



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

REPORT OF THE STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM ON THE ANNUAL REPORTS OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM AND ITS ENTITIES; WESTERN CAPE TOURISM, TRADE AND INVESTMENT PROMOTION AGENCY (WESGRO) AND SALDANHA BAY INDUSTRIAL DEVELOPMENT ZONE LICENCING COMPANY (SOC) LTD FOR THE YEAR ENDED 31 MARCH 2020, DATED 3 FEBRUARY 2021

1. Introduction

The Annual Report programme for the 2019/20 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

Members of the Standing Committee on Finance, Economic Opportunities and Tourism deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department of Economic Development and Tourism and its entities: Western Cape Tourism, Trade and Investment Promotion Agency and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd, on 10 December 2020.

Members of the public were also given an opportunity to pose questions and make oral submissions.

2. Overview

The Committee considered the Annual Reports of the Department of Economic Development and Tourism (the Department) and its Entities; Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd (SBIDZ).

Before proceeding to the consideration of the Annual Reports, the Minister, the Head of Department, the respective Chief Executive Officers and Chairpersons of the Entities were given an opportunity to make opening remarks.

In the year under review, the Department received its third consecutive clean audit. The SBIDZ received its fifth consecutive clean audit as well, while Wesgro regressed from a clean audit to an unqualified audit with findings in contracts and procurement.

The Committee received one electronic submission from Mr M Mbiko on behalf of the Nyanga Tourism Platform, which the Committee tabled and requested the Department and Entities to respond to.

3. Deliberations on 2019/20 Annual Reports

3.1 Western Cape Tourism, Trade and Investment Promotion Agency: Findings/Concerns

- 3.1.1 The 2019/20 financial year started with a crippling drought, which affected the Province, then the financial year ended with the start of the COVID-19 pandemic and the country-wide lockdown, as well as an international lockdown. This meant that Wesgro had to change almost every aspect of its mode of operation, moving to online platforms to disseminate information about measures and support mechanisms to counter the pandemic and to propagate virtual missions for trade and investment for film and tourism. Much work was done to collaborate with tourism entities to prepare for the emergence from the lockdown.
- 3.1.2 The representation of women on Wesgro's Board seemed to be lacking, which was a concern. Wesgro confirmed that it was in the process of finalising the appointment of two board members, which would address the concerns raised. This information would be forwarded to the Committee once the appointments were finalised.
- 3.1.3 Similarly to point 3.1.2, the Minister and Wesgro Board were in the process of finalising the discussion on the reconsideration of remuneration for the Chief Executive Office. This would be resolved shortly, and the Committee would be informed of the decisions made.

3.2 Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd: Findings/Concerns

- 3.2.1 It was noted that in the Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd (SBIDZ), there were many five-year fixed term contracts for employees, which was concerning. The SBIDZ explained that retaining the concept of fixed term contracts was a deliberate decision made when the SBIDZ was initiated given the unstable funding environment that the SBIDZ was faced with. The contracts were three-year fixed term contracts, initially, but these were changed to five-year contracts when the SBIDZ Board reviewed the policy. The SBIDZ is currently in the process of reviewing its Human Resource Management Policy Framework, however, it was likely that the SBIDZ would retain the fixed term contract principle because of the uncertainty in the Entity's revenue streams, and in order to manage the Entity's resource operations in line with that.
- 3.2.2 The SBIDZ, as well as any other Industrial Development Zone (IDZ) in the country, has been greatly impacted by the COVID-19 pandemic. The SBIDZ has had to meet with some of its tenants who have asked for rental reprieves, which the SBIDZ has negotiated in respect of rental deferment plans. The SBIDZ, like all other IDZ's, has had to meet with all its tenants to understand how the pandemic has affected them on a health and economic level. Fortunately, none of the businesses located within the SBIDZ have gone into liquidation.
- 3.2.3 The SBIDZ has the necessary human and knowledge capital to advance its business plan and strategic objectives, however, the Entity requires the financial and policy capital to get through this difficult period and make their objectives a reality.
- 3.2.4 The majority of the SBIDZ's funding has come from the Department of Trade, Industry and Competition (DTIC) and the Special Economic Zone (SEZ) Fund. The SEZ Fund received a budget cut in the first Adjustments Appropriation. There seemed to be a second budget cut in the current Adjustments Appropriation. This meant that it would be difficult for any SEZ to receive additional funding from the SEZ Fund going forward. The SEZs have discussed this and have

been looking at alternative funding mechanisms. The SEZ Fund has formed part of the incentive package offered to businesses to join the IDZ. Now, without the funding, the IDZs will have to find other mechanisms to fulfil those incentives previously provided to attract and retain these businesses, without causing the IDZs any undue risks. This will be considered in the SBIDZ's funding model going forward.

3.3 Department of Economic Development and Tourism: Findings/Concerns

- 3.3.1 The 2019/20 financial year was a challenging year for the Department of Economic Development and Tourism (the Department) even before the COVID-19 pandemic took hold of the country. This was due to low business confidence, the country's Gross Domestic Product (GDP) continued to decline, a few sovereign debt payment outlooks were downgraded, and the country's overall growth seemed to be pedestrian. The COVID-19 pandemic hit South Africa in March 2020, however, it had already affected countries in other parts of the world starting in October/November 2019. This was a significant challenge with global trends and global supply chains being disrupted. With the second wave of the pandemic in progress, it seems the recovery will be longer and slower, however, there will be areas of the economy that will improve.
- 3.3.2 There did not seem to be a coherent and deliberate response to having a township economy strategy, or support for Small, Medium and Micro-sized Enterprises (SMMEs) and Local Economic Development (LED). There did not seem to be conversations between the Department, the Department of Local Government and municipalities around LED and support for SMMEs. One of the biggest challenges for small businesses in townships was the lack of proper business infrastructure. Many of the Pick 'n Pay Spaza Shop initiatives were located in old municipal-owned buildings that were dilapidated. This meant that the Department has not fully understood the realities of a township environment. The Department also needed to consult informal traders in respect of trading zones and other related matters. For example, Khayelitsha is one of the largest townships in the Province, however, they have been declared a "no trading zone" by the City of Cape Town.

4. Submission from the Nyanga Tourism Platform

- 4.1.1 Mr Mlandeli Mbiko, representing the Nyanga Tourism Platform (NTP), submitted comments to the Committee, for the deliberations on the 2019/20 Annual Reports of the Department of Economic Development and Tourism and its Entities.
- 4.1.2 The submission lists a number of Western Cape Government departments, which the NTP requests specific information from, and assistance with certain projects within the Nyanga area.
- 4.1.3 The submission was not discussed in depth but the Chairperson instructed the Department and Entities to peruse the submission and submit its responses to Mr Mbiko, through the Committee.
- 4.1.4 The Committee also discussed holding a joint meeting with relevant departments to assist Mr Mbiko with his queries.

5. Resolutions/Actions

5.1 The Committee RESOLVED the following:

- 5.1.1 To forward the Nyanga Tourism Platform's (NTPs) submission to the Department of Economic Development, Wesgro and Saldanha Bay IDZ so that they may respond to matters raised by Mr M Mbiko on behalf of the NTP, if any, in writing through the Committee;
- 5.1.2 To undertake a joint meeting with the Standing Committees on Premier and Constitutional Matters and Local Government to discuss the matters raised by the NTP in its submission; and
- 5.1.3 To undertake a visit to the Cape Agulhas Booster Project as part of the Service Delivery Cluster Visit Week.

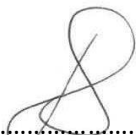
5.2 The Committee REQUESTED that Wesgro provide the Committee with the relevant communique once the appointments to Wesgro's Board are finalised.

5.3 The Committee REQUESTED that the Saldanha Bay IDZ Licencing Company provide the Committee with the following, by 24 February 2021:

- 5.3.1 The documents/booklets that the Entity has created that provides information around processes for the South African Revenue Service and the Department of Home Affairs;
- 5.3.2 An electronic copy of the "A Global, African, South African and Western Cape Oil & Gas, and Marine Fabrication & Repair Situation Analysis" as mentioned by the Entity during the discussions with the Committee; and
- 5.3.3 A copy of the Entity's Human Resource Management Policy once it is reviewed, and a brief report on why the Entity has retained fixed five-year contracts, if this has not changed during the review.

6. Conclusion

The Chairperson thanked the Minister, Department and its Entities for their preparation and responses to questions raised by the Committee members, and for their hard work and dedication during a very difficult year.



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ADV D BAARTMAN, MPP

CHAIRPERSON: STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM

DATE: 3 February 2021