COMMITTEE REPORT OF THE PORTFOLIO COMMITTEE ON PREMIERS' OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM

THIRD (3rd) QUARTERLY PERFORMANCE REPORT FOR THE 2017/18 FINANCIAL YEAR - DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM (DEDT)

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1. INTRODUCTION

The **Portfolio Committee on Premier's Office, Finance; Economic Development and Tourism** (the Committee) has a Constitutional mandate, in terms of Section 114(2)(b) of the Constitution of the Republic of South Africa read with Rule 131(1)(b) of the Mpumalanga Provincial Legislature to oversee the performance of the Department of Economic Development and Tourism (the department) and hold it accountable through various measures.

The consideration and scrutiny of the Third (3rd) Quarterly Performance Report for 2017/2018 of the department is the tool the Committee uses to determine whether the department has proper plans and programmes to realise its strategic objectives and ultimately to deliver basic services to the citizens of Mpumalanga.

The Committee tables this report in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature, as an account of its oversight work done for consideration and adoption in order to monitor the performance of the department for the 2017/2018 second quarter.

2. METHOD OF WORK

The Speaker referred the department's Third (3rd) Quarterly Report to the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism for consideration and report back to the Legislature, as contemplated in Rule 218 (4) of the Rules and Orders of Mpumalanga Provincial Legislature (the Rules).

The Committee met on 14 February 2018 to deliberate on the department's research analysis on the third quarterly report and scrutinize in detail the aforementioned document; met the department on 20 February 2018 on the 2017/18 third (3rd) quarter report and subsequently met on 06 March 2018 to consider the draft Committee report.

3. OVERVIEW BY THE MEC

The MEC of the department, Mr SE Kholwane gave an overview of the department's performance on the 2017/18 3rd Quarter Report to the Committee; and also covered the parastatals / public entities under the department, which include Mpumalanga Economic Growth Agency (MEGA), Mpumalanga Tourism and Parks Agency (MTPA), and Mpumalanga Economic Regulator (MER). The MEC stated that he has noted the shortfalls in the performance during the said quarter, and is constantly engaging the accounting officers / authorities about the importance of implementing acceleration plans for all priority programmes and targets.

Be it as it may, the MEC reported that some notable progress in many areas has been made. The MER Bill was accented on 16 October 2017; effectively their third Quarter Performance Report is the inaugural quarterly performance report of the MER. The Executive Council has appointed Mr. Bheki Mlambo as the Chief Executive Officer of the Mpumalanga Economic Regulator with effect from 01 April 2018. The MEC further stated that they are currently finalizing the appointment of the Permanent Board of the MER.

The MEC indicated that the Mpumalanga Economic Growth Agency (MEGA) is moving towards the finalization of the OD process; employees have been placed, and those who were not placed are undergoing appeals processes; the number of those not placed is not roughly 36. In respect of the Special Economic Zone (SEZ) MEGA has re-submitted all the required documentation and is now awaiting designation. Regarding the Mpumalanga International Fresh Produce Market (MIFPM) the MEC mentioned that the bulk infrastructure is sitting above 95% completion and is expected to be at 100% completion by the end of the 2017/18 financial year. According to the MEC, focus will be on the construction of the top structure as well as finalization of the ownership model in the new financial year. The MEC stated that the Government Nutrition Programme (GNP) is progressing well on the first phase of supplying fresh produce, and MEGA is expected to consolidate the first phase before embarking on the second phase of supplying dry goods.

The MEC mentioned that the Mpumalanga Tourism and Parks Agency (MTPA) is hosting the fifth edition of the east3ROUTE Programme alongside the tourism best practice workshop, starting 21-22 February 2018. The process of commercialization of the Zithabiseni Resort is in the procurement stage of evaluating the bids that have been received from potential investors. According to the MEC, they have met with the Minister of Rural Development and Land Reform, Hon. Gugile Nkwinti, and a joint task team has been established to deal with the finalisation of the land claim. The MEC further stated that MTPA has also appointed a Head of Corporate Services with effect from 1 February 2018.

On the department's side, the MEC stated that the Broad Based Black Economic Empowerment Advisory Committee for the Province was launched in November 2017. The department has activated the new Mpumalanga Enterprise Development Fund to strengthen credit extension to productive sectors of the economy and the SMMEs and Cooperatives in particular. The department has also concluded the feasibility studies for all three industrial technology parks, and they are now in the project initiation phase.

According to the MEC, the department has already commenced with work on the statutory requirements, to pave the way for accelerated implementation of the industrialisation programme. The MEC committed to ensuring that all the institutions in this portfolio achieve their targets at the end of the current financial year.

The MEC stated that according to the latest data, the unemployment rate in Mpumalanga declined from 30.7% in the third quarter of 2017 to 28.9% in the fourth quarter of 2017; the unemployment rate was also noticeably lower than the 31.0% at the end of the fourth quarter of 2016. The number of employed at 1 241 889 was the highest since labour data collection for Mpumalanga began. The MEC also stated that the number of employed was 38 035 more than at the end of the third quarter 2017 and 86 575 more than a year earlier at the end of the fourth quarter of 2016.

In conclusion, the MEC stated that one could probably add that the two industries that experienced the highest annual employment growth were trade which includes tourism (+34 936) and agriculture (+16 586); on an annual basis, construction (-5 718) and utilities (-4 601) lost the highest number of jobs.

4. GENERAL OBSERVATIONS

The department was allocated R1 130 077 000.00 for the 2017/18 financial year. During the adjustment appropriation process in November 2017, there were no adjustments to the department's budget. At the end of the third quarter of the 2017/18 financial year, the department had spent R890 434 000.00 of its annual budget, this is against the second quarter expenditure of R700 961 000.00, an overall expenditure of R189 473 000.00 in the third quarter. This translates to an expenditure of 79% as at the end of the quarter against the second quarter end expenditure of 62%. The department achieved 44 of its 63 (70%) planned targets for the third quarter of the

2017/18 financial year compared to the 53 of its 63 (84%) targets in the second quarter. The above analysis can be summed up in the table below:

Targets Planned	Actual Achieved	Annual Budget	Expenditure to date
63	44 (70%)	R1 130 077 000.00	R890 434 000.00 (79%)

5. PROGRAMME ANALYSIS

PROGRAMME 1: ADMINISTRATION

The Committee noted that the department has achieved its entire 10 targets in the quarter under review for the 2017/18 financial year under programme 1 named "Administration". This translates to 100% achievement for planned targets.

i. According to the department, the HOD vacated his position before the end of his contract because he received an offer, and thus tendered a resignation; it was further stated that there are no financial implications incurred, instead there will be a saving on the COE.

ii. It was further explained that the performance of the department will not be affected, because there is an Acting HOD who was appointed immediately.

iii. The department indicated that the Provincial Government has advertised the vacant post of the HOD and the closing date for submission of applications was 9 February 2018. The department therefore believes that the process will be finalised by the beginning of the 2018/19 financial year.

iv. The Committee enquired on the performance of DARDLEA with the HOD being the Acting HOD for the department. In response, the department indicated that the acting appointment of Ms SP Xulu as HOD will not have a negative impact on the performance of DARDLEA. Both departments belong to the same cluster, which have integrated systems.

Programme 1: Expenditure Analysis

Main Budget 2017/18	Adjusted 2017/18	As at 3rd Quarter	% of Adjusted Budget
89,639,000	89,950,000	64,444,000	72%

Targets Planned	Actual Achieved
10	10 (100%)

The main budget for Programme 1 was R89 639 000.00 as set out at the beginning of the 2017/18 financial year. There were adjustments which resulted in the budget of the programme being increased by R311 000.00. The adjusted budget then became R89 950 000.00. The actual budget spent at the end of the third quarter was R64 444 000.00 which is at 72% of the annual adjusted budget. The expenditure trend of the programme indicates that the programme is still spending its budget consistently at 72% and that it is on course to spend its entire budget at the end of the 2017/18 financial year.

	Budget 2017/18	Adjusted Budget	Actual expenditure	% of Budget
Compensation of Employees	59,245,000	58,146,000	42,692,000	73%
Goods and Services	26,573,000	27,983,000	18,168,000	65%
Capital Assets	3,371,000	3,371,000	3,512,000	104%
Transfers & Subsidies	450,000	450,000	72,000	16%

The economic classification of Programme 1 reflects that Compensation of Employees budget was allocated R59 245 000.00 at the beginning of the 2017/18 financial year. This was then adjusted downwards by R1 099 000.00, the final budget reflecting as R58 146 000.00. The department has spent R42 692 000.00 (73%) on Compensation of Employees for this programme. The Goods and Services budget was R26 573 000.00. It was adjusted upwards by R1 410 000.00. Actual spent on Goods and Services at the end of the third quarter was R18 168 000.00. That is 65% of the annual adjusted Goods and Services budget.

PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT

The Committee noted that the department attained 6 of its 10 planned targets for Programme 2 in the third quarter of the 2017/18 financial year, translating to 60% targets achieved under the programme named "Integrated Economic Development".

On page 15 of the department's quarterly report under the Enterprise Development sub-programme, the programme failed to seek advocacy and implement the SMME strategy. The delay in the implementation was caused by a request of the Township and Rural Economy to be included within the SMME strategy, which was initially planned to be completed separately as a strategy.

i. According to the department, the reviewing of the current strategy with the inclusion of the Township and Informal Economy will affect the set timeframe. The strategy is scheduled for completion by the end of 2018/19 financial year.

ii. The department confirmed that there will be extra costs that will be incurred due to the increase in scope. The department will set aside a budget to ensure that the strategy is completed.

Programme 2: Expenditure Analysis

Main Budget 2017/18	Adjusted 2017/18	As at 3rd Quarter	% of Adjusted Budget
527,802,000	539,307,000	449,137,000	83%

Targets Planned	Actual Achieved
10	06 (60%)

The main budget for Programme 2 was R527 802 000.00 as set out at the beginning of the 2017/18 financial year. There were adjustments which resulted in the budget of the programme being increased by R11 505 000.00. The adjusted budget then became R539 307 000.00. The actual budget spent at the end of the third quarter was R449 137 000.00 which is at 83% of the annual adjusted budget. The expenditure trend of the programme indicates that the programme is slightly well over its norm at 83%. The department stated however that this is according to its projections. A significant portion of the budget was been transferred to MEGA in the first quarter which has been carried forward to subsequent quarters. This trend indicates that the department could possibly spend its entire budget if not over spend by a small amount at the end of the financial year.

	Budget 2017/18	Adjusted Budget	Actual expenditure	% of Budget
Compensation of Employees	26,687,000	27,042,000	19,195,000	71%
Goods and Services	38,135,000	35,285,000	21,519,000	61%
Transfers	462,980,000	169,980,000	101,423,000	60%
Payments for Capital Assets		307,000,000	307,000,000	100%

The economic classification of Programme 2 reflects that Compensation of Employees budget was allocated R26 687 000.00 at the beginning of the 2017/18 financial year. This figure was then adjusted upwards by R355 000.00. The new budget then became R27 042 000.00. The department has spent R19 195 000. (71%) on Compensation of Employees for this programme. The Goods and Services budget was R38 135 000.00 at the beginning of the financial year. The budget was then adjusted downwards by R2 850 000.00. The new budget became R35 285 000.00. Actual spent on Goods and Services at the end of the third quarter was R21 519 000.00 at 61% of the budget. The department made R307 000 000.00 available for Payments for Capital Assets after the adjustment process of which it had not planned for in the beginning of the financial year.

iii. The department reported that the amount of R 307 000 000.00 is appropriated to the development of the Mpumalanga International Fresh Produce Market (MIFPM). Previously, this amount was appropriated to Transfers for MEGA. The full amount was transferred in terms of the projected cash flows to MEGA as the implementing agent. During the first adjustment, the appropriation was adjusted from Transfers to Capital Assets.

PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

The Committee noted that the department attained 11 of its 17 planned targets under Programme 3 named "Trade and Investment Development". This translates to 65% achieved targets in the third quarter of the 2017/18 financial year.

On page 24 of the quarterly report, Programme 3 had challenges regarding the Fly Ash project as well as the Nkomazi Special Economic Zone. The Fly Ash project was falling behind due to internal challenges experienced by stakeholders. The SEZ designation was still not obtained.

i. According to the department, Fly Ash is classified as a hazardous waste material hence the stringent conditions to access it. The commercialisation of Fly Ash by Eskom makes accessibility by SMMEs to be a challenge and it is reported that currently there are discussions with the Department of Environmental Affairs to declassify it. New technology that has been developed makes it possible to utilise the waste as a resource.

The department further indicated that a new programme of action is being developed in partnership with the Department of Public Enterprises and Department of Environmental Affairs. The programme of action will be shared with the Portfolio Committee once finalised.

Programme 3: Expenditure Analysis

Main Budget 2017/18	Adjusted 2017/18	As at 3rd Quarter	% of Adjusted Budget
29,568,000	19,225,000	11,527,000	60%

Targets Planned	Actual Achieved
17	11 (65%)

The main budget for Programme 3 was R29 568 000.00 as set out at the beginning of the 2017/18 financial year. There were adjustments which resulted in the budget of the programme being decreased by R10 343 000.00. The adjusted budget then became R19 225 000.00. The actual budget spent at the end of the third quarter was R11 527 000.00 which is at 60% of the annual adjusted budget. The expenditure trend of the programme indicates that the programme has not spent well and is falling behind at 60%. There is a slight concern but the small nature of the budget gives comfort that the department can be able to spend the remaining budget in the last quarter of the financial year.

	Budget 2017/18	Adjusted Budget	Actual expenditure	% of Budget
Compensation of Employees	11,232,000	11,626,000	8,153,000	70%
Goods and Services	16,057,000	5,320,000	3,374,000	63%
Transfers & Subsidies	2,279,000	2,279,000	0	0%

The economic classification of Programme 3 reflects that Compensation of Employees budget was allocated R11 232 000.00 at the beginning of the 2017/18 financial year. This was then adjusted slightly upwards by R394 000.00. The new budget became R11 626 000.00. The department has spent R8 153 000.00 (70%) on Compensation of Employees for this programme. The Goods and Services budget was R16 057 000.00 at the beginning of the financial year. The budget was cut drastically by R10 737 000.00 with same functions moving to MEGA. The new budget became R5 320 000.00. Actual spent on Goods and Services at the end of the third quarter was R3 374 000.00; that is 63% of the annual adjusted Goods and Services budget. Transfers and Subsidies were at 0% of the annual budget just as it were for the previous two quarters.

ii. The Committee requested the department to provide an update on the process of the three Techno-Parks as at the end of the third quarter. The department reported that it is currently busy with the implementation of the Project Initiation Phase, which includes, inter alia, finalisation of the project delivery model, statutory compliance, ownership and governance, etc. The department has appointed Service Providers for conducting the statutory compliance on the Forestry and Petrochemical Industrial Technology Parks. The work is expected to be completed in a period of 12 months (December 2018) and comprises of the following main actions:

 Lodgement of a comprehensive Township Establishment application within the Govan Mbeki Local Municipality (Petrochemical Industrial Technology Park) and with Thaba Chweu Local Municipality (Forestry Industrial Technology Park) in terms of SPLUMA, following the prescribed Sections of the respective Municipal Planning Bylaws read with Chapter 6 and 7 (General application procedures and Engineering Services) and Schedule 6. An Act 70 of 70 Approval to change the land use rights of farm land (approval for subdivision and change of land use rights);
 Surveying work and obtaining approval of the General Plan;
 Environmental Impact Assessment through a Record of Decision (ROD);
 Heritage Assessment;
 Specialist studies (normally required for the Township Establishment process);

 Obtaining the required land use rights according to the Govan Mbeki and Thaba Chweu Land Use Schemes and Planning Bylaws; and
 Opening of the Townships registers.

Concerning the Mining and Metals Industrial Technology Park, the department indicated that the study has shown the park not to be feasible. Instead, the department initiated the process to investigate the Evraz Highveld Steel Plant as a possible alternative for the park.

iii. With Goods and Services as well as the Transfers and Subsidies budget at 63% and 0% respectively as at the end of the third quarter, the Committee raised a concern on whether the department will be able to completely spend its budget for these items by the end of the financial year or not. The department reported that payments related to Transfers and Subsidies, to the incubators (MTI and Furntech) have already been processed except for MSI due to their challenges with the South African Revenue Services (SARS), which the department is assisting to resolve. Concerning the spending under Goods and Services it is expected that the remaining funds would be spent as planned.

PROGRAMME 4: BUSINESS REGULATION & GOVERNANCE

The Committee noted that the department attained 4 of its 7 (57%) planned targets under programme 4 named "Business Regulation and Governance" for the Third Quarter of the 2017/18 financial year.

On page 6 of the Department's quarterly report under the Consumer Services sub-programme, the Department failed to conduct 6 consumer court hearings in terms of the Mpumalanga Consumer Affairs Act, 4 consumer courts were conducted instead. Challenges with the procurement of court interpreters were cited. Draft amendment Bills on Liquor and Gambling as well as internal consultation with the Public Entities and state law advisors was not conducted.

Programme 4: Expenditure Analysis

Main Budget 2017/18	Adjusted 2017/18	As at 3rd Quarter	% of Adjusted Budget
104,938,000	104,030,000	77,549,000	75%

Targets Planned	Actual Achieved
07	04 (57%)

The main budget for Programme 4 was R104 938 000.00 as set out at the beginning of the 2017/18 financial year. There were adjustments which resulted in the budget of the programme being decreased by R908 000.00. The adjusted budget then became R104 030 000.00.

The actual budget spent at the end of the third quarter was R77 549 000.00 which is at 75% of the annual adjusted budget. The expenditure trend of the programme indicates that the programme is still spending its budget consistently at 75%.

	Budget 2017/18	Adjusted Budget	Actual expenditure	% of Budget
Compensation of Employees	16,576,000	15,668,000	10,898,000	70%
Goods and Services	2,176,000	2,176,000	1,414,000	65%
Transfers	86,186,000	86,186,000	65,237,000	76%

The economic classification of Programme 4 reflects that Compensation of Employees budget was allocated R16 576 000.00 at the beginning of the 2017/18 financial year. The budget was then adjusted slightly downwards by R908 000.00. The department has spent R10 898 000.00 (70%) on Compensation of Employees for this programme. The Goods and Services budget was R2 176 000.00 at the beginning of the financial year. There were no adjustments made. Actual spent on Goods and Services was R1 414 000.00. That is 65% of the annual adjusted Goods and Services budget. Transfers and Subsidies were at 76% of the annual adjusted budget.

PROGRAMME 5: ECONOMIC PLANNING

The Committee noted that the department attained 11 of its 14 planned targets under Programme 5 named "Economic Planning". This translates to 79% achievement for planned targets.

On page 34 of the department's quarterly report under the Research and Development sub-programme, the programme failed to produce a report on the informal economy due to the service provider being appointed later than planned because of administrative challenges.

i. According to the department, the delay in the appointment of the service provider for the informal economy study was mainly because of the benchmarking exercise and consultations that took longer than anticipated. However, the following research milestones have been implemented:

• The workshop on the sampling and questionnaire design (to collect data on the informal economy) has been completed;

• A literature review and relevant case studies on the informal economy/sector completed in December 2017; and

• The collection of data regarding the Mpumalanga informal economy/sector by means of 1 000 interviews/questionnaires, is taking place in the fourth quarter of 2017/18.

ii. The department confirmed that the programme will not spend the entire budget for the financial year and will surrender R840 000.00 during the proposed second adjustment.

Programme 5: Expenditure Analysis

Main Budget 2017/18	Adjusted 2017/18	As at 3rd Quarter	% of Adjusted Budget
18,758,000	17,843,000	10,689,000	60%

Targets Planned	Actual Achieved
14	11 (79%)

The main budget for Programme 5 was R18 758 000.00 as set out at the beginning of the 2017/18 financial year. There were adjustments which resulted in the budget of the programme being decreased by R915 000.00. The adjusted budget then became R17 843 000.00. The actual budget spent at the end of the third quarter was R10 689 000.00 which is at 60% of the annual adjusted budget. The expenditure trend of the programme indicates that the programme is not spending its budget consistently at 60%; it was also worryingly at 37% at the end of the second quarter. Early indications are pointing towards an under-expenditure for this programme at the end of the financial year.

	Budget 2017/18	Adjusted Budget	Actual expenditure	% of Budget
Compensation of Employees	13,528,000	13,613,000	9,716,000	71%
Goods and Services	5,230,000	4,230,000	973,000	23%

The economic classification of Programme 5 reflects that Compensation of Employees budget was allocated R13 528 000.00 at the beginning of the 2017/18 financial year. This was then adjusted upwards by R85 000.00. This took the new budget to R13 613 000.00. The department has spent R9 716 000.00 (71%) on Compensation of Employees for this programme. The Goods and Services budget was R5 230 000.00 at the beginning of the financial year. This was adjusted downwards by R1 000 000.00 taking the new budget to R4 230 000.00. Actual spent on Goods and Services at the end of the third quarter was R973 000.00. That is worryingly 23% of the annual adjusted Goods and Services budget.

PROGRAMME 6: TOURISM

The Committee noted that the department attained 2 of its 5 planned targets under Programme 6 named "Tourism". This translates to 40% achieved targets in the third quarter of the 2017/18 financial year.

On page 40 of the department's quarterly report, the programme failed to develop draft Tourism policy frameworks as well as produce and present the state of tourism report, due to a delay in the appointment of service providers. The department indicated that all would be finalised in the fourth quarter.

i. The department reported that the appointment of the service provider to develop the State of Tourism Report and Tourism Policy Frameworks normally takes at least three months for the Supply Chain processes to be concluded. The tender was advertised in July 2017 in the Provincial tender bulletin with the closing date of 8 August 2017. The actual appointment of the professional service provider was done within three months, in November 2017. The department reported that a Draft State of Tourism Report has been developed.

Programme 6: Expenditure Analysis

Main Budget 2017/18	Adjusted 2017/18	As at 3rd Quarter	% of Adjusted Budget
359,372,000	359,722,000	277,088,000	77%

Targets Planned	Actual Achieved
05	02 (40%)

The main budget for Programme 6 was R359 372 000.00 as set out at the beginning of the 2017/18 financial year. There were adjustments which resulted in the budget of the programme being increased by R350 000.00. The adjusted budget then became R359 722 000.00. The actual budget spent at the end of the third quarter was R277 088 000.00 which is at 77% of the annual adjusted budget. The expenditure trend of the programme indicates that the programme is spending its budget consistently at 77%.

	Budget 2017/18	Adjusted Budget	Actual expenditure	% of Budget
Compensation of Employees	3,202,000	3,317,000	2,404,000	72%
Goods and Services	18,120,000	2,260,000	394,000	17%
Transfers & Subsidies	338,050,000	354,145,000	274,290,000	77%

The economic classification of Programme 6 reflects that Compensation of Employees budget was allocated R3 202 000.00 at the beginning of the 2017/18 financial year. Upward adjustments by R115 000.00 took the new budget to R3 317 000.00. The department has spent R2 404 000.00 (72%) on Compensation of Employees for this programme. The Goods and Services budget was R18 120 000.00 at the beginning of the financial year. Drastic downward adjustments of R15 860 000.00 took the new budget to R2 260 000.00. This is incorporating certain projects transferred to MTPA. Actual spent on Goods and Services at the end of the third quarter was R394 000.00. That is worryingly at 17% of the annual adjusted Goods and Services budget. Transfers and Subsidies to MTPA were at 77.5% of the annual adjusted budget of the department.

i. The Committee enquired on whether or not the programme will be able to spend the remainder of its Goods and Services budget by the end of the 2017/18 financial year, considering that it is at 17%. The department reported that during the approval of the Annual Performance Plans of the department in May 2017, a decision was taken that the following tourism projects totalling R15 037 000.00 should be allocated to MTPA for implementation, namely:

- Tourism Awareness programme;
- Tourism Partnership with Russia;
- Implementation of the Regional Tourism integrated programme (Triland and east3ROUTE); and
- Development of Tourism and Heritage towns (Pilgrims Rest and Waterval Boven).

The department further indicated that the spending will improve since the R15 000 000.00 has now been transferred to MTPA. In terms of the other projects within the programme, payments are being processed; however, the department confirmed that the programme will still not spend the entire budget.

6. FINDINGS

After the interaction with the department, the Committee made the following findings:

6.1 Ms SP Xulu, the HOD for DARDLEA, has been appointed as the Acting HOD of the department subsequent to the resignation of the former HOD.

6.2 A new programme of action for the Nkomazi SEZ and the declassification of the Fly Ash project is being developed in partnership with the Department of Public Enterprises and Department of Environmental Affairs.

6.3 The appointment of the CFO has not been finalised by the department to date.

6.4 The department has failed to appoint service providers on time. This has a tendency of elongating the completion time of the projects therefore the department fails to implement the targets on time as stipulated on its APP.

7. RECOMMENDATIONS

The Committee made the following recommendations:

7.1 The department must submit the resignation letter from the former HOD to the Committee including the formal letter of appointment addressed to Ms SP Xulu, on or before 08 March 2018.

7.2 The department must submit the detailed programme of action to the Portfolio Committee once finalised and ensure this process is completed before the end of the 2017/18 financial year.

7.3. The department must submit a progress report with regards to the appointment of the CFO, stipulating the time-frame for the conclusion of this process.

7.4 The department must ensure that projects are implemented within the specified time-frames as well as to ensure proper planning with regards to the appointment of service providers.

The Committee moves that the House adopts the report with the above recommendations.

8. CONCLUSION

The Chairperson wishes to express his gratitude to the MEC, Mr SE Kholwane, the Acting HOD, Ms SP Xulu and the senior officials of the department for their active involvement during the deliberations with the entity. The Chairperson also wished the Acting HOD well in her new responsibilities.

The Chairperson further wishes to thank the Hon. Members of the Committee for their sterling participation and input during the deliberations on the third (3rd) quarter report of the Department of Economic Development and Tourism also thanked the Legislature staff for their support and contribution towards the production of this report.

Unless otherwise stated a report detailing progress in the implementation of all recommendations in this report should be forwarded to the Committee by 06 April 2018 and thereafter on a quarterly basis.

06.03.2018

HON BD DUBE (MPL), **DATE**

ACTING CHAIRPERSON: PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM

Appointed in terms of Rule 114 of the Rules and Orders of the Mpumalanga Provincial Legislature.