems most of the targets removed and revised are those that it was failing to attain such as 100 SMMEs to be assisted with renewable energy. **The Committee should be informed on the details around the Department’s inability to create the 20 000 jobs and the revising and removing of some of the targets. The failure to attain the planned number of job is similar to the previous quarter wherein the Department failed to attain the set targets as well.**  The programme spent 100% of the budget allocation amounting to R248 421 000 (R248.4m) for the quarter under review and which was transferred to agencies. The funds may have been transferred to entities however these entities have not spent the allocation received in the quarter under review. This is reflected through the Gauteng Growth Development Agency wherein the agency spent 61% of its allocation, the Gauteng Tourism Agency spent 41%, and Cradle of Humankind and Dinokeng spent 60% and 57% respectively.  **Strategic priority: An enabled business environment**  **Programme 4 Business Regulation and Governance**  The purpose of the programme is to create a seamless business regulation and good governance environment that promotes ethical conduct, transforms industry, realises sustainable revenue generation and contributes towards achievement of TMR goals. This will be achieved through increasing consumer satisfaction that secures long term sustainability and facilitates the growth of business; properly regulated liquor industry in Gauteng that generates revenue; a properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the Province.  The Department reported that the programme attained 5 of its 8 planned targets, the performance remains unsatisfactory as the programme continues not to attain all the set targets. At the same token the Committee noted that the programme spent an amount of R11 939 000 (R11,9m) from a budgeted amount of R23 353 000 (R23.3m) in the quarter under review. The reasons provided by the Department on unattainment of targets as well as the inability by the programme to spend are due delays in tender processes. Delays in the Partnership Management System and Impact Evaluation of the Pick ‘n Pay Market Store, Consumer Education Impact Assessment Study and transfer of funds to Lanseria PMO Seed Funding contribute to the 49% underspending in this quarter. The Committee however has been informed by the Department that mitigating measures have been put in place wherein the budget has been reprioritized in order to ensure that these targets are attained.  The sub-programme Consumer Affairs attained its 3 set targets for the quarter, the attained targets still relate to consumer education and awareness activities and the 50 SMMEs trained to be compliant with law and adding to that, 48 business monitoring compliance inspections. The Consumer Protection Bill is currently planned to be passed by the 4th quarter in line with the revised APP. The Committee questioned the feasibility of attaining this target by the end of this quarter, however the Department indicated that the indicator is achievable as the service provider was appointed mid-December 2021 and commenced with the project soon thereafter and thus far the unit received interim reports from the service provider and the project is well on track of being completed before end of March 2022. The Committee will monitor this closely until attainment of the target.  The Liquor Affairs unit achieved 2 out of 2 planned targets and in addition to that the consultations with the liquor traders is ongoing, consultations have not concluded. The outcome from the consultations will guide the implementation approach that will be followed. The initial approach was based on the clean break strategy which entailed that all shebeen permit holders should apply for any type of license provided for in the Gauteng liquor Act. The planned target of 500 has not been achieved and the implementation of the shebeen permit will be guided by the outcomes of the consultations with shebeen permit holders. The view of the Committee is that the Department should ensure that any strategy employed should not be at the detriment of the shebeen owners but however ensure that its in support of liquor traders but at the same tine curbing illegal and unregulated shebeens.  **In the previous quarter, the Committee resolved that the GLB should refrain from shifting the goal posts from the start of the previous financial year. The on-going non-deliverance of this project as a result of shifting goal posts remains unacceptable, this project should be concluded by the end of the 4th Quarter of the 2021/22 FY. In light of this, the Committee entrusts that the Department will be able to implement this target however this will not be in line and timeframe highlighted by the Committee as the Department has indicated that the GLB automated system is currently at a BAC stage thereafter the advert / open tender calling for service providers for the maintenance and operationalisation of the automated system will be done. It is anticipated that the process to appoint the service provider will be finalised during 2nd Quarter of the 2022/2023. The Committee is of the view that more accountability should be exercised by the Department in ensuring that the project is implemented.**  The GLB informed the Committee that during this reporting period the entity performed above its set target of R10 500 000 with respect to revenue collection as the entity collected R19 000 000. In addition, the GLB had a backlog of application as a result of Covid-19, however during the month of December 2021 the Board intervened through conducting a four-day working session and thereafter Board continued to meet every day of the week until the backlog was resolved. Currently the Board is considering new applications as per the normal process flow through virtual platforms  **Strategic objective: Industrialization supported through localisation and government procurement**.  **Programme 5 Economic Planning**  The programme objective is to provide thought leadership to transform and re-industrialize economic Gauteng City Region through, policy and strategy development  The Committee noted that there are about 10 new targets aimed at the implementation of the local production and content framework, Gauteng Township Economic Development Bill and BBBEE policy. The changes include among others 10 enterprise zones, increase in township broadband coverage, 20 SMMEs formalised; 75% budget spent on local goods and services and spending on supplier and enterprise and skills and socioeconomic development.  In the quarter under review the programme attained 8 of its 12 set targets, a decline in comparison to 8 of the 11 planned targets in the 2nd Quarter. The programme spent R170 702 000 (R170.7m) against R84 550 000 R84.5m), which translates to 201.89% spending. The huge overspending is attributed to R141 000 000 (R 141m) funding of operational costs and infrastructure at TASEZ using additional funds received from the provincial treasury during the adjustment period. The Committee noted that National Government will not be funding the project going forward but will remain the responsibility of Province to fund the operational costs going forward. The Committee will closely monitor the  In the previous quarter the Committee noted that there a target was set on the R 5 000 000 (R5m) annual turnover of the Alexandra Automotive Hub in the quarter under review, however this was not attained, the Department has reported that hub is currently under the ownership of the City of Johannesburg (CoJ). The City had initially planned to transfer the facility to the Province to ensure full operationalisation but has since reversed the decision. The facility was vandalised in 2020 and the City has recently refurbished the hub to the tune of R 7 000 000 (R7m) and employed security to provide permanent guarding. The City is planning to lease the facility and has advertised and are in the process of identifying suitable tenants and thus far has not generated any turn-over. In line with this response, the Committee should be enlightened by the Department on the role that it will play with the CoJ to ensure the securing of enterprises to do business in that hub for the creation of jobs for youth, women and people with disabilities in that community and probably attain the targets set on the annual turn-over. However no progress has been made thus far on this process or project.  **Agency Oversight**  In the current financial year, similarly to the previous financial year Departmental entities are reporting individually as recommended by the Committee as this would allow the Committee to interrogate their plans thoroughly. In the quarter under review, Departmental entities achieved realised 49 out of its 71 planned targets thus translating into a 69%. The Committee views this as unacceptable as entities are at the core of service delivery and these entities are key in unlocking potential jobs and are positioned to play an active role in the economy. Going forward, the Department should ensure that plans to mitigate the non-achievement of targets are in place and ensure the attainment of targets and in this regard the Committee will continue to scrutinize the work undertaken by all Departmental entities. The Committee is of the view that the non-attainment of targets by entities seems to be a trend, as in the previous quarter the entities failed to attain all set targets.  The below entities are housed under Programme 2 Integrated Economic Development Services and Programme 3 Trade and Sector Development even though they report individually in the current quarter.  **Gauteng Growth and Development Agency (GGDA)**  The GGDA is a strategic economic infrastructure project implementer and key driver of trade and investment in Gauteng City Region. It plays an instrumental role in building capacity of township economies through expediting the refurbishment and development of new enterprise hubs. The GGDA is divided into five programmes namely: the GGDA Holdings, Automotive Industry Development Centre (AIDC), The Innovation Hub (TIH), Gauteng Industrial Development Zone (GIDZ) and Constitutional Hill (ConHill).  **GGDA Holding**  GGDA Holdings managed to attain 5 out of the 10 planned targets.  The GGDA has been working closely with the World Bank on the Investor Retention Program (IRP). In addition, the Department has been working with various municipalities in Gauteng to unblock investments in their municipal jurisdictions. The IRP is intended to resolve investor challenges in various municipalities to attract more domestic and foreign investments. The GGDA has also embarked on a partnership model with various operators within the investment eco-system, including consultants, development funding institutions and multilateral institutions. The challenge of bulk infrastructure, inadequate provision of electricity supply from Eskom and municipalities and the Water Use Licenses (WULA) remain the main obstacles in unblocking several investments. The GGDA is currently finalizing the facilitation of projects to the value of R4 billion in the 4th quarter. This should take GGDA to over R6, 5 billion, if adding to the R2,5 billion already claimed.  **Automotive Industry Development Centre (AIDC)**  The Committee noted that in the quarter under review, the AIDC achieved 6 out of the 11 planned targets. the AIDC was successful in the number of SMMEs participating in the automotive component but experienced challenges in terms of the rand value generated by SMMEs within the Winterveldt hub. Admittedly, the previous disagreements on procurement issues have been resolved as procurement is reportedly inclusive. More so, various initiatives have been introduced to mitigate the experienced backlog due to the shutdown of the hub from the month of June to November  **The Innovation Hub (TIH)**  The Committee observed in the quarter under review that the entity achieved 5 out of 5 planned targets (100%).  **Gauteng Industrial Development Zone (GIDZ)**  In the quarter under review the Committee noted that the GIDZ realised none of the 2 planned targets, this is a concern for the Committee. The non-attained targets remain being the 30% construction of the OR Tambo International Airport Special Economic Zone Southern precinct. Currently, technical limitations on the building foundation with the contractor are cited as part of the delays in implementing the project.  **Gauteng Enterprise Propellor (GEP)**  In the quarter under review the Committee noted that the entity attained realised 12 out of 19 planned targets (63.16%). This highlights some improvement when compared with the 25% wherein 5 out of 20 targets was achieved during the 2nd quarter.  The Committee was informed by the GEP that since the reactivation of the entity’s online application system 64 applications have been received and 8 of those have been approved. The way forward is that the funds will be reallocated to other areas due to the low uptake given that most businesses had received assistance from similar entities and that the rest had insurance cover.  The entity continued to struggle in supporting SMME’s with financial support through the provision of loans, this inability by the entity to financially support SMME’s raises grave concerns for the Committee as an additional R 250 000 000 relief fund was injected in the entity for such support. This is over and above the initial allocation allotted to the entity in the current financial year, as the relief fund was allocated in the previous financial year.  **Gauteng Gambling Board (GGB)**  The Committee is of the view that the GGB should fill the vacancies related to the CFO and COO of the entity, in addition to that the Committee should be appraised with the rational for placing the CEO of the entity on cautionary suspension before entering into a mutual separation agreement with the Administrator in October 2021. The Administrator appointed Mr Marimuthu, acting CEO until such time the CEO position is filled. The newly appointed Board is cognisant of the current status of the CEO position and has been briefed by the MEC to ensure that the appointment of the CEO is prioritised. The CFO and COO positions will then follow from the appointment of the CEO. The Committee should be updated on this process till finalization.  **Gauteng Tourism Authority (GTA)**  The GTA in the quarter under review realised 4 out of its 6 planned targets, this is an improvement in comparison with the 4 out of 8 planned targets that were achieved in the 2nd Quarter. Similarly to the previous quarter, it has been successful on the number of strategic partnerships projects implemented to support tourism recovery programmes. Notably, an additional strategic partnership project has been added to the previous 2 associated with the South African Townships, Villages and Small Towns Tourism Association (SATOVITO) at the Constitutional Hill involving tourism SMMEs and The Gauteng Department of Sports, Arts, Culture and Recreation which hosted the heritage and tourism day festivities in Maropeng. This is a positive development as the dire situation of the tourism sector demands support of tourism recovery programmes to be enhanced |
|  |

# 2 OVERSIGHT ON DEPARTMENT / ENTITY ACHIEVEMENT OF APP TARGETS

| **2 [THE DETAILS ON DEPARTMENT / ENTITY APP PERFORMANCE]** |
| --- |
| **Number of APP targets relevant for this Quarter** |
| The Committee noted that the Department of Economic Development planned for 26 targets however achieved 18 in the quarter under review. In light of the entities, planned for 71 targets and only attained 49 targets. |
| **Number of APP targets for this Quarter that have been achieved during this Quarter** |
| The Department attained 26 targets under the quarter under review and the entities attained 39 targets. |
| **Percentage of APP targets for this Quarter that have been achieved during this Quarter** |
| In percentage term the Department attained 69.23% of its targets and the entities attained 69% of its targets. |
| **Percentage of APP achievement for the previous Quarter (for Comparison)** |
| In the previous quarter the Department attained 57.69% of the planned targets and the entities attained 46% of the planned targets. |
| **Main areas in the APP that have experienced non-achievement or over achievement during this Quarter** |
|  |
| **Main reasons provided by the Department / Entity for non-achievement or over achievement of its APP during this Quarter** |
|  |
| **Measures in place (with timeframes) to correct the deviation in targets for this Quarter and to prevent recurrence of such or similar deviation** |
| The entities have developed plans to ensure that these targets are achieved in quarter 4. Plans are outlined in the body of the report. |
| **A summarized analysis on the Department / Entity performance per Programme for the period under review** |
| Information on this is captured on section 1 OVERSIGHT ON DEPARTMENT / ENTITY ACHIEVEMENT OF STRATEGIC PRIORITIES, the information is too large to be summarized as within the Department there are also entities. |
| **Summarized information on any unplanned / emerging priorities reported on by the Department / Entity during the period under review** |
| 52.38 % spend on female and above GPG planned target of 30%.  12.07% spend on Youth spend and above GPG target of 10%  0% spend on PWD  92% spend on BBBEE exceeded the GPG target of 80% by 12%  100% spend on SMME exceeded the GPG planned target by 50%.  TER spend 23% below GPG target of 40%.  TER and PWD, were not met. The core functions of the organisation and other supporting functions were not fully operational which resulted in underspending. The expenditure was mostly on contracts that were established by the Department in the previous years and the other expenditure was from the limited RFQ process undertaken by the Department.  Suppliers invoices were paid within 15 days |
| **Summarized information on how the Department / Entity maintains portfolios of evidence to verify its reported performance information** |
|  |

# 3 OVERSIGHT ON DEPARTMENT / ENTITY PROJECT MANAGEMENT

| **3 THE DETAILS ON [DEPARTMENT / ENTITY PROJECT MANAGEMENT]** |
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# 4 OVERSIGHT ON DEPARTMENT / ENTITY FINANCIAL PERFORMANCE

| **4 THE DETAILS ON DEPARTMENT / ENTITY FINANCIAL PERFORMANCE** |
| --- |
| **Actual amount (in Rands) allocated to the Department / Entity as budget for this entire Financial Year** |
| R 1 782 911 000 (R 1 782.9b) |
| **Actual amount projected by the Department / Entity to be spent only during the Q under review** |
| The Department budgeted an amount of R 506 205 000 (R506.2m) in the quarter under review. |
| **Actual amount (in Rands) spent by the Department / Entity only during the Q under review** |
| The actual amount spent by the Department in the quarter under review was R 573 112 000 (R573.1m) |
| **Total actual amount (in Rands) spent by the Department / Entity (Year to Date), i.e. from the beginning of this FY to the end of this Q under review** |
| The amount spent to date by the Department is at R 66 907 000 (R66.9m) |
| **Percentage (% of total budget allocation) of budget expenditure for this Q under Review only** |
| 113,22% of the budget for the quarter under review was spent |
| **Percentage (% of total budget allocation) of budget expenditure (Year to Date), i.e. from the beginning of this FY to the end of this Q under review** |
| 32,14% of the budget from year to date has been spent by the Department |
| **An analysis of how the % budget expenditure compares with the % APP achievement** |
| The is a misalignment between expenditure and planned targets within the APP, the Committee has raised in this regard as expenditure should be align with APP targets. The nonattainment of achievements particularly resides within agencies. |
| **If there was over / under spending of greater than 3% of projection, what were the main challenges that led to the over / under spending** |
| There was overspending in the quarter under review and that amounted to 13.22% . There overspending is as a result of the Economic Planning programme which spent over double its allocation for the quarter. It is attributed to R141 000 000 (R141m) funding of operational costs and infrastructure at TASEZ utilising additional funds received from the provincial treasury during the adjustment period. |
| **Mitigating measures by the Department / Entity to remedy over / under expenditure** |
| The Committee implores on the Department to align its plans with its expenditure. The Committee will closely monitor |
| **The Department / Entity’s achievement with respect to GEYODI responsive budgeting / procurement for the period under review** |
| 52.38 % spend on female and above GPG planned target of 30%.  12.07% spend on Youth spend and above GPG target of 10%  0% spend on PWD  92% spend on BBBEE exceeded the GPG target of 80% by 12%  100% spend on SMME exceeded the GPG planned target by 50%.  TER spend 23% below GPG target of 40%. |
| **The Department / Entity’s achievement with respect to township economy / SMME / local procurement for the period under review** |
| Percentage spend SMME - GPG target 50% - GDED achieved 88%  Percentage spend TER- GPG target 40% - GDED achieved 39% |
| **A summary for the period under review with respect to payment of service providers within 15-30 days** |
| Invoice paid within 15 days are 351.  Invoice paid within 30 days are 141 |
| **A summary for the period under review with respect to fruitless, wasteful and irregular expenditure** |
|  |
| **A summary for the period under review with respect to efficiency / value for money in all SCM / procurement processes** |
|  |
| **A summary for the period under review with respect to reduction of fraud and corruption in all SCM / procurement processes** |
|  |
| **A summary for the period under review with respect to ongoing clean audits** |
|  |
| **A summary for the period under review with respect to spending on conditional grants (where applicable)** |
|  |
| **Program / Sub Programme level financial performance** |
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# 5 OVERSIGHT ON DEPARTMENT / ENTITY RESOLUTIONS AND PETITIONS MANAGEMENT

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| --- | --- |
| **5.1 THE DETAILS ON DEPARTMENT / ENTITY RESOLUTIONS MANAGEMENT** | |
| **How many Responses / Actions to Resolutions were due by the Department / Entity during the Quarter under review** | **With respect to any and all Resolutions that were due in the Quarter under review, how many Resolutions have been successfully responded to by the Department / Entity** |
| 6 | All 6 |
| **What is the Committees perception of the Quality and Timeliness of Department / Entity responses to Committee Resolutions** | |
|  | |
| **With respect to the Resolutions / Action due during the Quarter under review but still overdue, what reasons have been provided by the Department / Entity [with mitigating measures to submission]** | |
| At the current moment no resolutions are outstanding. | |

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| **5.2 THE DETAILS ON DEPARTMENT / ENTITY PETITIONS MANAGEMENT** | |
| **How many Responses / Actions to Petitions due by the Department / Entity during the Quarter under review** | **With respect to any and all Petitions that were due in the Quarter under review, how many Petitions have been successfully responded to by the Department / Entity** |
| None |  |
| **What is the Committees perception of the Quality and Timeliness of Department / Entity responses to referred Petitions** | |
|  | |
| **With respect to the Petitions / Action due during the Quarter under review but not yet responded to by the Department / Entity, what reasons have been provided by the Department / Entity [with mitigating measures to submission]** | |
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# 6 OVERSIGHT ON DEPARTMENT / ENTITY PUBLIC ENGAGEMENT

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| **6. THE DETAILS ON DEPARTMENT / ENTITY PUBLIC ENGAGEMENTS** |
| **The steps / measures the Department / Entity has taken to meaningfully involve the public / stakeholders in the course of its work / service delivery, during the period under review** |
| The information required in this section has been provided in the above sections. |
| **Summary of Public Education programmes of the Department / Entity during the period under review** |
|  |
| **Feedback sessions conducted by the Department / Entity** **during the period under review** |
| None |
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# 7 OVERSIGHT ON INTERNATIONAL TREATISE / AGREEMENTS

| **7. DETAILS ON IMPLEMENTATION OF INTERNATIONAL AGREEMENTS / TREATIES [Applicable only to OCPOL / OoP]** |
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# 8 OVERSIGHT ON DEPARTMENT / ENTITY GEYODI EMPOWERMENT

| **8. DETAILS ON DEPARTMENT / ENTITY GEYODI EMPOWERMENT** |
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| This has been captured in a section above. |

# 9 OVERSIGHT ON DEPARTMENT / ENTITY COMPLIANCE WITH FIDUCIARY REQUIREMENTS

| **9. [DETAILS ON DEPARTMENT / ENTITY COMPLIANCE WITH FIDUCIARY REQUIREMENTS]** | |
| --- | --- |
| **GPL** | The 3rd Quarterly Report of the Department and entities were submitted to the GPL for further processing |
| **Auditor General (AGSA)** | Information requested by the AG was submitted and this is outlined in the report submitted by the Department wherein detailed accounts are highlighted of all information requested. |
| **Public Service Commission (PSC)** | Information requested by the PSC was submitted and this is outlined in the report submitted by the Department wherein detailed accounts are highlighted of all information requested |
| **Compliance with relevant fiduciary Legislation [e.g. PFMA]** |  |

# 10 OVERSIGHT ON A CAPACITATED PUBLIC SERVICE

| **10. THE DETAILS ON A CAPACITATED DEPARTMENT / ENTITY** |
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| **Detailed information on the current vacancies (at all staff levels)** |
| The Department reported that the Departmental Functional and Organisational structure was endorsed by the Minister of Public Service and Administration (MPSA) in November 2012, and it was implemented by GDED in August 2013. |
| **Current vacancy rate** |
| The current vacancy rate with the Department is 16.75% |
| **Current acting positions (at all Staff levels)** |
| There are 1 employee in an acting position in various units within the Department. |
| **Terminations during the period under review** |
| 9 terminations within the Department in the quarter under review and all were due to resignations. |
| **New appointments during the period under review** |
| 12 new appointments within the Department in the quarter under review. |
| **Detailed information on the GEYODI / HDI empowerment for the period under review** |
| The GDED reported on a number of initiatives regarding GEYODI and the HDI.  3.8%(17) people with disabilities  24% (107) young people below age of 35  47% (18) woman in senior position |
| **Detailed information on any suspensions for the period under review** |
| 0 suspension was recorded during period under review |

# 11 OVERSIGHT ON ANY OTHER COMMITTEE FOCUS AREA

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| **11. THE DETAILS ON ANY OTHER COMMITTEE FOCUS AREA [Only if relevant and applicable]** |
| *Any other area of Department / Entity performance with respect to its Quarter Report that the Committee wishes to report on, which is not already included in any of the above Focus Areas.* |
| [Enter information here] |

# 12 COMMITTEE FINDINGS / CONCERNS

| **12. DETAILED COMMITTEE FINDINGS / CONCERNS (on each specific Focus Area analysed above)** |
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| With respect to [ the Gauteng Gambling], the Committee is concerned the lack of reporting on the vacancy related to the CEO of the GGB |
| With respect to Department expenditure, the Committee is concerned about the imbalance between the expenditure and outputs. |
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# 13 COMMITTEE RECOMMENDATIONS

| **13 [DETAILED COMMITTEE RECOMMENDATIONS]** | | | |
| --- | --- | --- | --- |
| **Based on the information set out herein-above as well as the Committee Concerns, the Committee therefore recommends as follows:** | | | |
| **Ref Number** | **Recommendation** | **Type of response expected** | **Due Date** |
| EDE / Q3PR / 001 | The Department should submit a detailed report to the Committee on the suspension and mutual separation agreement entered between the CEO of the Gauteng Gambling Board and Department. The report should also provide timeframes on the appointment of the new CEO. | Written Response should be forwarded to the GPL on the resolution as adopted by the House | 31/052022 |
| EDE / Q3PR / 002 | In addition to the report above, the Department should outline and detail the status of all Boards within Departmental entities. This report should include the number of times Boards convene, term of office and structure noting that the Chairperson of the GGB Board is alleged to have acted as CEO for the entity for a brief period. | Written Response should be forwarded to the GPL on the resolution as adopted by the House | 31/052022 |
| EDE / Q3PR / 003 | The Department should submit a report to the Committee outlining measures put in place to ensure that there is alignment between planned targets and expenditure within agencies.  In addition to this, the report should outline the role of the agency oversight sub-programme in ensuring that all targets related to entities are achieved. | Written Response should be forwarded to the GPL on the resolution as adopted by the House | 31/05/2022 |
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|  | | | |
| **Explanatory note on the reference numbers for Recommendations (ultimately Resolutions)**   * Reference number is in the format : [A] / [B] / [C] * [A] = The 3 letter Committee identifier. E.g. COGTA/HS can be “CHS”, SRAC can be “SRA” * [B] = The 4 digit identifier for the SOM Imperative [e.g. Q1PR or Q2PR or FIS1 or APR, or BV. In this case, since this is a Q-Report template, it will either be Q1PR or Q2PR or Q3PR or Q4PR] * [C] = The 3 digit number of the recommendation in this report [001,002,003 …, 00n] | | | |

# 14 ACKNOWLEDGEMENTS

Appreciation is expressed to all Members of the Committee for their commitment to the oversight process as well as MEC Parks Tau and officials from the Department. I commend them for their diligence and commitment shown during deliberations on the 3rd Quarterly Performance Report for the 2021/22 FY of the Gauteng Department of Economic Development. Gratitude goes to Hon. Makhubela, Hon. Mncube, Hon. Gana, Hon. Cilliers, Hon. Tshitangano, Hon. Alberts, Hon Adams, Hon Nkosi-Malobane. Further appreciate goes to the alternate Members of the Committee namely: Hon. Engelbrecht, Hon. Badenhorst and Hon. Hoffman. It is an honour to lead such a hard-working team.

Appreciation and gratitude also goes to the following persons: Acting Group Committee Coordinator, Mr. T. Skosana; Researchers Mr. A. Malapane, Ms M. Makhubele and Mr B Mabuza; Senior Committee Coordinator Mr. T. Skosana and Committee Coordinator Ms. L. Mampe; Committee Administrators, Ms. V. Mokubetsi and Ms N. Mngadi; Hansard Recorder Mr. S. Baloyi; Public Participation Officer, Mr. B. Dhlomo; Service Officers, Ms. B. Nhlapho, Communications Officer Mr. T. Ndou, Information Officers Ms. A. Netshivhuyu for their devoted assistance.

# 15 ADOPTION

After due consideration the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee unanimously adopted the Committee Oversight Report on the Gauteng Department of Economic Development 3rd Quarterly Performance Report for the 2021/2022 FY.

In terms of Rule 117(2)(c) read together with Rule 164 the Committee presents to this House and recommends the adoption of the Committee’s Oversight Report on the Gauteng Department of Economic Development 3rd Quarterly Performance Report for the 2021/2022 FY.