No.202 - 2022: Fourth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

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

Monday, 20 June 2022

# ANNOUNCEMENTS

none

# TABLINGS

none

**COMMITTEE REPORTS**

1. The Chairperson of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee, Hon. F Hassan, tabled the Committee’s Oversight Report on the Fourth 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 [4th 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** | **4th Quarter** | **Hon. Minister / MEC** | **MEC Tau** |
| **Committee Approvals** | | | |
|  | **Name** | | **Date Considered by Committee** |
| **Hon. Chairperson** | Hon. Fasiha Hassan | | 9th June 2022 |
| **Adoption and Tabling** | | | |
| **Date of Final Adoption by Committee** | | | **Scheduled date of House Tabling** |
| **9th June 2022** | | | **21st June 2022** |

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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]** |
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|  |
| ***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 72.55% (37 of 51) against APP set targets, whilst entities attained 105 out of 156 planned targets thus translating into a 67% achievement. This remains concerning as the Department and entities continue to fail in attaining all targets.  The Committee noted that the Department budgeted amount of R369 966 000 (R369.9m) and an amount of R350 416 000 (R350.4m) was spent, which translates to 94.72% of the budget for the 4th quarter. It has thus resulted into a 4.28% variance and thus amounting to R19 550 000 (R19.5m) underspending.  There is underspending in three of the five programmes, which is mainly evident in the Business regulation and Governance at 42.81%, On the other hand, the Integrated Economic Development Services (IEDS) has spent 100% of its allocation and Trade and Sector Development has overspent in the quarter under review. The greater concern for the Committee is that the agencies continue underspending, especially the Gauteng Growth Development Agency (GGDA) on infrastructure project which are meant to bolster the economy of the Province.  The performance of Departmental agencies and its subsidiaries is fairly satisfactory they managed to realize 105 targets out of 156 planned targets thus translating into a 67% achievement. The GIDZ continues to be the worst performing subsidiary since it realised 2 out of 8 targets (25%) whilst spending R6 020 000 (33%). The GTA achieved 7 of its 15 planned targets (46%) with an expenditure of R30 679 000 (38%). Meanwhile, GEP attained 13 out of 20 targets (65%) whilst spending R81 090 000 (94%). Whilst the Constitutional Hill remains the only subsidiary to realise all planned targets (100%) and spending R7 040 000 (100%), the performance of the TIH and GGB declined when compared with the 3rd Quarter. The decline is related to challenges related to delayed infrastructure projects at the Constitutional Hill and Biopark phase 3 at the Innovation Hub. |
| *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* |
| Infrastructure projects by the Department have been outlined 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 amount of R369 966 000 (R369.9m) and an amount of R350 416 000 (R350.4m) was spent, which translates to 94.72% of the budget for the 4th quarter. It has thus resulted into a 4.28% variance and thus amounting to R19 550 000 (R19.5m) underspending. |
| ***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 which were due on the 31st May 2022 emanating from the 3rd Quarterly Performance Report.  Follow up will be made on those resolutions that have not been responded to. This was because the GPL went on recess and therefore Committees 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* |
| ***International Agreements***  *Overall Summary on Department / Entity implementation of relevant Internal Agreements / Treaties [Only if applicable] [Applicable only to OCPOL / OoP]* |
| During this programme, the Department noted that GEP supported:   * Locrate Market – a Soweto based business that uses events to engage and develop SMMEs in staging the Locrate Market. This created an opportunity for 25 traders and SMMEs to showcase their products and to attend developmental workshops. * The West Rand Bootstrappers project implemented by Khanyi Intelligence Enlightenment to provide market access for start-up traders in the West Rand Region. * Basadi Farmers’ Market organised by Morongwa Foundation for capacity development of SMMEs and Cooperatives in Tshwane * A small SMME, Entice Media towards the development of a Soweto TV show named – Grow your Business Show that supports SMMEs in Soweto. * The Seeza Network’s bid to host the World SMME conference in December 2022. Seeza Network won the bid.   Joint Engagement of the SMMEs in West Rand and Sedibeng Districts together with the DSBD Minister, Deputy Minister, SEFA and Seda on the 8th March 2022. |
| ***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 4th 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 4th 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 13th May 2022. In a meeting that convened on the 2nd June 2022 the Department presented to the Committee its 4th Quarterly Performance Report for the 2021/22 FY and this included its entities. The Committee deliberated and adopted its oversight report on the 4th Quarterly Performance Report over the Department in a meeting convened on 9th June 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.  The programme attained 50% (2 of 4) set targets relating to 40% procurement to women owned businesses (52% against 40%) and 100% implementation of the public facing consumer complaints management system tracked. The Department reported that attained 95% of suppliers paid within 15 days and the remaining 2 were paid within 30 days (overall 277 in total). In the quarter under review the programme under spent as it was allocated an amount of R 64 911 000 (R64.9m) and spent an amount of R 62 870 000 (R 62.8m).  The Department reported that on the pending organisational structure and appointments are made in line with applicable regulations and policies. Furthermore, the process towards the approval of the new structure is at an advanced stage as the consultations with internal stakeholders on the proposed structure has been concluded. The latest revised copy was submitted to Office of the Premier (OoP) for pre-consultation with the Minister of Public Service and Administration (MPSA). According to the Department of Public Service and Administration guidelines and regulations and changes to the structure that affect posts on salary levels 9 -16 must be consulted with MPSA. The Department has a vacancy rate of 8.6% as at the end of April 2022.  **Strategic priority: An enabled business environment**  **Programme 3 Trade and Sector Development**  The programme reported to attain 80% (8 of 10) of its targets and the targets include among others 450 jobs across DED group against 390, 20% operationalisation of the Lanseria PMO; 1 Megawatt in alternative energy sources and 2% increase share of alternative energy in industrial parks and SEZ as well as R100 000 000 (R100m) investment contributed by 10 high growth sectors.  Similarly, to the previous quarter, the programme failed to attain targets related to the 10 000 jobs through Global Business Services (GBS) in townships and 20 000 jobs through broadband services with GBS. The Committee is of the view that the creation of employment is key in particular for women, youth and people with disability.  The Committee noted that the programme spent a 116.41% of its budget as an amount of R118 381 000 (R118.3m) was spent against a budget of R 101 693 000 (R101.6m) in the 4th quarter was transferred and the year to date is at 102.07%. Concerning to note is that all agencies have underspent on the year to date as the Gauteng Growth and Development Agency (GGDA) is at 59% expenditure, Gauteng Tourism Authority (GTA) at 60% expenditure, and Cradle of Humankind and Dinokeng at 90% expenditure and 88% expenditure 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 Committee noted that the programme attained 10 of the 15 planned targets in the quarter under review, whilst spending at the end of the quarter was R23 694 000 (R23.6m) against an allocation R55 353 000 (R55.3m). The under spending can be attributed to the non-implementation of the Partnership management programme and Impact Evaluation for the Pick n’ Pay Market store. This is because National Treasury’s instruction to stop all procurement processes and no budget has been allocated for this project. The Department has engaged key stakeholders that are part of the PnP project to participate and contribute towards the funding of the PnP evaluation project. The stakeholders that have been engaged are SEFA, NEF, Old Mutual Masisizane Fund, PnP and Nedbank however all funders have rejected the proposal, as they indicated that they do not have budgets to roll out the market store evaluation. In addition to that, the Department has engaged the Competition Commission to investigate the PnP Market Stores concept, an Investigator has been allocated the case no (2022Mar0017). The Department is no longer required to do an evaluation of the project as it will be guided by the outcomes of the Competitions Commissions report  In terms of the sub-programmes, the Consumer Affairs has attained 5 of its 6 set targets for the quarter as compared to 100% (3) in the 3rd quarter. The attained include amongst others 50 SMME’s trained to be compliant with legislation and 50 youth recruited to be consumer champions. The programme also attained the prolonged consumer education and awareness baseline survey study and of which its findings were that Merafong, Midvaal and Sedibeng have the lowest awareness of their consumer protection rights. Dedicated education programmes will target these municipalities to educate them on the awareness of the rights, so that they are confident when making consumer decisions and aware of their rights when making purchases. Most consumers know about consumer protection from school (30%), radio (18%), other (15%). Furthermore. most consumers prefer to receive consumer information from media (41%), workshops (34%), and the lowest preference is webinars (6%) and exhibitions (5%).  The Committee noted that the Gauteng Office of Consumer Affairs plans to have targeted education and awareness programmes in both Sedibeng and West Rand District, this is due to low levels of consumer rights awareness identified by the study. In the 1st quarter of the current financial year, the Consumer Education Sub-Unit has planned a consumer Intervention plan for Emfuleni Local Municipality and Youth Month programmes in Midvaal Local Municipality and Rand West City Local Municipality amongst others.  The sub-programme Liquor Affairs attained 5 of its 6 set targets as compared to 100% attainment of the planned targets in the in the 3rd quarter. The attained targets include among others, 25 liquor awareness campaigns; 100 township youth recruited into the harm reduction programme and 50 SMME’s supported to improve compliance to legislation. The sub-programme as in the previous quarters did not attain 500 qualifying shebeens facilitated into the mainstream of the industry, however in this quarter indicated that in its aim to facilitate shebeens into the mainstream industry, the Shebeen Steering Committee will conclude its work by no later than the end of the 2022 / 2023 Financial Year. Furthermore, regarding the additional measures put in place to expedite the project; the Department has engaged key stakeholders who are central to the application process in preparation for the implementation of the shebeen permit regularisation project. In this way, the Department would have consulted broadly to solicit buy-in and find common ground from all role players that have been engaged such as the: Liquor Traders Associations (LTA), South African Revenue Services (SARS), South African Police Service (SAPS) and Local, District and Metropolitan municipalities.  In previous quarters, 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.  **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 programme has attained 17 out of the 22 set targets, which is an improvement from the previous quarter noting the increased indicators. A total of R56 012 000 (R56m) was spent against a budget of R58 550 000 (R58.5m) for the quarter and the year-to-date spending is at 96.08% within this programme. The year-to-date underspending is slight at 3.92% and it amounts to R13 241 000 (R 13.2m). This is due to Service Level Agreement (SLA) for Furniture Manufacturing project not signed and unsuccessful tenders for Economic Data services and Financial Sector Framework. The Strategic Partnership Unit within GDED has assisted in bringing a Private Sector Investor with the desire to support Township SMMEs and provide funding for the Establishment of the Furniture Manufacturing Centre (Pilot Site in Thokoza). The MOU and SLA with the investors have been signed and currently a new Partnership Agreement is underway with the Implementing Partner to ensure the project continues.  In the 2nd 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 previous quarters this target 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. The Committee should be updated on this project emanating from the commitments made from the previous quarters.  **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 105 out of its 156 planned targets thus translating into a 67%. 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**  The Committee noted that the GGDA Holdings realised 10 out of the 18 planned targets (55%). This is a slight improvement in performance when compared to the 50% meaning 5 out of 10 planned targets realisation during the 3rd quarter, albeit the total numbers of planned targets increased significantly for the quarter under review. Pertaining to investment facilitation on the Rand value of Foreign Direct Investments (FDIs) and Domestic Direct Investment (DDIs), the Department has indicated that significant investment for the new assembly line production in the automotive industry refers to the Ford Motor Company which is a global automotive and mobility company based in Dearborn, Michigan. Ford Motor Company of Southern Africa has been an active participant in the South African motor industry since 1923 when they began assembling Model T cars.  Ford is helping to realize this vision in Africa by offering a full family of smart, safe and economical vehicles from the entry-level Figo to the pick-up truck, the Ranger. They also offer a full range of SUVs and light commercial vehicles. The significant investment is due to the additional investment for the production line of the new frame, new stamping and expansion of existing facilities at the Silverton plant in Tshwane.  The Committee remains concerned over the inability by the Department to conclude on some of its vital infrastructure projects due to delays, the Department failed to attain its target on the planned 15% construction of the Constitutional Hill Visitor Centre and the 60% construction of the TIH Bio-Science park phase 3 project. The Committee will continuously monitor the progress made in this regard.  **Automotive Industry Development Centre (AIDC)**  The Committee noted that in the quarter under review, the AIDC achieved 11 out of the 18 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. In trying to get the hub optimally functioning and noting the challenges exacerbated by the hub’s closure for a full quarter. The Department through the current MoA with the City of Tshwane, the implementation strategy has been revised from body repair only to also include mechanical repairs. Thus, the Committee noted that, the Hub is currently offering mechanical repairs as well. The hub intends on recruiting additional SMME’s that are able to offer other auxiliary services such as the supply of windscreen and parts. The major and minor structural repairs fall within panel beating and spray-painting offerings that the facility has been accredited for.  The Committee is informed on the operationalization of the Chamdor hub as follows: that a tender was advertised on the 19th of November 2021 and closed on the 17th of January 2022; the BAC which sat on the 12th April 2022 concluded that the Tender was non - responsive; and the New Terms of Reference are to be presented to the BSC on the 20th May 2022 and BAC on the 26th May 2022 prior to Tender Re-Advertisement; and lastly the appointment is envisaged to be concluded by the 30th of June 2022 with construction to commence in the second week of July 2022. An accelerated programme to achieve the project completion to be developed to ensure delivery within 3 months. The Committee will monitor this project till its completion and on a quarterly basis reports should be submitted on a regular basis before the Committee.  **The Innovation Hub (TIH)**  For the quarter under review, the performance indicates an achievement of 15 out of 20 planned targets (75%). This performance indicates a noticeable decline when compared with the 100% realisation of planned targets during the 2nd and 3rd quarters.  **Gauteng Industrial Development Zone (GIDZ)**  The GIDZ aims at identifying, designing, packaging and enabling focused export driven manufacturing and beneficiation for location at OR Tambo International Airport IDZ.  In the quarter under review, the GIDZ continues to perform unsatisfactory noting that only 2 out of 8 planned targets were attained. The Committee will monitor this entity as its tasked with delivering important projects such as the construction of the OR Tambo International Airport Special Economic Zone Southern precinct.  **Gauteng Enterprise Propellor (GEP)**  In the quarter under review the Committee noted that the entity attained realised 13 out of 20 planned targets (65%).  The Committee noted that GEP has been unsuccessful in its target on the Rand value of loans (R50 million) approved from the SMME Partnership fund. However in response, the Department reported that the April 2022 Investment Committee meeting approved R200m partnership funding for the SASME Fund towards the establishment of a R300m SMME crisis Fund with IDC and GEP contributing R100m each and SASME Fund contributing another R100m. This means that the Township Economy Partnership Fund (TEPF) has a balance of R200m. The planned investment committee for the 31 May had a pipeline of R 285m, which is part of the R 800m pipeline, indicating a possibility of fully committing the TEPF budget. The R285m pipeline for May and the approved SASME (R200m) is from the R800m pipeline. This means there is a possibility that the fund will require recapitalisation.  The Committee noted that GEP failed to attain the target related to the planned Rand value of loans approved from the Gauteng Rebuilding Fund to the tune of R30 000 000 (R30m) failed to be realised. In addition to this, 64 applications that were screened by GEP and the Committee should be appraised with the number that failed to meet the qualifying criteria and what is the exact amount of the remaining funds that will be reallocated to the Township Economy Partnership Fund (TEPF). In response to this, the Committee was informed that the Department indicated that they were challenges with the Rebuilding Fund in that there was a low uptake of the funds due to the fact that only majority two regions Ekurhuleni and Johannesburg were affected. The other reasons for the low uptake was the fact that most businesses already had insurance and therefore filed their claims with those Companies. The rest of the businesses were assisted through other similar Developmental Institutions such as the National Empowerment Fund and GEP launched.  The Committee is of the view that GEP should strengthen its revenue collection methods for its loan books, pertaining to the revenue collected from the loan book, the Department current strategy on Loan Book 1 has not yielded the desired results and the panel of Attorneys to whom Loan Book was handed off to were charging exorbitant fees and did not deliver and thus instructed to close the file. The entity has employed a new strategy of utilising professional Debt Collection Agencies as provided by Treasury at a lower cost of 8 cents for every rand collected. Additionally, their payment will be contingent upon debt collected. GEP is in the process of implementing this plan within the First Quarter of the current financial year. The details of the collection should be shared with the Committee on an on-going basis.  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)**  In terms of the performance, the GGB has attained 90.91% making it 20 of 22 of the set targets  The Committee is of the view that the GGB should fill the vacancies related to the CFO and COO of the entity, as the vacancy rate within the entity is at 20%. In responding to this, the Committee was informed by the Department that the savings on vacancies was redirected to the operational expenditure needs of the organisation experienced due to the reduced revenue received by the GGB. The over expenditure on the salaries line relates to the provisions and accruals relating to payroll at year end. The Board through its subcommittee is working on the recruitment of the Executive positions, substantive progress will be made by the 3rd Quarter of the 2022/23 FY. The Committee impresses that the entity should ensure that it aligns with its commitments and conclude appointments by the end of the 3rd Quarter of the financial year.  The GGB should going forward report on the taxes distributed and revenue collected as it normally contributes over a billion rand to the Provincial fiscus annually. The attained targets include among others, 100% suppliers paid within 15 days; 100% licenses applications processed; 5 awareness programmes; R21 500 000 (R21.5m) Rand value distributed to sports development and R13 700 000 (R13.7m) Corporate Social Investment.  **Gauteng Tourism Authority (GTA)**  The GTA in the quarter under review, realized 7 out of 15 planned targets, the GTA has been successful on the number of strategic partnerships projects implemented to support tourism recovery programmes. This is a positive development as the dire situation of the tourism sector demands support of tourism recovery programmes to be enhanced. Nonetheless, the inability to realise the annual target point to the need to improve and initiate follow-up during the 2022/23 FY.  The Committee is concerned that he unlike in the previous quarter the target on a total of 80 Gauteng tourism businesses supported to access the government relief support packages was not realized. However, the GTA managed to provide rational for failing to meet the targets wherein delays in implementing the target were caused by the covid-19 lockdown restrictions as the organization was not able to meet with the tourism businesses to directly support them and process their relief applications. The GTA, however, has directed the tourism businesses to utilize the online facilities of the National Department to submit their applications for support. In addition to this, the GTA gave an in-depth account of projects that the entity is or will be implementing in order to secure the length of stay for visitors in the Province. |
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# 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 51 targets however achieved 37 in the quarter under review. In light of the entities, planned for 156 targets and only attained 105 targets. |
| **Number of APP targets for this Quarter that have been achieved during this Quarter** |
| The Department attained 37 targets under the quarter under review and the entities attained 105 targets. |
| **Percentage of APP targets for this Quarter that have been achieved during this Quarter** |
| In percentage term the Department attained 72.55% of its targets and the entities attained 67% 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 % spend on female and above GPG planned target of 30%.  20% spend on Youth spend and above GPG target of 10%  0.1% spend on PWD  88% spend on BBBEE exceeded the GPG target of 80% by 8%  90% spend on SMME exceeded the GPG planned target by 40%.  31% spend on TER against the GPG target of 40%. |
| **Summarized information on how the Department / Entity maintains portfolios of evidence to verify its reported performance information** |
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# 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** |
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| **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 369 966 000 (R369.9m) 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 R350 416 000 (R350.4m) |
| **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 1 733 915 000 (R 1 733.9m) |
| **Percentage (% of total budget allocation) of budget expenditure for this Q under Review only** |
| 94.72% 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** |
| 97.25% 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. The Committee raises concern with this. |
| **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.  The was underspending in the quarter under review and a variance of 4.28% amounting to R 19 550 000 underspending. This is mainly contributed by the Business Regulation and Governance programme, which spent 42.81% of its allocation due to the non-implementation of Partnership management programme and Impact Evaluation for the Pick n’ Pay Market store. |
| **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)** |
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| **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 4th 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)** |
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| **Current vacancy rate** |
| The current vacancy rate with the Department is 16.75% |
| **Current acting positions (at all Staff levels)** |
| There are 9 employees in an acting position in various units within the Department. |
| **Terminations during the period under review** |
| 6 terminations within the Department in the quarter under review and all were due to resignations. |
| **New appointments during the period under review** |
| 4 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  22% (94) young people below age of 35  45% (17) 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 Department expenditure, the Committee is concerned about the imbalance between the expenditure and outputs. |
| With respect to Department responding to resolutions, the Committee is concerned that the Department including entities do not respond to resolutions on time as this poses a challenge and impacts on the work undertaken by the Committee. |
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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 / Q4PR / 001 | 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 | 29/072022 |
| EDE / Q4PR / 002 | The Department should adhere and submit all responses to resolutions on time as adopted by the House, as the non-responsiveness by the Department impacts on the work undertaken by the Committee.  Furthermore, the Department should give a detailed account on the rationale behind the late submission of responses to resolutions emanating from the 3rd Quarterly Report 2021/22 FY. This report should be submitted by the 29th July 2022. | Written Response should be forwarded to the GPL on the resolution as adopted by the House | 29/072022 |
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# 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 4th 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: Group Committee Coordinator, Mr. T. Bodibe; 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 4th 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 4th Quarterly Performance Report for the 2021/2022 FY.