

GAUTENG PROVINCIAL LEGISLATURE

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

Tuesday, 15 June 2021

ANNOUNCEMENTS

none

TABLINGS

none

COMMITTEE REPORTS

1. The Chairperson of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee, Hon. L J Lasindwa, tabled the Committee's Oversight Report on the Detail of the Department of Economic Development Budget Vote 03 of the Provincial Appropriation Bill [G001-2021] for the 2021/22 financial year, as follows:



GAUTENG
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**ECONOMIC DEVELOPMENT, ENVIRONMENT, AGRICULTURE AND RURAL DEVELOPMENT
PORTFOLIO COMMITTEE**

**Adopted Committee Oversight Report on the Detail of the Gauteng Department of Economic
Development
Budget Vote 3
2021/2022 Financial Year**

18 June 2021

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Acronyms

APP	Annual Performance Plan
AIDC	Automotive Industrial Development Centre
DED	Department of Economic Development
DDI	Domestic Direct Investment
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
FDI	Foreign Direct Investment
PFMA	Public Finance Management Act
FY	Financial Year
GEP	Gauteng Enterprise Propeller
GGDA	Gauteng Growth and Development Agency
GLB	Gauteng Liquor Board
GGB	Gauteng Gambling Board
GIC	Gauteng Investment Centre
GPL	Gauteng Provincial Legislature
GGT	Growing Gauteng Together
GTA	Gauteng Tourism Agency
HOD	Head of Department
IDZ	Industrial Development Zone
MEC	Member of the Executive Council
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NT	National Treasury
PFMA	Public Finance Management Act
PEBA	Programme Evaluate Budget Analysis
PSOM	Public Service Oversight Model
PWD	People with Disabilities
SMME	Small Medium and Micro Enterprises
SOM	Sector Oversight Model
SEZ	Special Economic Zone
TMR	Transformation Modernization Re-industrialization
TIH	The Innovation Hub

The Chairperson of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee, Hon. Lindiwe Lasindwa, presents the report of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee on the detail of the Gauteng Department of Economic Development Vote 3 of the Provincial Appropriation Bill 2021, as follows:

EXECUTIVE SUMMARY

The 2020/21 FY budget report is tabled in the 3rd calendar year of the 6th administration and the budget allocated for the Department of Economic Development wherein it is referred to as the Department. In the current financial year, the Department is allocated an amount of R 1 512 983 000 (R1.512.9b) for the 2021/22 financial year, the allocation composes of mainly the equitable share with no conditional grant. In the current year, the Committee noted that the allocation has decreased by an amount of R277 913 000 (R 277.9m) which amounts to 15.11%. This is a significant decrease from the previous financial year, where in the 2020/21 FY there was a great increase in the budget allocation that amounted to 16.47%. This budget is aimed at supporting the goals set in the National Development Plan (NDP) wherein job creation is deemed as a key achievement for this term of government.

The Committee noted that similar to the previous financial years the Gauteng Growth Development Agency (GGDA) is allocated the largest share of transfers with an amount of R 632 017 000 (R 632m) and followed by the Gauteng Enterprise Propeller (GEP) with an amount of R 219 944 000 (R 219.9m) The Gauteng Tourism Authority is allocated an amount of R 126 465 000 (R126.4m) and in the current financial year the Gauteng Gambling Board was never allocated any funds unlike in the previous financial year wherein the entity was transferred an allocation amount of R26 473 000 (R26.4m) for the once-off budget for the automation system project.

The Trade and Sector Development Programme is allocated a greater share of the budget with an amount of R 811 838 000 (R 811.8m). The second largest share of the appropriation is allocated to the Administration Programme with an amount of R 271 086 000 (R271m) followed by the Integrated Economic Development Services Programme with an amount of R 216 294 000 (R 216.2m). The Committee entrusts that the Department through this budget will be able to further economic growth, skills development, job creation and investment promotion in Gauteng are amongst key initiatives that the Department should attain in addressing the triple challenges of unemployment, poverty and inequality. The Department will only be able to attain this through the alignment of its plans to the radical Transformation, Modernisation and Re-industrialisation (TMR) programme which aims to contribute to the Township Economy Revitalisation (TER). As such, SMME's and Cooperatives should be at the forefront of creating decent employment for the youth, women, and People with Disability within the Province. The finalization of the reconfiguration process of GEP should be expediate to allow the entity to support emerging entrepreneurs, the youth and the marginalized in the Province with financially and non-financially. In addition to this, the Committee will continue overseeing the disbursing of the R 250 000 000 (R250m) Covid-19 relief fund to deserving businesses.

Linked to this is the urgent attention that the Department needs to give on the lack of commitment by the City of Tshwane on the releasing of funds for the further development of Tshwane Automotive Special Economic Zone

1. INTRODUCTION

The Economic Development, Environment, Agriculture and Rural Development Portfolio Committee exercises oversight over the Gauteng Department of Economic Development and its entities. This includes planning, budgeting, financial management and 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) 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 have to be tabled.

An amount of R1 561 763 000 (R 1 561.7b) is allocated to the Department for the 2021/22 financial year to serve as a centre of excellence in leading radical economic transformation, modernization, and re-industrialization of the Provinces economy. Furthermore, facilitate equity, redress and access to economic opportunities and decent employment. Lastly the budget will ensure that the Province's economic profile reflects its demographic profile and practice transparent, participatory, and good governance at internal levels.

This report primarily focuses on examining whether the budget allocated for the Department and its entities is aligned to key government strategic priorities related to the 10 pillars programme. 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, summary of findings per programme as well as stakeholders' submissions on the detail of vote 3.

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.

2. PROCESS FOLLOWED

The Speaker of the Gauteng Provincial Legislature formally referred Vote 3 of the Provincial Appropriation Bill [G003-2021] of the Gauteng Department of Economic Development for consideration and reporting to the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee for consideration and reporting.

As guided by the Standing Rules of the GPL as well as the Constitution of RSA, the Committee invited stakeholders to partake in its deliberations during the consideration of budget vote 3. In a meeting that

convened on the 14th May 2021, the Committee Researchers presented the research analyses on Budget Vote 3 for discussion by the Committee. On the 25th May 2021, the Gauteng Department of Economic Development presented the detail of Budget Vote 3 to the Committee. The Committee thus deliberated and adopted its oversight report on the detail of Budget Vote 3 in a meeting that was scheduled for the 11th June 2021. The adopted Committee oversight report was submitted to the Proceedings Unit for tabling and consideration by the House.

3. OVERVIEW OF POLICY PRIORITIES

3.1 Analysis of Departmental priorities and strategic objectives

The Department of Economic Development support the vision and mission of a radically transformed, modernised and re-industrialised economy in Gauteng, manifesting decent work, economic inclusion and equity through the following strategic goals:

- Transform Gauteng's economy radically;
- Re-industrialize Gauteng's economy;
- Capacitating the Department for efficient and effective service delivery; and
- Develop and implement programmes and projects that will:
 - ✓ Revitalise Gauteng's township economies;
 - ✓ Build a new smart, green, knowledge-based economy and industries;
 - ✓ Ensure decent employment and inclusion in key economic sectors;
 - ✓ Facilitate radical economic transformation, modernisation and re-industrialisation;
 - ✓ Include the marginalised sectors of women, youth and persons with disabilities in mainstream economic activities;
 - ✓ Establish appropriate partnerships for delivery and ensure that DED effectively delivers on its mandate.

The key cross cutting principles and outcomes that will underpin the programmes and projects of the objectives are as follows:

- Providing thought leadership to inform the economic development agenda;
- Mobilising stakeholders to partner with for economic growth and development;
- Creating an enabling regulatory environment and stimulating business practices that promote inclusive economic growth;
- Enhancing the competitive advantage of key sectors of the economy;
- Promoting and attracting trade and investment to the economy;
- Directing investment into strategic economic infrastructure; and
- Proactively linking communities to economic opportunities.

3.2 Strategic overview and key policy areas

According to the 2021/22 Medium Term Expenditure Framework (MTEF) Budget Statement, the mission of the Department is 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.

In addition to this, the Gauteng Provincial Government has adopted the 10-pillar programme of Transformation, Modernization and Re-industrialization in order to ensure radical socio-economic transformation in the Province. The 10 pillars are as follows:

Radical economic transformation; Decisive spatial transformation; Accelerated social transformation; Transformation of the state and governance; Modernisation of the public service; Modernisation of the economy; Modernisation of human settlements and urban development; Modernisation of public transport infrastructure; Re-industrialisation of Gauteng province and taking the lead in Africa's new industrial revolution.

To ensure that the 10-pillar programme is achieved, the Department will ensure that the following outcomes are achieved;

- Outcome 4: Decent employment and inclusive economic growth;
- Outcome 5: An efficient, competitive and responsive economic infrastructure network; and
- Outcome 6 Skilled and capable workforce to support an inclusive growth path.

The Gauteng Department of Economic Development's contribution to the Sustainable Development Goals is as follows:

- SDG 8 on promoting inclusive and sustainable economic growth, employment, and decent work for all and
- SDG 9 on Industry, Innovation, and Infrastructure

In addition to this, the Committee noted that the National Development Plan (NDP) advocates for the creation of 11 million jobs through SMME development by 2030 and resonates with the Transformation Modernisation and Re-Industrialisation (TMR) Framework. The Department through the Gauteng Enterprise Propeller (GEP), initiatives will focus on creating decent work, economic growth, and sustainable communities through SMME and cooperative development.

The Medium-Term Strategy Framework (MTSF) relates to an efficient, competitive, and responsive economic infrastructure network. Through the Gauteng Growth and Development Agency (GGDA), efforts will continue to drive economic growth by promoting exports, making the economy more labour absorbing through

business enablement, regulatory reform; capital projects; land; trade and investment promotion; and taking the lead in Africa's industrial revolution through South Africa's participation in the BRICS group of countries (Brazil, Russia, India, China and South Africa)

The Department will continue with efforts to regulate the gambling and liquor industry through compliance, enforcement, and the creation of awareness programmes. Review, development of policies and strategies will continue to ensure alignment of the Gauteng City-Region Economic Development Plan (GCR EDP), TMR and the NDP. Through sector development, the Department will facilitate large-scale skills development in industrial production centres to promote the development of small-scale industries.

The Cradle of Humankind World Heritage Site and Dinokeng Projects will continue to contribute to the inclusive growth of the economy in the North and Western Corridors through infrastructure development and jobs delivery programmes. Efforts to grow the Gauteng visitor economy will be strengthened by stimulating demand through effective tourism marketing and promotion.

Upon doing its oversight and scrutiny over the Department, the Committee will hold the Department including the entities accountable on the basis that their plans align with that of the TMR and the NDP.

4. ALLOCATION TRENDS

4.1 Summary of receipts

The Gauteng Department of Economic Development is funded through the provincial equitable share to carry out its mandate. Table 1 below shows the allocation from the equitable share for the 2017/18 to 2023/24 financial years.

TABLE 1: SUMMARY OF RECEIPTS: GAUTENG DEPARTMENT OF ECONOMIC DEVELOPMENT

R 000 thousand	Outcome			Main Appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2017/18	2018/19	2019/20	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24
Equitable share	1 409 824	1 496 349	1 638 292	1 837 676	1 837 676	1 940 593	1 561 763	1 512 983	1 482 217
Conditional Grants				2 000	2 000	2 000			
Total receipts	1 409 824	1 496 349	1 638 292	1 839 676	1 839 676	1 942 593	1 561 763	1 512 983	1 482 217

Source: Budget Statement 2021/22 FY

The Department is allocated an amount of R 1 512 983 000 (R1.512.9b) for the 2021/22 financial year, the allocation composes of mainly the equitable share with no conditional grant. In the current year, the Committee noted that the allocation has decreased by an amount of R277 913 000 (R 277.9m) which

amounts to 15.11%. This is a significant decrease from the previous financial year, where in the 2020/21 FY there was a great increase in the budget allocation that amounted to 16.47%.

The Committee was informed by the Department that the decrease would not affect any critical projects that the Department is currently embarking on currently, as allocations for such projects have been ring fenced. This is because the decrease is a result of the compulsory wage freeze and the reduction on non-core items such as goods and service. The Committee will monitor the utilization of the ring-fenced allocations through the in-year monitoring mechanisms.

The Committee was informed that the greater share of the allocation in the current financial year is allocated for economic recovery intervention programmes such as Special Economic Zones (SEZ), skill re-tooling plans, tourism routes implementation, SMME support and other projects geared towards achieving Growing Gauteng Together (GGT) 2030 strategy. Amongst the projects catered over the MTEF period and which form part of job-creation initiatives are the industrial parks, Township Innovation Fund Framework, Tourism routes implementation and the Constitution Hill Visitor Information Centre and township economy revitalization and probity audit.

4.2 Transfers to Public Entities

The table numbered 2 below, shows the transfers to the Department's public entities for the 2020/21 FY. The figures below illustrate the transfers to public entities between the 2017/18 FY to the 2023/24 FY.

The Committee noted that similar to the previous financial years the Gauteng Growth Development Agency (GGDA) is allocated the largest share of transfers with an amount of R 632 017 000 (R 632m) and followed by the Gauteng Enterprise Propeller (GEP) with an amount of R 219 944 000 (R 219.9m) The Gauteng Tourism Authority is allocated an amount of R 126 465 000 (R126.4m) and in the current financial year the Gauteng Gambling Board was never allocated any funds unlike in the previous financial year wherein the entity was transferred an allocation amount of R26 473 000 (R26.4m)

TABLE 2: SUMMARY OF DEPARTMENTAL TRANSFERS TO PUBLIC ENTITIES

R 000 thousand	Outcome	Main Appropri	Adjusted appropriati	Revised estimate	Medium-term estimates
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d				ation	on				
	2017/18	2018/19	2019/20	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24
Gauteng Enterprise Propeller	244 930	242 689	245 771	231 351	477 897	477 897	219 944	216 294	203 786
Gauteng Tourism Agency	108 165	120 228	118 779	138 004	97 850	97 850	126 465	116 152	110 582
Gauteng Growth and Development Agency	521 847	628 162	636 813	791 000	569 690	569 690	632 017	596 974	576 206
Total	874 942	991 079	1 001 363	1 188 828	1 145 436	1 145 436	978 426	929 420	890 574

Source: Budget Statement 2021/22 FY

Considering the budget allocation to the entities, the Committee will continue conducting oversight and scrutiny over all Departmental agencies on a quarterly basis. Furthermore, in the current financial year all entities prepared individual budget presentations which were submitted before the Committee. In addition, the Committee will also make regular follow ups on the R 250 000 000 (R250m) that was transferred to GEP during the adjustment in the previous financial year. The Committee previously raised concerns on the utilization of these funds and will continue to monitor its disbursement in the current financial year.

5. THE DEPARTMENT OF ECONOMIC DEVELOPMENT ALLOCATION PER PROGRAMME FOR THE 2020/2021 FY

The following programmes are funded under the Department in the 2021/2022 MTEF budget, Administration, Integrated Economic Development Services, Trade and Sector Development, Business Regulations and Governance and Economic Planning. The table below numbered 3 provides the summary of payments and estimates for the Department in the 2021/22 financial year.

TABLE 3: SUMMARY OF PAYMENTS AND ESTIMATES: GAUTENG DEPARTMENT ECONOMIC DEVELOPMENT

R 000 Thousand	2020/21	2021/22	2022/23	2023/24
Administration	307 495	259 908	271 086	280 145
Integrated Economic Development Services	231 351	219 944	216 294	203 786
Trade Sector Development	1 027 610	852 797	811 838	780 971
Business Regulation and Governance	113 907	75 686	75 405	70 764
Economic Planning	159 313	153 427	138 360	146 651
Total Payments and Estimates	1 839 676	1 561 763	1 512 983	1 482 217

Source: Budget Statement 2021/22 FY

Table 3 above illustrates the budget allocation for all the Departmental programmes for the 2021/22 financial year including the outer years of the MTEF. The total payments and estimates for the Department in the current financial year amount to R 1 561 763 000 (R1 561.7bn). Similarly, to the previous financial year the Committee noted that the Trade and Sector Development Programme is allocated a greater share of the budget with an amount of R 811 838 000 (R 811.8m). The second largest share of the appropriation is allocated to the Administration Programme with an amount of R 271 086 000 (R271m) followed by the Integrated Economic Development Services Programme with an amount of R 216 294 000 (R 216.2m).

The Committee noted that the budget allocation for the Business Regulation and Governance Programme has decreased from R 113 907 000 (R 113.9m) to R 75 686 000 (R75.6m). This programme houses the Gauteng Liquor Board's sub-programme, consumer affairs and the Gauteng Gambling Board units. These units have a significant role to play in enhancing awareness programmes in relation to the dangers of alcohol consumption and gambling. The Committee is concerned on how the programme will be able to undertake these awareness programmes with a decrease in allocation from the previous financial year.

6. OVERVIEW PER PROGRAMME EXPENDITURE

6.1 PROGRAMME 1: ADMINISTRATION

The programme is set to provide strategic leadership, support and transversal business solutions to enable the MEC, HOD and the DED Group to effectively and efficiently deliver on its mandate.

TABLE 4: PROGRAMME 1: SUMMARY OF PAYMENTS AND ESTIMATES: ADMINISTRATION

Programme 1: Administration				
R'000	2020/21	2021/22	2022/23	2023/24
Office of the MEC	7 084	8 352	6 925	7 203
Office of the HOD	16 681	17 072	17 104	17 827
Financial Management	61 282	57 796	59 222	61 380
Corporate Services	222 448	176 688	187 835	193 735
Total payments	307 495	259 908	271 086	280 145

Source: Budget Statement 2021/22 FY

In the 2021/22 FY the programme receives an allocation amounting to R 259 908 000 (R259.9m) increasing to R 280 145 000 (R280.1m) in the 2023/24 FY.

The Committee noted that the greatest share of the budget within this programme is allocated to the Corporate Services sub-programme amounting to R 176 688 000 (R176.6m). The allocation is for the payment for cleaning materials and cleaners, leases, municipal rates and taxes, provision of ICT equipment, printing tender, outreach campaigns, mobile office solutions, bursaries, litigation management and training of staff, bulk media buying, legal costs, software licenses and PABX upgrade and maintenance.

The view of the Committee on the increase allocation in the MEC's Office remains a concern for the Committee as the view has always been that the funds allocated to this sub-programme should be directed to service delivery imperatives. **In response to this, the Department reported that the increase in allocation is attributed to the anticipated administrative requirements which include travelling, catering and conferencing by the MEC's Office once COVID-19 is contained and the Department was not aware that the Province will be subsequently experience a third wave of COVID-19. The Committee is of the view that if funds allocated for travelling, catering and conferencing are not utilized by the adjustment period, the Department should redirect these funds to programmes aimed at service delivery.**

In the past financial years, the Committee has been furnished with at times conflicting and more often same responses related to the approval of the organizational structure, these emanated from the 6th Administration. The Committee deems the rational provided by the Department in the current financial year as unacceptable as the same reasons relating to the proposed structure being consulted with Senior Managers and Organized Labour after finalization of the Strategic Planning Session with the new MEC. The proposed structure to be presented to the next Senior Management Team and Executive Management Team and it is anticipated to be finalized in September 2021. The

Committee noted with concern that for a lengthy period there have been no gains made by the Department on the finalization of the organizational structure. In light of this the Committee impresses that the structure should be finalized by end September 2021 as committed by the Department, failure to attain this consequence management should apply to those responsible for the project.

On vacant positions the Committee was informed that 16 SMS positions were advertised. Shortlisting is underway for some positions that will directly be reporting to the Head of Department and furthermore all positions budgeted in the current financial year will be filled over the next four months as committed by the Department. The Committee will monitor this and require regular updates on the progress made including on the appointment of a Head of Department (HOD). The Committee views the appointment of an HOD as crucial as the HOD would need to engage on and look at the feasibility of the conversion of the nature of appointments of some SMS employees.

6.2 PROGRAMME 2: INTERGRATED ECONOMIC DEVELOPMENT SERVICES

The programme aims to ensure radical economic transformation that addresses the triple policy imperatives of decent work, an inclusive economy and equality through new, smart, knowledge based economy, revitalize and modernize township economies reflecting radical transformation and re-industrialisation for Gauteng economy; appropriately skilled human resources and businesses to radically transform and the re-industrialise the economy; and green industries contributing to energy security to radically transform the Gauteng economy.

TABLE 5: SUMMARY OF PAYMENTS AND ESTIMATES: INTERGRATED ECONOMIC DEVELOPMENT SERVICES

Programme 2: Integrated Economic Development Services				
R'000	2020/21	2021/22	2022/23	2023/24
Enterprise Development	231 351	219 944	216 294	203 786
Regional and Local Economic Development				
Economic Empowerment				
Total payments and estimates	231 351	219 944	216 294	203 786

Source: Budget Statement 2021/22 FY

An amount of R 219 944 000 (R219.9m) is allocated to this programme in the current financial year, decreasing to an amount of R 203 786 000 (R 203.7m) in the outer years of the MTEF. In the current financial year, the budget allocated for this programme is aimed at carrying out projects by the Gauteng Enterprise Propeller (GEP) such as the Youth PMO, Township Enterprise Revitalization and Covid-19 SMME support.

In responding to the Committee's concern on the decrease of the allocation over the MTEF which has the potential to negatively impact the support given to small businesses and the recapitalization of GEP upon completion of the reconfiguration process. GEP indicated that it will undertake a resource aggregation approach wherein they will be a creation of funds with both private and public sectors institutions and the entity has also strengthened partnerships across agencies and certain Departments and the private sector to ensure that maximise on the revenue potential and become impact driven. Furthermore, the entity is working on strengthening its human resources capacity to deliver on its mandate, hence the appointment of the CEO has been finalised, including finalisation of the recruitment process for all critical positions at Executive level including other positions. The Committee applauds the appointment of the appointment of the CEO, however despite this, the Committee is of the view that the plans outlined by the entity should not only remain as grand plans noting the entity has had a myriad of challenges in the past financial years.

The Committee is concerned about the non-disbursement of the R 250 000 000 (R250m) relief fund and the extended period it has taken for the SMME's Fund to be active, despite the commitment made by the entity that the fund will be operational by 3rd Quarter of the current financial year subject to securing a private partner. Noting the decrease in the budget for the current financial year, the Committee continues to implore on the entity to adequately utilize the funds to support SMME's and the view of the Committee is that this process will be monitored by the Committee until conclusion. The Committee is of the view that the entity should by the end of August 2021 signed a MOU with a private partner to start disbursing the funds. In addition to this, for accountability purposes, once the MOU is signed with the private partner, the entity should give a detailed account before the Committee on the number of SMME's that will supported.

The Committee once more considered the reconfiguration process of GEP which has been a concern for the Committee stemming from the 2019/20 FY wherein a commitment was made by the Department that the process would be concluded in that financial year. However, to date, the process remains incomplete and in its reporting to the Committee, the Department indicated that the reconfiguration process would be undertaken over 3 years. Noting that the GEP is in its 3rd financial year looking into the finalizing the reconfiguration process, the expectation by the Committee is that this process will be concluded in the current financial year as committed by the entity. **The Committee should be provided with an update of work undertaken to finalize this process.**

GEP should provide an overview on the collaboration with the Department of Small Business Development (DSBD) and National Treasury (NT) to coordinate an integrated enterprise support during and post Covid-19 economic recovery programmes. Over and above this, GEP should ensure that it strengthens its working relationship with the National Department of Small Business Development and finalize work currently underway that will ensure that SMME's and cooperatives receive and gain access to the Covid 19 relief fund. This is over and above the private partnership the entity wishes to secure.

PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

The programmes aims to ensure re-industrialisation that addresses the triple policy imperatives of decent work, an inclusive economy and equality. The programme objectives are to facilitate trade activities in Gauteng leading to radical economic transformation of the economy; create an enabling environment for

economic activities that generate revenue for transformation and re-industrialization of the economy of Gauteng and sustain tourism development by providing protection mechanisms for biodiversity areas and other conservation areas.

TABLE 6: SUMMARY OF PAYMENTS AND ESTIMATES: TRADE AND SECTOR DEVELOPMENT

Programme 3: Trade and Sector Development				
R'000	2020/21	2021/22	2022/23	2023/24
Trade and Investment Promotion				
Sector Development	236 610	220 780	214 864	204 665
Strategic Initiatives	791 000	632 017	596 974	576 206
Total Payments and estimates	1 027 610	852 797	811 838	780 871

Source: Budget Statement 2021/22 FY

In the current financial year, the Trade and Sector Development Programme continues to be allocated a greater share of the Departmental total budget with an amount of R 852 797 000 (R852.7m) and the allocation is projected to decline in the 2023/24 FY to an amount of R 780 871 000 (R 780.8m). Despite the programme receiving the greatest share in allocation, it however experienced a decline in the current financial year in comparison to the previous financial year.

Similarly, to the previous financial year the Committee noted that the Trade and Investment Promotion sub-programme was not allocated funding in the year under review. The Sector Development and Strategic Initiatives sub-programmes are the only sub-programmes allocated funding in the year under review. The allocations are due to transfers made to the Gauteng Growth Development Agency (GGDA), Gauteng Tourism Agency (GTA) including Cradle of Humankind and Dinokeng which are the implementing entities of the Department.

In the previous financial year, the Committee was informed by the Department that the increase of the allocation under this programme was because the Department reprioritized funding to new priority projects under the GGDA for implementation of capital related projects. Therefore, an additional R 200 000 000 (R200m) was granted for GGDA and over R 40 000 000 (R40m) granted for the GTA. The additional funding in the main is for the Tshwane Automotive Special Economic Zone (SEZ) as the project will promote direct investment, job creation, strengthen SA's position and role in the global automotive supply chain, increase local content, exports and Foreign Direct Investment, Increase level of SMME and Black Industrialists development and regional development. In addition to this, funds allocated to the GTA are aimed to create partnerships with the Office of the Premier to improve its destination marketing and branding strategy for implementation in the next three years, development and promotion of 2 new and 3 existing tourism routes and precincts across the regional corridors in the Province. In current financial year, the Department has allocated an amount of R 49 900 000 (R49.9m) for the operational cost of the Tshwane Automotive Special

Economic Zone (TASEZ) and R 33 000 000 (R33m) for the OR Tambo Special Economic Development Expansion.

The Committee was informed that the Department anticipates that the Chamdor Industrial Hub will be operational by November 2021. This hub will accommodate 10 SMME's in its first year of operation focusing on 5 trades namely: spray painting, polishing and paint finishing, panel beating, paint mixing and colour matching and metal preparation techniques. The Department further reported that the construction of Chamdor Industrial Hub was completed in 2017 but did not have an occupation certificate. A temporary occupation certificate was acquired in April 2021.

The Committee noted that there is no budget allocation for the Trade and Investment Promotion sub-programme as this sub-programme is critical for soliciting investment and Gauteng Invest Centre (GIC) should be at the centre in soliciting foreign and domestic investments. The Committee still impresses that InvestSA continues to utilize online platforms such as Microsoft Teams, Zoom, and email to communicate with current and potential investors to lure them to invest in the Province.

In Gauteng, the GGDA has different subsidiaries which deal with different sectors. InvestSA Gauteng is also working in partnership with the Department of Trade, Industry and Competition (DTIC) which has sector desks that assist investors to interact with a required sector desk. The Committee was informed that currently the GGDA is focusing on sectors that will address the challenges presented by Covid-19 pandemic. The Committee acknowledges this, however, impresses that the GGDA should also prepare a road map focusing on investments and creating jobs post Covid-19, this is noting the great allocation transferred to the agency in the year under review.

The allocation of the GGDA decreased from R791 000 000 (R791m) in the 2020/21 FY to R632 017 000 (R632m) in the 2021/22 FY and this equates to a R62 327 000 (R62.3m) increase when considering the adjusted appropriation. The Department provided rationale for the increased allocations noting that it has been struggling with the implementation of key projects such as the Visitor Centre and JMP Super-block in the previous financial years. The R 62 327 000 (R 62.3m) increase is primarily due to the allocation for the refurbishment of Industrial Hubs that are the responsibility of the GGDA as from the 2021/22 FY. **The Committee was informed that the GGDA has a clear roll out strategy to refurbish the Industrial Hubs in Gauteng. The Committee should be provided with the roll out plan/strategy to be employed by the GGDA in refurbishing the hubs within the Province.**

The Committee noted that in the previous financial year at the time of presenting the appropriation of Vote 3 the Department informed the Committee that the tourism sector had been shut down in totality and one was of the first sectors to be adversely impacted by the Covid-19 pandemic and would most likely be one of the last sectors to recover in future. **In light of this, the Committee should be informed by the Department on the recovery plan related to tourism as this one of the sectors that is crucial to employment for the people, in particular for the young people, women and people with disabilities in the Province.** This is based on the commitment that was made by the Gauteng Tourism Agency wherein the entity indicated

that it would be working closely with the National Department of Tourism and the South African Tourism Board in developing the recovery plans.

6.3 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 to stimulate growth of business; properly regulated liquor industry in Gauteng; properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the Province.

TABLE 7: SUMMARY OF PAYMENTS AND ESTIMATES: BUSINESS REGULATION AND GOVERNANCE

Programme 4: Business Regulation and Regulation and Governance				
R'000	2020/21	2021/22	2022/23	2023/24
Governance	10 374	7 935	7 570	8 311
IGR and Strategic Partnerships	29 468	26 557	29 839	31 152
Consumer Protection	23 680	23 867	22 892	24 157
Liquor Regulation	23 912	16 954	14 712	6 735
Gambling and Betting	26 473	373	392	409
Total payments and estimates	113 907	75 686	75 405	70 764

Source: Budget Statement 2021/22 FY

An amount of R 75 686 000 (R75.6m) is allocated to this programme in the current financial year decreasing in the 2022/23 FY to R 70 764 000 (R70.7m).

The Committee noted that the allocation in the year under review has decreased for the Gambling and Betting sub-programme wherein the sub-programme is allocated R 373 000 in the current financial year. The justification for the reduction of the budget as outlined by the Department is that the Gauteng Provincial Treasury (GPT) started a process to decentralise the open tender process. GPT was responsible for the appointment of probity auditors for all open tenders and the budget for appointment of probity auditors was allocated to them. As part of the decentralisation GGB was allocated R373 000 for the appointment of probity auditors for any open tenders that will be undertaken during the financial year 2021/22.

The Liquor Regulation sub-programme as well has been decreased and the rationale for this decline as indicated by the Department is that it can be solely attributed to a compulsory reduction. This Committee is concerned with this reduction as in previous Committee reports, the Committee has advocated for the feasibility by the Gauteng Liquor Board to hire more liquor inspectors as this is an area that the Department has complained on having challenges around. The Committee is of the view that the decrease in allocation

also has negative implications on the number of inspections to be undertaken and the number of awareness programmes that will be undertaken.

In an attempt by the Department to highlight to the Committee that the entity will be able to carry out its duties with a decrease allocation, the entity will continue to perform its regulatory function by implementing the following interventions, improve compliance inspections in order to have a compliant environment wherein traders comply with their renewal and penalty fees and furthermore it is envisaged that the automated system when implemented will improve the revenue management and collection. In addition, over the MTEF period there are plans to revise the license fees and when implemented the entity's revenue will increase and lastly the entity has realigned the goods and services budget for 2021/22 FY to focus on core delivery issues. The Committee will continuously monitor the GLB through the in-year monitoring process with focus on the automated system which should be already in operation.

6.4 PROGRAMME 5: ECONOMIC PLANNING

The programme aims to co-ordinate provincial internal facilities that makes business activity possible, including communications, transportation and distribution networks, financial institutions and markets and energy supply systems.

TABLE 8: SUMMARY OF PAYMENTS AND ESTIMATES: ECONOMIC PLANNING

Programme 5: Economic Planning				
R'000	2020/21	2021/22	2022/23	2023/24
Policy and Planning	34 124	26 816	26 389	28 724
Research and Development	8 462	8 175	7 928	8 534
Knowledge Management	2 119	2 438	2 555	2 667
Monitoring and Evaluation				
Economic Infrastructure Development				
Sector Industry Development	96 127	97 997	88 272	91 705
Inclusive Economy	18 481	18 001	13 216	15 021
Total payments and estimates	159 313	153 427	138 360	145 651

Source: Budget Statement 2021/22 FY

An amount of R 153 427 000 (R153.4m) is allocated to this programme in the current financial year decreasing to R 145 651 000 (R145.6m) in the 2023/24 FY.

Similarly to the previous financial year the Committee noted that there is no budget allocated under the Monitoring and Evaluation sub-programme and in light of this, the Department indicated that the budget relating to Monitoring and Evaluation (M&E) is in terms of National Department of Monitoring and Planning. The Department must subject certain projects on the Annual Performance Plan towards M&E and the budget relating to this work was allocated under Chief Directorate: Strategic Planning, Monitoring and Evaluation.

7. JOB CREATION INITIATIVES BY THE DEPARTMENT AND ENTITIES

As per the Committee's resolution from the previous financial year focusing on job creation initiatives for the current financial year through the Department and entities based on the allocated budget. The Department did not report on the number of jobs intended to be facilitated in the current financial year. A report on this is required by the Committee in this regard.

8. SUMMARY OF STAKEHOLDERS SUBMISSIONS

The Committee acknowledges that as required by the Standing Rules of the GPL, organizations/stakeholders should be invited and part of the Committee proceedings. However due to Covid-19 restrictions, the Committee convened its meeting virtually and invited stakeholders to attend the virtual meeting however none of the invited stakeholders were able to attend the meeting.

9. COMMITTEE CONCERNS

The Committee is concerned about:

Programme 1

1. The increase in allocation within the sub-programme Office of the MEC.
2. The inability by the Department to complete and finalize its organizational structure since the 2016/17 FY.

Programme 2

3. The non-disbursement of the R 250 000 000 (R250m) relief fund and the extended period it has taken for the SMME's Fund to be active, despite the commitment made by the entity that the fund will be operational by 3rd Quarter of the current financial year subject to securing a private partner.
4. The lack of a detailed plan on the finalization of the reconfiguration process of GEP in the current financial year.

Programme 3

5. The lack of clearly defined strategy on the refurbishment of Industrial Hubs.

6. The lack of a recovery plan related to tourism as this one of the sectors that is crucial to employment for the people, in particular for the young people, women and people with disabilities in the Province.

10. RECOMMENDATIONS

All responses to recommendations highlighted below should be submitted by the **31st August 2021** unless stated otherwise and in light of this, the Committee recommends that the Department should:

Programme 1

1. Redirect unutilized funds allocated to the sub-programme Office of the MEC during the adjustment period. These funds should be redirected to service delivery imperatives, a report on the funds that will be allocated to these initiatives should be submitted to the Committee by the end of the 2nd Quarter of the financial year.
2. Finalize the organizational structure by end of the 2nd quarter of the 2021/22 FY as committed by the Department, failure to attain or keep up with this commitment, the Committee would require the MEC to act against the responsible officials. The actions referred to by the Committee relate to the application consequence management for employees who are responsible for the project. A progress report on the finalization of this structure should be submitted to the Committee by the **31st August 2021**.

Programme 2

3. Ensure that by the end of August 2021 sign an MOU with a private partner and other relevant state entities in order to start disbursing the R250 000 000 relief fund. In addition to this and for accountability purposes as well, the Department should give a comprehensive account on the number of SMME's that will supported, including regions, gender and from which sectors of the economy they operate their business.
 - 3.1 Furthermore, the Department should ensure that funds which will be disbursed should include SMME's owned by Women, Youth, People with Disabilities and Military Veterans. A report on this should be submitted by the **31st August 2021**.
4. As previously recommended by the Committee, submit a detailed plan on the finalization of the reconfiguration of GEP. The plan should detail the management of the process until finalization and this should be submitted by the **31st of August 2021**.
 - 4.1 In every reporting quarter the Department should submit progress reports on the reconfiguration process as part of oversight and scrutiny. This recommendation was adopted by the Committee on its Budget Report for the 2020/21 FY however the Department has not adhered to it.

Programme 3

5. Provide the Committee with a roll out plan or strategy to refurbish and operationalize the Industrial Hubs in Gauteng to be implemented by the GGDA.
6. Submit before the Committee a recovery plan related to tourism noting the impact of Covid 19, as this one of the sectors that was heavily impacted by the pandemic and tourism is crucial to employment creation for the people, in particular for the young people, women and people with disabilities in the Province. This should be submitted by the **31st August 2021**.

11. 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 Budget Vote 3 of the Gauteng Department of Economic Development for the 2021/22 FY. Gratitude goes to Hon. Makhubela, Hon. Hassan, Hon. Mncube, Hon. Gana, Hon. Cilliers, Hon. Mukwevho, Hon. Alberts and Hon Adams. Further appreciate goes to the alternate Members of the Committee namely: Hon. Engelbrecht and Hon. Tong. It is an honour to lead such a hard-working team.

On behalf of the Committee, the Committee's appreciation and gratitude also goes to the following persons: Acting Group Committee Coordinator, Mr. T. Skosana; Researchers Mr. A. Malapane, Ms M. Makhubele and Mr B Mabuza; Senior Committee Coordinator Mr. T. Skosana and Committee Coordinator Ms. L. Mampe; Committee Administrators, Ms. V. Mokubetsi and Ms N. Mngadi; Hansard Recorder Mr. S. Minyuku; Public Participation Officer, Mr. B. Dhlomo; Service Officers, Ms. B. Nhlapho, Ms M. Mamabolo, Communications Officer Mr. T. Ndou, Information Officer Ms. A. Netshivhuyu for their devoted assistance.

12. ADOPTION OF THE REPORT

After due consideration, the Economic Development Portfolio Committee unanimously adopted the Gauteng Department of Economic Development Budget Vote 3 Report for the 2021/22 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 Budget Vote 3 Report for the 2021/22 FY.

Hon. Lindiwe Lasindwa

Chairperson: Economic Development, Environment, Agriculture and Rural Development Portfolio Committee

Gauteng Provincial Legislature