No.0433 - 2023: Fifth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

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

Monday, 04 December 2023

**ANNOUNCEMENTS**

none

**TABLINGS**

none

**COMMITTEE REPORTS**

**1. The Acting-Chairperson of the Economic Development Portfolio Committee, Hon. M J Kanyane, tabled the Committee’s Oversight Report on the Second Quarterly Performance Report of the Department of Economic Development incl. its Entities for the 2023/2024 financial year, as attached:**

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

**Portfolio Committee on [Economic Development Committee] Oversight Report on the [2nd Quarterly Report of the [ Gauteng Department of Economic Development] for the [2023/24] Financial Year**

| **Committee Details** | | **Department / Entity Details** | |
| --- | --- | --- | --- |
| **Name of Committee** | **Economic Development Portfolio Committee** | **Name of Department / Entity** | **Gauteng Department of Economic Development** |
| **Which Financial Year** | **2023/24 FY** | **Dept. Budget Vote Nr.** | **Vote 3** |
| **Which Quarter** | **2nd Quarter** | **Hon. Minister / MEC** | **MEC Motara** |
| **Committee Approvals** | | | |
|  | **Name** | | **Date Considered by Committee** |
| **Hon. Chairperson** | Hon. Mpapa Kanyane (Acting) | | 27 November 2023 |
| **Adoption and Tabling** | | | |
| **Date of Final Adoption by Committee** | | | **Scheduled date of House Tabling** |
| **27th November 2023** | | | **5 December 2023** |

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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 50% of the set targets therefore attaining 10 of 20 set targets, whilst entities attained 56 out of 71 planned targets thus translating into 79% achievement. This remains concerning as the Department and entities continue to fail in attaining all targets in particular those that are related to job creation.  The Departments expenditure in the quarter under review was at an amount of R 578 379 000 (R578.3m) out of the budgeted amount of R 563 157 000 (R 563.1m), which translates to 102.70% expenditure of the allocated funds. This resulted in a variance of 2.70% amounting to R 15 222 000 (R15.2m) and this variance is within the 3% threshold. The Committee has continuously implored on the Department to ensure that there is alignment between expenditure and the attainment of targets.  The Committee noted that the Department outlined the nature of partnership with ABSA as follows: Absa Bank has committed funds to the TEPF as Family Tree banking partner on the Kasi Umnotho Fund and do not have a direct relationship with the Department. The partners collectively contributed R50 000 000 (R 50m) to match equal amount contributed by TEPF to create a R100 000 000 (R 100m) fund. Absa acts as a banking partner and Family Tree as fund managers also responsible for pipeline development. As per the term-sheet, 7500 township enterprises will be targeted during the three-year agreement duration. Businesses will apply for loan funding and will be assessed based on set criteria and those who qualify will be considered for approval.  In informing the Committee about the prolonged implementation of the organizational structure, the Department indicated that, the proposed organizational structure has been submitted to the Gauteng Provincial Treasury (GPT) to confirm availability of funds to implement the proposed organizational structure. Without the confirmation of the budget (budget letter) from the Gauteng Provincial Treasury, the Department cannot approach the Minister for Public Service and Administration to seek concurrence (approval) of the organisational structure. The Department anticipates implementing the new (approved) organisational structure in the beginning of the next financial year. The implications of not having an approved organisational structure, is that the Department cannot incorporate new mandates (Township Economy), create and fill new posts to support the new mandates, the Department cannot incorporate posts that has been created from 2013 to date through memos and submissions, job descriptions and performance agreements are outdated. The Committee is concerned over the Department’s inability to finalize the organizational structure as this impact negatively on the thorough implementation of the Township Economic programme in line with the adopted Act. Therefore, the process of finalizing the organizational structure should be concluded before the end of the current financial year with the view to operationalize the new structure in the 2024/25 financial year.  The Committee noted with concern that the Economic Planning programme is also responsible for creating employment through implementing Township Economic Development Act (TEDA); however this programme has experienced some challenges such as financial constraints, lack of infrastructure and partners were also experienced in this programme. Notably, they seem to continue from the 1st quarter as it did not attain its job creation targets as only 20 new jobs were created. The Department attributed this to delays in the distribution of the Township Economic Partnership Fund (TEPF) to Family Tree as the funds were only distributed in September 2023. The Committee realizes that Family Tree has a huge role to play in the creation of jobs through TEDA and thus the question remains as outlined in the Committees Oversight Annual Report of Department for the 2022/23 FY on detailed functions, role and operations of Family Tree including its benefits or achievements thus far in creating employment.  Despite the attainment of targets on DDI’s the Department failed to reach targets related to the rand value on Foreign Direct Investments, in light of this the Committee questions the Department on its ability to utilise the Gauteng Investment Centre (GIC) as a one stop shop in soliciting FDI’s in an attempt to create more employment that is sustainable in particular for youth, women and people with disabilities.  The Committee noted that the GGDA continues to be plagued by management and governance challenges and thus holds the view that the filling of the CEO position at GGDA is of importance, however the Department has indicated that the subject matter of filling the position of the CEO has been a matter of a pending court case scheduled to be argued on 13 November 2023. This is because on 24 May 2023, the former acting CEO, brought an urgent application against MEC Motara in the Pretoria High Court under case number 2023-049211, inter alia for interim relief (in the form of a rule nisi) restraining and interdicting the MEC from proceeding with the recruitment and selection process for the appointment of a CEO of the GGDA. Concerning for the Committee is to establish the rational for the impending court case and what other measures could have been taken by the Department prior the urgent court application made by the former CEO to resolving the matters prior the launch of any court action. The Committee is still of the view that there is no rational for the on-going court battle as the matter should have been resolved internally by ensuring that good governance was implemented.  The lack of creating adequate job opportunities remains a concern for the Committee as in the previous quarter similar concerns were raised with respect to the creation of jobs, the effectiveness on the implementation of the Township Economic Development Act should start bearing fruit since its enactment and going forward. |
| *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.* |
| None 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* |
|  |
| ***Resolutions Management***  *An overall Summary of the Committee’s assessment of Department / Entity Resolutions Management* |
|  |
| ***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*  The Department, through Consumer Affairs unit, held stakeholder engagement meetings with various bodies. Participation in Consumer Education Committee and Consumer Protection Forum and regular engagement with regulatory bodies such as CFDC, SAUS, FSCA, NCR.  Consumer Affairs conducted 68 public/stakeholder engagement sessions (webinars, face to face, and outreach activities). The purpose of sessions was to create awareness on the units’ service offerings and to empower communities with their consumer rights. |
| ***International Agreements***  *Overall Summary on Department / Entity implementation of relevant Internal Agreements / Treaties [Only if applicable] [Applicable only to OCPOL / OoP]* |
| None. |
| ***GEYODI Empowerment***  *Overall Summary on Department / Entity achievement on actual GEYODI empowerment in communities* |
| ***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.  Filling of crucial vacancies in including those within agencies should be finalized as many positions are under way to being filled. |
| ***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 outputs in all Departmental programmes.  GEP to be continuously scrutinized to support SMME’s. |

# INTRODUCTION

The Economic 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 R1 860 185 000 (R1.860.1.b) for the 2023/24 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 1st 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 2nd Quarterly Performance Reports for the 2023/24 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 2nd Quarterly Performance Report of the Department in terms of Rule 149 of the Standing Rules to the Economic Development Portfolio Committee for consideration and reporting.

The Committee convened and discussed the research analysis in the meeting that was scheduled for the 13th November 2023. In a meeting convened on the 14th November 2023, the Department presented to the Committee its 2nd Quarterly Performance Report for the 2023/24 FY and this included its entities. The Committee deliberated and adopted its oversight report on the 2nd Quarterly Performance Report over the Department in a meeting convened on 27th November 2023.

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 Committee noted that the programme attained all 3 planned targets which constitute 100% set targets for the quarter. The targets attained relate to 100% suppliers paid within 15 days after receipt of a correct invoice, exceeding the 40% procurement to women owned businesses wherein 47% was attained. The continuous attainment of the latter is commendable as it is indicative of the GDED’s commitment to GEYODI responsive budgeting. The total budget spent on women owned companies was R5 445 792, 95 (R 5.4m). There were 58 businesses that benefited; and 27 of those are from the townships.  With regards to spending the Committee noted an improvement in budget expenditure wherein the programme spent an amount of R 63 492 000 (R 63.4m) against a budgeted amount of R 65 506 00 (R 65.5m) constituting 96.93% expenditure. This is commendable as compared to expenditure realized in the 1st quarter which amounted to an underspending of R18 617 000 (R18.6m) in the 1st quarter. Despite the improved by the programme, the vacancy still remains a concern for the Committee, wherein 56 vacancies still remain open and are all at various stages of recruitment as part of the Nas Spani recruitment drive.  The Department outlined the nature of partnership with ABSA as follows, Absa Bank has committed funds to the TEPF as Family Tree banking partner on the Kasi Umnotho Fund and do not have a direct relationship with the Department. The partners collectively contributed R50 000 000 (R 50m) to match equal amount contributed by TEPF to create a R100 000 000 (R 100m) fund. Absa acts as a banking partner and Family Tree as fund managers also responsible for pipeline development. As per the term-sheet 7500 township enterprises will be targeted during the three-year agreement duration. Businesses will apply for loan funding and will be assessed based on set criteria and those who qualify will be considered for approval.  **In informing the Committee about the organizational structure, the Department indicated that, the proposed organizational structure has been submitted to the Gauteng Provincial Treasury (GPT) to confirm availability of funds to implement the proposed organizational structure. Without the confirmation of the budget (budget letter) from the Gauteng Provincial Treasury, the Department cannot approach the Minister for Public Service and Administration to seek concurrence (approval) of the organisational structure. The Department anticipates implementing the new (approved) organisational structure in the beginning of the next financial year. The implications of not having an approved organisational structure, is that the Department cannot incorporate new mandates (Township Economy), create and fill new posts to support the new mandates, the department cannot incorporate posts that has been created from 2013 to date through memos and submissions, job descriptions and performance agreements are outdated. An intervention between the HODs of both Department and GPT can unlock this process. The Committee is concerned over this response provided by the Department as the Department’s inability to finalize the organizational structure impacts negatively on the thorough implementation of the Township Economic programme in line with the adopted Act. Therefore the process of finalizing the organizational structure should be finalized before the end of the current financial year with the view to operationalize the new structure in the 2024/25 financial year.**  **Integrated Economic Development Services**    The programme creates an environment towards sustainable job creation considering the 3.1 million 2030 target. The sub-programmes are enterprise development; Regional and Local Economic Development (LED); and Sector and Industry Development. In terms of continuity, the IEDS had only 1 indicator on GEP turnaround strategy in the 2021/22 FY, and it is now part of the GEP’s APP. The current indicators are inter alia, % increase in GCR GDP; % contribution to township economy and employment; %BBBEE compliance and spent on infrastructure; %GPG goods and services secured from township enterprises and %value distributed to township enterprises from infrastructure.  The programme did not attain all its planned 3 set targets for the quarter under review, which include 30% BBBEE spent through infrastructure development, 60% of GPG goods and services spending sourced from township enterprises, and 30% value distributed to township enterprises from infrastructure projects attributed to data not available as yet because they are provincial indicators, and the Department awaiting consolidated report from Gauteng Treasury. The Committee is not impressed with the non-attained targets for the quarter under review, especially because the Department managed to spend a 100% of its allocation amounting to R74 347 000 (R 74.3m), with GEP spending over 206% of its allocation within the amounting R 101 968 000 (R101.9m) against R49 292 000 (R 49.2m) budgeted for the quarter under review. The Committee should be enlightened with regards to the expenditure by GEP in this regard.  **Strategic priority: An enabled business environment**  **Programme 3 Trade and Sector Development**  The programme aims to ensure the re-industrialisation of the Gauteng Economy targeting the ten (10) high growth sectors as levers to achieve high economic growth, jobs and infrastructure. The sub-programmes include Trade and Investment, and Sector and Industry Development. The 8 indicators include among others employment through creative industry and ICT, production of alternative/renewable energy and % increase in aerospace industry transformation.  Similarly, to the previous quarter, the Committee noted that there were no APP targets set for the 2nd quarter as planned targets are planned to be attained in the 3rd and 4th quarter of the financial year.  On the Kasi Umnotho Fund, the Department reported that the delays regarding Term-sheets as alluded to afore have been resolved and the fund was formally launched on the 1st November 2023. A formal media statement was issued to the general public communicating the process of application, qualification criteria and support systems in place. A website has also been developed to facilitate online applications as well.  Furthermore, in terms of spending, the Department under this programme spent an amount of R 247 810 000 (R 247.8m) against a budgeted amount of R 248 004 000 (R 248m) constituting 99.92% was transferred to agencies in the quarter under review. The spending within entities will highlighted on the section analysing the performance of entities, however in giving highlights the spending varied as most entities having overspent, with the improved spending on the GGDA which accounts for the bulk of the budget and also liable for infrastructure projects.  The Committee is further concerned that the programme failed to report on job creation initiatives on this programme including entities. This is noting that the reporting of job creation initiatives was a resolve of the Committee to be kept abreast in this regard.  **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 in the year under review, the programme attained 6 of its 7 planned set targets, this was bolstered by the improved spending at 99.79% wherein R36 349 000 (R36.3m) was spent against a budget of R36 425 000 (R 36.4m).  The sub-programme, Consumer Affairs improved from the attainment of 50% (1 of its 2) targets in the 1st quarter to attaining all its planned 2 set targets. There has been consistency on the attainment of the indicator on SMME’s trained in Consumer Protection Laws, due to interests from stakeholders. Notably, the attainment of the 100% cases adjudicated in the Consumer court is welcomed.  The Committee reported that in terms of the Liquor Affairs namely the Gauteng Liquor Board (GLB), it attained all its planned 2 set targets. The attained targets relate to 1 liquor awareness workshop conducted for LGBTQI+ and exceeding the revenue collected from liquor regulatory process. A target of R 25 000 000 was set however revenue collected amounted to R29 960 854,16 (R 29.9m). This is attributed to imposing of penalties, renewal and restoration payments and admission of new industry players. The Committee cannot downplay the importance of liquor awareness campaigns that the GLB should undertake throughout the year and more so within the festive season working in conjunction with other Government driven campaigns such as Arrive Alive.  On the appointment of the 800 liquor inspectors, the Department reported that one of the big Industry players pledged R 8 000 000 (R8m) for back-office skills and training, in support of the project whilst the GLB raised R 4 500 000 (R4.5m) from its current re-prioritized budget to fund the project. Furthermore, GLB is in discussions with other big industry stakeholders to contribute into the funding of the project. The project to source 800 wardens, is based on a three-year, phased-in roll out approach, estimated to cost R 130 000 000 (R130m). The number is informed by the equal spread of wardens per police stations across the province, on a ratio of at least 5 wardens to 1 police station as the Province has 154 police stations.  **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 this programme is also responsible for creating employment through implementing Township Economic Development Act (TEDA), however this programme has experienced some challenges such as financial constraints, lack of infrastructure and partners were also experienced in this programme. Notably, they seem to continue from the 1st quarter as it did not attain its job creation targets as only 20 new jobs were created. The Department attributes this to delays in the distribution of the Township Economic Partnership Fund (TEPF) to Family Tree as the funds were only distributed in September.  In responding to how much was distributed the Committee was informed that the Department has committed R 5 000 000 (R5m) to the township retail programme for the 2023/24 financial year and R2 500 000 (R2.5m) was committed in the 2nd quarter and based on achievement of milestones, the rest of the funds will be spent in the 3rd quarter. Despite this, the funds were not enough to assist the Department achieve set targets hence the attempt to leverage private sector funding. The Department has a MOU with Family Tree as a delivery partner on the Township Retail Programme. The role of the delivery partner includes training, infrastructure refurbishment, market access as well as marketing support for the township enterprises in the broader Fast Moving Consumer Goods (FMCG) space. **The Committee realizes that the Family Tree has a huge role to play in the creation of jobs through TEDA and thus the question remains as outlined in the Committees Oversight Annual Report of Department for the 2022/23 FY on detailed function of the role and operations of Family Tree including its benefits or achievements thus far.**  **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 56 out of 71 planned targets thus translating into an 79% achievement. The Committee continues to view 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 subprogramme consist of the Trade Investment & Regulatory Enablement (TIRE), Enterprise Project Management Office (EPMO), and Special Economic Zones (SEZs). Thus, the GGDA Holdings realised 1 out of 4 planned targets accounting for 25% achievement. The attainment of this one target is a decline compared to the previous quarter wherein the subprogramme realised 3 out of its 4 planned targets constituting 75% achievement. With regards to investment facilitation, the subprogramme failed to successfully attain its targets on both the Rand value of Domestic Direct Investments (DDI) and the Rand value of Foreign Direct Investment (FDIs). The unattainment of this target was noted with concern by the Committee as the GGDA only managed solicit R170 000 000 (R170) worth of DDI’s and a R113 000 000 (R 113m) FDI’s against a target of R 2 000 000 000 (R 2b) on both targets. This is concerning as it indicates the Department’s inability to realise its outcome of increasing the levels of investments in the Gauteng City Regions, thus impacting on the job creation initiatives.  In an effort to mitigate this, the GGDA informed the Committee that Crystal Partners have de-invested in Hightowers Petroleum Global (essentially the oil & gas aspect of their business), the 51% has been sold to new shareholders. Agreements are being finalized and handover to new team to follow. The GGDA team will be introduced to the new shareholders and carry out investment facilitation services to the new owners of the business. The project will not be claimed in the near term as originally planned. On Velocity Ventures a total investment of R 170 000 000 (R170m) was claimed versus the expected R 200 000 000 (R200m). At the initial meeting with the investor, the estimated investment value was (R200m), however this value was revised and confirmed at (R170m).  On the way forward with regards to the Vantage Data Project which is valued at R 17 000 000 000 (R17b), the GGDA has successfully facilitated and claimed for the Vantage Data project in Ekurhuleni. The investor confirmed the investment value of R 20 000 000 000 (R20b) for this project and currently the claim has accordingly been processed and recorded in GGDA’s books. In light of this, the Committee continues to question the Department on its ability to utilise maximise the Gauteng Investment Centre (GIC) as a one stop shop in soliciting FDI’s in an attempt to create more employment that is sustainable in particular for youth, women and people with disabilities.  The Committee should be continuously briefed on the challenges faced by GGDA with respect to management and governance challenges noting that the pending matter of the former acting CEO, Mr. Simphiwe Hamilton, brought an urgent application against MEC Motara in the Pretoria High Court under case number 2023-049211, inter alia for interim relief (in the form of a rule nisi) restraining and interdicting the MEC from proceeding with the recruitment and selection process for the appointment of a CEO of the GGDA, furthermore this court case was scheduled to be argued on the 13 November 2023, therefore the Committee should be appraised on this matter till finalization. The Committee is still of the view that there is no rational for the on-going court as the matter should have been resolved internally by ensuring that adequate governance is implemented.  **Automotive Industry Development Centre (AIDC)**  For the quarter under review, the entity has attained 5 out of its 5 planned targets.  **The Innovation Hub (TIH)**  For the quarter under review, the performance indicates an achievement of 3 out of 3 planned targets.  Despite the entity attaining the planned targets, the entity should also outline plans on how it aims ensure that all the eKasi Labs within the Province are functioning optimally and serve their intended purpose.  **Gauteng Industrial Development Zone (GIDZ)**  In the quarter under review they were no planned targets for this entity. The GIDZ aims at identifying, designing, packaging and enabling focused export driven manufacturing and beneficiation for location at OR Tambo International Airport IDZ.  **Gauteng Enterprise Propellor (GEP)**  In the quarter under review the Committee noted that the entity attained realised 13 out of 14 planned targets.  GEP indicated that it is currently implementing the turn-around strategy on an on-going basis. For the 2023/24 financial year, GEP will continue to implement the turnaround strategy, with a focus to ensure that the reconfiguration of GEP is completed by the end of the 2023/24 FY. The entity envisages to complete the change management process, organizational stability and culture, development of the commercialization strategy, review of the delivery model and to implement all aspect of the turnaround strategy to re-position GEP to fulfil its mandate. The Committee will keep track of this on an on-going basis.  GEP reported that 504 Informal Traders in the various corridors were assisted with the procurement of equipment and stock through the Informal Traders Grant Fund to the total value of R2 495 014.79 (R 2.4m). Pertaining to the development of small enterprises through targeted procurement spend, the GEP was successful on the targets relating to the targeted spent for women-owned enterprises, Persons with Disabilities as well as the Youth.  In providing a response on the R 59 000 000 (R59m) committed from the Township Economic Partnership Fund, GEP indicated that commitments are spread over 101 townships. Of the value approved to townships, the largest portion is approved to Tembisa at R 29 000 000 (R29m), however the existing list requires some cleaning up to ensure that townships are reflected accurately. This work is still on - going and proper township breakdown will be shared by end of the third quarter. The transport sector has received the lion’s share of the investment with 31% of the funding going into that sector. The second largest sector was the property development sector that saw 19% of the capital being invested therein. A distant third is the hospitality sector with 8%, followed by the construction services sector with 6%. All other sectors attracted 5% or less of the funds approved. However, when it comes to the jobs created, the hospitality sector significantly outperforms the other sectors having created in excess of 1000 jobs, which is almost half the jobs created for the entire capital approved. With the approved capital to this sector being just over R25 000 000 (R25m), the deployment has been very effective with 1 job created for every R25,000 approved. The second highest job creating sector albeit a distant second is the transport sector (174) created 1 job for every R500,000 approved, followed closely by the food and beverage sector, the logistics sector and the property development sector, all creating in excess of 150 jobs each through the funds approved to those sectors. The Committee is encouraged to see some progress in this regard, however impresses the Department to do more in this regard.  **Gauteng Gambling Board (GGB)**  The Committee noted that the GGB has reported to have attained 8 of its 9 planned targets for the quarter under review. The attained include among others, 100% license applications processed; 6 gambling awareness programmes; 100% non-compliance incidences investigated; and payment of suppler invoices within 15 days as well as 106 illegal gambling sites identified and closed (against 100%).  On revenue collection, the GGB managed to collect R293 718 000 (R293.7m) against a target of R290 903 000 (R290.9)) for the quarter. This in turn has resulted in an annual collection at 53% against the expected 50% in the 2nd quarter and therefore, the GGB is in a right track towards the attainment of its annual target. The good collection is contributed by both the Casino and Horseracing taxes.  The Committee was informed that the EXCO ratified the appointment of the CEO for the GGB on the 24 October 2023 and the appointment is effective from 1st November 2023 and on labour matters, of the 5 senior officials who are facing disciplinary processes , two have been dismissed and 3 are still undergoing disciplinary proceedings.  **Gauteng Tourism Authority (GTA)**  The Committee noted that the GTA attained 5 out of the 7 planned targets. Some of the attained targets include benefitting tourism enterprises with capacity building programmes, assisting the SMMEs with access to markets and the hosting of events in townships. The Committee noted a continuous challenge by the entity to realising the target on the number of tourism assets in the Townships Informal Settlements and Hostels (TISH) community supported as a result of delays in procurement processes. This needs improvement, particularly as one of the main interventions in the Tourism Sector Recovery plan stresses the importance of supporting and protecting tourism infrastructure and assets. Another unrealised target relates to the number of SMME’s participating in the business development incubator programme.  The Committee was informed that destination management is one of the two main programmes that are funded through conditional / ring-fenced grants. For the 2022/23 financial year, the entity closed the year with R 50 000 000 (R50m) in cash reserves. Of this balance, 60% was for unspent conditional grants. In the current year, the funds have since been utilised resulting in the distortion. The entity has since received approval to retain and utilise the unspent conditional grants as at 31 March 2023. The respective expenditure will be recognised against the revenue and this will properly align the budget vs actual expenditure. The GTA currently makes use of the cost containment National Treasury instruction note as well as the guidelines in an effort to reduce unnecessary expenditure. The organisational review process currently in progress has highlighted the importance of the Development Fund, provided for by the Act as one of the means to alleviate the current funding challenges.  The Committee noted that the filling of certain vacancies was prioritised because the organisation is undergoing an organisational review. The Executive in the CEO’s Office and the Company Secretary positions have been filled whilst the Chief Financial Officer will resume duty on the 15th of November 2023. The organisational design review process is on track to be concluded before the end of the current financial year.  **Tshwane Automotive Special Economic Zone (TASEZ)**  The performance of TASEZ during the quarter under review is noted by the Committee wherein all 9 planned targets were attained. Similarly, to the previous quarter, the achieved targets include the number of temporal construction jobs created, the permanent employment created by the tenants in the SEZ as well as the number of SMME’s trained in construction.  A total of 140 jobs were created by TASEZ in Quarter 1 and were allocated between youth and people with disabilities and this was a slight decline from the 164 jobs created in the 1st Quarter of the financial year. |
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# 2 OVERSIGHT ON DEPARTMENT / ENTITY ACHIEVEMENT OF APP TARGETS

| **2 [THE DETAILS ON DEPARTMENT / ENTITY APP PERFORMANCE]** |
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| **Number of APP targets relevant for this Quarter** |
| The Committee noted that the Department of Economic Development planned for 20 targets however achieved 10 in the quarter under review. In light of the entities, planned for 71 targets and only attained 56 targets, |
| **Number of APP targets for this Quarter that have been achieved during this Quarter** |
| The Department attained 10 targets under the quarter under review and the entities attained 56 targets. |
| **Percentage of APP targets for this Quarter that have been achieved during this Quarter** |
| In percentage term the Department attained 50% of its targets and the entities attained 79% of its targets. |
| **Percentage of APP achievement for the previous Quarter (for Comparison)** |
| In the previous quarter the Department attained 56.52% of the planned targets and the entities attained 72% of the planned targets. |
| **Main areas in the APP that have experienced non-achievement or over achievement during this Quarter** |
| These are outlined in the body of the report under programme performance |
| **Main reasons provided by the Department / Entity for non-achievement or over achievement of its APP during this Quarter** |
| Reasons are also outlined in the body of the report under programme performance |
| **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 3. 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 1 860 185 000 (R 1 860.1b) |
| **Actual amount projected by the Department / Entity to be spent only during the Q under review** |
| The Department budgeted an amount of R 563 157 000 (R 563.1m) 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 578 379 000 (R 578.3m) |
| **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 954 641 000 (R 954,6m) |
| **Percentage (% of total budget allocation) of budget expenditure for this Q under Review only** |
| 102.70%% 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** |
| 51.32% 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 R R15 222 000 (R 15.2m) |
| **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** |
| Percentage spend Female- GPG target 30% - GDED achieved 36,81%  Percentage spend Youth- GPG target 10% - GDED achieved 16,54%  Percentage spend PWD - GPG target 5% - GDED achieved 4,13%  Percentage spend BBBEE - GPG target 80% - GDED achieved 78,57% |
| **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 88,96%  Percentage spend TER- GPG target 40% - GDED achieved 52,99% |
| **A summary for the period under review with respect to payment of service providers within 15-30 days** |
| No of invoices paid within 15 days= 282 (15 working days)  No of invoices paid within 30 days= 0  Total number of invoices paid for the quarter = 282 |
| **A summary for the period under review with respect to fruitless, wasteful and irregular expenditure** |
| Fruitless and wasteful expenditure –The Department did not incur fruitless and wasteful expenditure for Q2  Irregular expenditure – The Department did incur irregular expenditure and fruitless and wasteful expenditure in Q2 |
| **A summary for the period under review with respect to efficiency / value for money in all SCM / procurement processes** |
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| **A summary for the period under review with respect to reduction of fraud and corruption in all SCM / procurement processes** |
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| **A summary for the period under review with respect to ongoing clean audits** |
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| **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** |
| 7 | None |
| **What is the Committees perception of the Quality and Timeliness of Department / Entity responses to Committee Resolutions** | |
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| **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]** | |
| Resolutions that are due emanate from the FIS reporting processing. | |

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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** | |
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| **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** |
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| **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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# 9 OVERSIGHT ON DEPARTMENT / ENTITY COMPLIANCE WITH FIDUCIARY REQUIREMENTS

| **9. [DETAILS ON DEPARTMENT / ENTITY COMPLIANCE WITH FIDUCIARY REQUIREMENTS]** | |
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| **GPL** | The 2nd Quarterly Report of the Department and entities were submitted to the GPL for further processing |
| **Auditor General (AGSA)** | None |
| **Public Service Commission (PSC)** | None |
| **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)** |
| **Current vacancy rate** |
| DED 7.45%  GLB 10.9%  Overall-18.35% |
| **Current acting positions (at all Staff levels)** |
| There are 10 employees in an acting position in various units within the Department. |
| **Terminations during the period under review** |
| 10 terminations within the Department in the quarter under review. |
| **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 will report on initiatives regarding GEYODI. These aspects refer to employment and transformation to empower the targeted groups internally.    The Department currently employs a total number of 446 staff members, the number of people with disabilities remains at 17 which represent 3.8%.  The total number of young people (i.e., employees aged 35 and below) employed by the Department is at 106, this represents 23.7 % of the staff establishment, it should be noted that this figure does not include interns and learners.  The Workplace Skills Plan (WSP) has since been approved in Quarter 1. The implementation of the WSP will assist in conducting training interventions for the empowerment of women, youth and people with disabilities in the workplace.  Number of employees trained in quarter 2:  • Woman trained = 36  • People with disability trained = 0  • Youth = 21  The total number of women employed by the Department is currently 281. Therefore 63 % of the GDED staff complement are women.  The percentage of women per occupational employment category is indicated below;  • Employment category level 2-8; the Department employs a total number of 216 employees; of this total number 156 are women which represents 72% of females employed in this category.  • Employment category level 9-10; the Department employs a total number of 121 employees; of this total number 69 are women which represents 57% of females employed in this category.  • Employment category level 11-12; the Department employs a total number of 68 employees; of this total number 37 are women which represents 54% of females employed in this category.  • Employment category level 13-16; the Department employs a total number of 41 employees; of this total number 19 are women which represents 46% of females employed in this category.  It should also be noted that the Department has an Approved Employment Equity Plan in place which provides guidance to the recruitment process in prioritizing the employment of the previously disadvantage groups which includes women, people with disability and Africans in an equitable manner.  • Employment category level 11-12; the Department employs a total number of 68 employees; of this total number 37 are women which represents 54% of females employed in this category.  • Employment category level 13-16; the Department employs a total number of 41 employees; of this total number 19 are women which represents 46% of females employed in this category.  It should also be noted that the Department has an Approved Employment Equity Plan in place which provides guidance to the recruitment process in prioritizing the employment of the previously disadvantage groups which includes women, people with disability and Africans in an equitable manner. |
| **Detailed information on any suspensions for the period under review** |
| 4 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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| The Committee is concerned with the Department’s inability to finalize the organizational structure impacts negatively on the thorough implementation of the Township Economic programme in line with the adopted Act, this also includes the conclusion of the reconfiguration process related to GEP. |
| The Committee is concerned about the court case between the former acting CEO of the GGDA and the Department. |
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# 13 COMMITTEE RECOMMENDATIONS

| **13 [DETAILED COMMITTEE RECOMMENDATIONS]** | | | |
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| **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 / Q2PR / 001 | The process of finalizing the organizational structure of the Department should be concluded before the end of the current financial year with a view to operationalize the new structure in the 2024/25 financial year. This also includes the finalization of the GEP reconfiguration process wherein benefits will be gained, as the conclusion of both these processes would allow for alignment and the full implementation of Township Economic Development Act as programmes would be able to incorporate new mandates related to the Township Economy, create and fill new positions to support the new mandates. A report outlining the finalization of these processes should be submitted to the Committee. | Written Response should be forwarded to the GPL on the resolution as adopted by the House | 29th February 2024 |
| EDE/Q2PR/002 | The Department should brief the Committee on quarterly basis on the developments regarding the court case between the former acting CEO of the GGDA and the Department as this has an impact on the appointment of a permanent CEO. This report should be submitted on a quarterly basis until finalization. | Written Response should be forwarded to the GPL on the resolution as adopted by the House | Quarterly basis |
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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 Motara and officials from the Department. I commend them for their diligence and commitment shown during deliberations on the 2nd Quarterly Performance Report for the 2023/24 FY of the Gauteng Department of Economic Development. Gratitude goes to Hon.S. Mcunguli, Hon. Letsie-Mogale, Hon. Nkosi-Malobane, Hon. Atkinson, Hon. Badenhorst, Hon. Du Plessis, Hon. Alberts, Hon Adams and Hon Letsoalo. Further appreciate goes to the alternate Members of the Committee namely: Hon. Bosch, Hon. Mukwevho 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 Senior Committee Coordinator Mr. T. Skosana; Committee Administrator, Ms. V. Mokubetsi; Hansard Recorder Mr. S. Baloyi; Public Participation Officer, Mr. B. Dhlomo; Service Officers, Ms. Z. Mabaso, Communications Officer Mr. T. Ndou, Information Officers Ms. A. Netshivhuyu and Committee Intern Ms T. Mangole for their devoted assistance.

# 15 ADOPTION

After due consideration the Economic Development Portfolio Committee unanimously adopted the Committee Oversight Report on the Gauteng Department of Economic Development 2nd Quarterly Performance Report for the 2023/2024 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 2nd Quarterly Performance Report for the 2023/2024 FY.