

*Wednesday, 14 October 2020]*

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**PARLIAMENT**

**OF THE**

**REPUBLIC OF SOUTH AFRICA**

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**ANNOUNCEMENTS,  
TABLINGS AND  
COMMITTEE REPORTS**

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WEDNESDAY, 14 OCTOBER 2020

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# ANNOUNCEMENTS

## National Assembly and National Council of Provinces

### The Speaker and the Chairperson

#### 1. Draft Bills submitted in terms of Joint Rule 159

- (1) **Expropriation Bill**, 2020, submitted by the Minister of Public Works and Infrastructure.

Referred to the **Portfolio Committee on Public Works and Infrastructure** and the **Select Committee on Transport, Public Service and Administration, Public Works and Infrastructure**, for information.

## National Assembly

### The Speaker

#### 1. Referral to Committees of papers tabled

- (1) The following paper is referred to the **Portfolio Committee on Justice and Correctional Services**:
- (a) Proclamation No R. 29, published in Government Gazette No 43681, dated 3 September 2020: Amendment of Proclamation No R. 42 of 2019, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No 74 of 1996).
- (2) The following paper is referred to the **Portfolio Committee on Police** for consideration and report:
- (a) Annual Report of the Office of the Directorate for Priority Crime Investigation Judge for 2019-20.

- (3) The following paper is referred to the **Portfolio Committee on Forestry, Fisheries and Environment**:
- (a) Government Notice No 1020, published in Government Gazette No 43735, dated 25 September 2020: Alien and Invasive Species regulations, in terms section 97(1) of the National Environmental Management: Biodiversity Act, 2004 (Act No 10 of 2004).

## **2. Appointment of National Forensic Oversight and Ethics Board**

- (1) A letter, dated 8 October, has been received from the Minister of Police, reporting on the appointment of members of the National Forensic Oversight and Ethics Board, in terms of section 15V of the Criminal Law (Forensic Procedures) Amendment Act, 2013 (Act No 37 of 2013).

Referred to the **Portfolio Committee on Police**.

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# **TABLINGS**

## **National Assembly and National Council of Provinces**

### **1. The Minister of Justice and Correctional Services**

- (a) Government Notice No R. 1067, published in the Government Gazette No 43781, dated 9 October 2020: Prescribed rate of interest: 7,25 percent per annum as from 1 July 2020, in terms of the Prescribed Rate of Interest Act, 1975 (Act No 55 of 1975).
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# **COMMITTEE REPORTS**

## **National Assembly**

## **1. Report of the Portfolio Committee on Mineral Resources and Energy on International Trade Agreement, 13 October 2020**

The Portfolio Committee on Mineral Resources and Energy, having considered the Agreement between the Republic of South Africa and the European Atomic Energy Community (EURATOM) for Co-operation in the Peaceful Uses of Nuclear Energy, and the accompanying Explanatory Memorandum, tabled in terms of section 231 (2) of the Constitution 1996, recommends that the House approve the Agreement.

**Report to be considered.**

## **2. REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC WORKS AND INFRASTRUCTURE ON AN OVERSIGHT VISIT TO BEITBRIDGE, DATED 7 OCTOBER 2020**

The Portfolio Committee on Public Works, having undertaken an oversight visit to the Beitbridge Border Post from 4 to 6 September 2020, reports as follows:

### **ATTENDANCE**

1. Ms N Ntobongwana, MP (Leader of the Delegation)
2. Ms L Mjobo, MP
3. Ms L F Shabalala, MP
4. Ms S R Van Schalkwyk, MP
5. Mr E Mathebula, MP
6. Mr T Mashele, MP
7. Ms S Graham-Maré, MP
8. Ms M Siwisa, MP
9. Mr M Nxumalo, MP
10. Mr W Thring, MP

### **1. INTRODUCTION**

The Portfolio Committee on Public Works and Infrastructure together with the Portfolio Committee on Home Affairs, and the Standing Committee on Public Accounts (SCOPA) conducted an oversight visit to Beitbridge Border Post, bordering South Africa and Zimbabwe, from 4 to 6 September 2020.

The objective of the visit was to gather first-hand knowledge of the Beitbridge Border Post Fence Project which comprises the 40 kilometre (km) fence constructed by the Department of Public Works and Infrastructure (DPWI) along the borderline between the two countries. The DPWI initiated the erection of the 40 km borderline fence through a service provider, Magwa Construction as part of the government's measures to mitigate the risk associated with the lockdown instituted to deal with the Coronavirus (COVID-19) pandemic.

The measures taken constituted the declaration of a National State of Disaster and subsequent National Lockdown Regulations. Prompted by this the Minister of Public Works and Infrastructure instructed that the DPWI erect a 20 km of the fence on either side of the

Beitbridge Border Post to ensure that no person who possibly had been infected could enter or leave the country and cause further infections on either side of the border. The reason advanced by the DPWI to erect the 40 km fence was that the fence infrastructure around the border was not sufficiently secure and was vulnerable to persons trying to cross the border illegally.

Since then, several investigative reports, including from the National Treasury and the Special Investigating Unit (SIU) flagged irregularities in the procurement process and raised pertinent questions regarding the poor quality of material used, and construction work done. These queries included the manner in which the contractor, Magwa Construction and the Principal Agent, Profteam were appointed as service providers.

In line with its oversight responsibilities, the three committees conducted an oversight visit to the Beitbridge Border Post on 5 September 2020 to inspect the 40 km fence constructed by Magwa Construction under the auspices of DPWI.

The Minister of Public Works and Infrastructure was invited to attend the oversight visit and deliberations, but there was neither an acknowledgement of the invitation nor an apology for her absence during the visit.

## **2. MANDATES AND FUNCTIONS**

### **2.1. The Mandate of the DPWI - the relationship with the PMTE**

The DPWI is mandated to be the custodian and portfolio manager of national government's immovable assets.

Following the operationalisation of the Property Management Trading Entity (PMTE), the department's role shifted to policy formulation, coordination, regulation and oversight relating to the provision of accommodation and expert built environment services to client departments at the national government level. The PMTE took over the actual planning, acquiring, managing and disposing of immovable assets in the department's custody.

The DPWI is further mandated to coordinate, ensure national regulation, and provide strategic leadership in employment creation initiatives for indigent households through the expanded public works programme (EPWP) that are implemented by several national, provincial, and municipal government departments. Public works is constitutionally designated as a concurrent function exercised by both the national and provincial spheres of Government.

Additional to this, the infrastructure role was added at the start of the sixth administration in 2019, as guided by the Infrastructure Development Act of 2014, so that the role of the DPWI also include the coordination of infrastructure projects at all three levels of government.

## **2.2. The Mandate of the Portfolio Committee on Public Works and Infrastructure**

The committee conducts oversight over the Minister of Public Works as executive authority that provides policy leadership over the programmatic deliverables of the Department of Public Works and Infrastructure (DPWI) and its entities. Much of the committee's oversight work focuses on how the Director-General leads the departmental administration to interpret the policy, turn it into programmed plans using the allocated budget to implement the policies made by as per the mandate of the DPWI. The Constitution (Schedule 4, Part A), and the Government Immovable Management Act (GIAMA, Act 19 of 2007), describes the mandate of the DPWI.

## **3. SITE VISIT AND BRIEFINGS**

### **3.1. Pre-site visit briefing**

Officials from the Department of Public Works and Infrastructure and the SIU Technical Team briefed the three committees on the technical aspects and findings related to the 40-kilometre Border Fence Project, constructed between the borders of South Africa and Zimbabwe. The overarching issues noted during the briefing included:

- The provisional site clearance and project specifications were in question.
- The findings indicated that what was constructed versus what was delivered did not correspond.
- Several changes were made to the specifications, which did not correspond to the delivered project.

#### **3.1.1. Matters that emerged during the briefing highlighted the following:**

- The height of the fence is 1.8 metres instead of the specified 2.2 metres; concertina wire were stretched too far and did not meet the specification of 730-millimetre diameter concertina; and posts used at certain intervals proved to be unnecessary.

- The evaluation of the project indicated cost omissions and found that the tendered amount was higher than what was delivered on site. This inflated the price by approximately R14 million.
- The Presidential Infrastructure Coordinating Commission (PICC) independent analysis in terms of a fair price for work, on the quote of material on site, found that the calculated price was less by at least R17 million.
- The department's Professional Quantity Surveyor/Town Planner Indicated that as early as January 2020 the department was looking at long-term solutions on how the borderline infrastructure needed to be maintained. The legislation and Land Use Management Framework, along the borderlines is the responsibility of the Town Planning Services Unit, which includes preplanning, disposal and leasing, as well as the issuing of site clearance certificates. Site clearance means that no project can be started before a feasibility and Environmental Impact Assessment (EIA) study is completed.
- The existing borderline between South Africa and Zimbabwe is 700 kilometres. Reportedly, a site clearance certificate was issued for its maintenance. There was no evidence that a site clearance certificate was issued for the 40-kilometre border fence.
- On 20 January 2020, the Minister of Public Works and Infrastructure chaired a meeting that was triggered by complaints of criminal activities and illegal crossings at the border, received from the Department of Defence and AgriSA<sup>1</sup>. The areas that were identified followed from engagements with stakeholders such as AgriSA.
- On 10 March 2020, the site clearance certificate was issued for the 700-km borderline, but not for the 40-km fence. Transgressions of the National Environmental Management Act (No.107 of 1998) occurred. It is unclear whether the department undertook any Environmental Impact Assessment (EIA) and whether approval for the EIA was received from the Department of Environmental, Forestry and Fisheries (DEFF). An official of the department (DPWI) reported that the site clearance for the 700-kilometre border fence was illegally used for the 40-kilometre border fence.
- The 700 kilometre fence was identified by the Department of Defence and farmers through a public participation process as being vulnerable and/or hotspot areas. The 100-kilometre fence comprised of gaps and areas that were no longer sound. The

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<sup>1</sup> AgriSA is a federation of agricultural organisations consisting of nine provincial and twenty-five commodity organisations, as well as 56 corporate members. The organization, through its affiliated membership, claims representation of a diverse grouping of individual farmers regardless of gender, colour or creed.



clearance certificate for the repairs and maintenance of the 100-kilometres was signed off on 10 March 2020.

- According to the DPWI, the provisional site clearance for 10 March 2020 was issued for repair and maintenance of the borderline and thus should have never been used for the 40-kilometre border fence.
- In terms of the 40-km border fence project, the department's Technical Team<sup>2</sup> initially suggested that instead of looking at only 40-kilometres, the project should be 100-kilometres. However, the Technical Team's suggestion to extend the area was not considered.
- The SIU reported on the practical completion of the site and the Bill of Quantities (BOQ) and stated that the Deputy Director-General (DDG): Construction decided on the 40-kilometres without any site evaluation. An amount of R21 million was paid to the contractor and R1.8 million to the Principal Agent. It was further reported that advanced payments were made upon receipt of first certificate for the above amounts, while a second payment was halted by the Department of Public Works and Infrastructure. The final account had therefore not been finalised at the time of the oversight visit.

**The DPWI made the following inputs:**

- The department clarified that in terms of oversight and monitoring; sign-off management existed in the form of a Site Manager; and Principal Agent who received percentage of the contract value.
- Mechanisms were in place, but human failure and non-compliance resulted in the overpayment of the contract and sub-par work on the border fence.
- Criminal charges would be laid against the Contractor, Principal Agent and officials of the department who have been found guilty of any misconduct.
- Misrepresentation of work done to date resulted in 60 per cent of the contract value being paid up front. The Project Manager had to be charged.
- Disciplinary charges were brought against 14 personnel in the Department of Public Works and Infrastructure.
- The appointment of the Principal Agent was found to be irregular.
- The department reported that failures in the checks and balances to ensure

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<sup>2</sup> The Technical Team would provide Project Management, Architectural, Quantity Surveying, Social Facilitation, and cost accounting services with which to do an assessment of the project site, and to arrive at a properly calculated BOQ and Scope of Works for the project. The Technical Team provides crucial components that ensure the cost-effectiveness and that the planned impact of the project is reached.

compliance with the Public Finance Management Act (PFMA) and the department's procurement regulations were due to human failure. These should be rectified and in addition, the Acting DG reported that officials would be trained to understand that the implementation of emergency procurement procedures did not mean that proper processes should be abandoned in favour of quick results.

### **3.2. The site visit**

The three committees were driven along the 40-kilometre border fence in military and four-wheel drive vehicles that could withstand the rough and uneven terrain. The committees undertook site inspections of the entire 40-kilometre stretch of the border fence, and paused at three separate sections of the border fence as selected by the department's Professional Team and the SIU's investigators seconded to the department, as well as the technical team from the Presidential Infrastructure Coordinating Commission (PICC).

The three sites included:

- Beginning of the border fence.
- Midway along the border fence on the side where private farms run along the side of the border.
- Another stretch of the 20-kilometre border fence on the side where there were no farms situated.

#### **3.2.1. Beginning of the Border Fence**

At site 1 of the border fence, the Director of Town Planning indicated that the Department of Public Works and Infrastructure planned for a lasting solution at the border post. During the briefing, the Director noted that all farm properties extended up to the international borderline. In addition, the road running along the borderline was under private ownership, particularly the privately owned farms.

The Department of Defence had use of the road through an agreement with the farmers who owned the farms as the road was on private land. If the State wished to do any work on the roads, it would first seek permission from the farmers, or register a servitude on the land.

The land on the side of the river and between the border fence is considered no man's land. This part of the land comprised of a long stretch of lost fence, there is an absence of fencing on the other side, while a lethal electric fence existed in the middle, but was decommissioned.

It was suggested that drones should be used over no man's land to ensure security. While the fencing was placed at the borderline, the land beyond the fence up to the river remains South African land.

### **3.2.2. Site 2 of the Border Fence**

The second site was meant to highlight the breaches and vulnerabilities along the newly constructed border post fence. A gate was unlocked that gave access to the middle section of the border fence (which consisted of the existing electrical fence that was in use from 1984), but the current electric fence was decommissioned in 1994.

The PICC team provided the context in terms of the contract of the border fence, as follows:

- A 2016 contract was used for the specifications; this indicated that the fence built was meant for domestic use (around the office buildings at the border post) and not to function as a border fence.
- The fence needed to have an overhang of 45 degrees, with four strands of wire.
- The contractor indicated that the required 730-millimetre diameter for the border fence was out of stock and therefore decided to purchase the 900-millimetre razor wire.
- The 900-millimetre razor wire was stretched to 26.67 kilometres to expand it over the entire 40-kilometre fence.
- With the stretching of the razor wire in such a manner increasing the diameter beyond the required specifications, the contractor saved on construction costs, but still failed to meet the stipulations as per the agreement.

### **3.3.3. Site 3 of the Border Fence**

This part (East) of the 20-kilometre stretch of the fence differs from the other (West) 20-kilometre stretch, which is located mostly on the side where private farms are located on the border. The terrain was more rugged and contained many more breaches than those found on the side where the farms are.

The SIU pointed out a breach where tree branches were packed close to the border fence, which makes it easier for the illegal immigrants to jump over.

The Sand River at the end of the 20-kilometre border fence is dry and does not contain any water. The dry river makes it easy for people to cross the border. If the river was full, the depth and currents may provide a possible barrier as crossing a full river may prove more dangerous.

## 4. FINDINGS

- 4.1. The Minister of Public Works and Infrastructure gave a directive on 16 March 2020 to the Director-General of the department, directing him to appoint a service provider using the Disaster Management Act (Act 57 of 2002) provisions to initiate emergency procurement procedures to construct and repair the Beitbridge border fence.
- 4.2. The purpose of issuing of the directive was to secure the border in order to prevent the spread of COVID-19.
- 4.3. The SIU found 115 breaches in the border fence<sup>3</sup>.
- 4.4. The length of the 40-kilometre border fence was divided at the bridge watermark and the Sand River Bridge to extend 20-kilometres on either side from east to west. Particular vulnerabilities were identified to the West of the new fence where no fence exists for about 500 metres between it and the old fence. To the East, there was a large area the width of a vehicle was breached. Three gates were unlocked on the new fence.
- 4.5. The existing electric fence was in place in 1984 and was decommissioned in 1994 due to policy changes as introduced by regime change.
- 4.6. The SIU report on the material utilised in the construction of the fence not being according to specifications, as the criteria used for these specifications were those suitable for placing a fence around a building. The stretching of the 900-millimetre barbed wire, instead of the recommended 730 millimetres reduced the concertina effect and therefore made the fence vulnerable. Given these findings, the contractor did not keep to the required specifications for a border fence, and this constitutes a contractual breach.
- 4.7. The new fence was erected away from the existing decommissioned electric fence and closer to the road, which makes it vulnerable to vehicles driving by.
- 4.8. Significant elements of the Borderline Fence Project were not implemented at all. For example, the design of the fence had a final height of 2.2m, and the last actual height of the fence reached no more than 1.8 m on either side of the border gate.
- 4.9. The barbed wire coils were stretched beyond their recommended effective limit, thus making it easier to scale and cut the fence. These factors undermined the effectiveness of the fence to mitigate border threats.

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<sup>3</sup> This was reported to the committee as per the SIU site visit on 4 and 5 May 2020.

- 4.10. There were numerous breaches where the fence had been cut open or completely removed, which might have resulted in an untold number of migrants unlawfully crossing between South Africa and Zimbabwe.
- 4.11. Given the non-compliance with aspects of the design specification and poor construction practices, the fence was deemed not fit-for-purpose, and current payments in this regard might already be regarded as fruitless and wasteful expenditure.
- 4.12. The side, on which the farms were located, included the road, which was said to be privately owned. The farmers seemed to have maintained the road.
- 4.13. A representative of the community mistook the Parliamentary committees for officials from the Departments of Defence and Public Works and Infrastructure and indicated that the community was never consulted, when deciding on the construction of the border fence.
- 4.14. The weak border fence at Beitbridge is undermining the role of the Department of Home Affairs, given that people were passing through into South Africa through the gaps that were identified along the border fence.
- 4.15. The President had deployed soldiers to the border when he announced the official lockdown of the country in March 2020. The soldiers would remain at the border up until the end of September 2020. What is of concern is what will happen along the border between South Africa and Zimbabwe once this heightened security is removed.
- 4.16. It was reported that the contractor was already onsite and engaged to provide repair and maintenance services at the Beitbridge Border Post.
- 4.17. Despite having sat in weekly meetings where matters relating to project implementation progress were discussed, the Minister failed to pick up any anomalies prior to huge payments being made to the Contractor, which meant that she failed to provide leadership on the matter.

## **5. RECOMMENDATIONS**

Having considered the findings that emerged from, and are evident in the deliberations, the committee recommends:

- 5.1. The Minister of Public Works and Infrastructure accountable and responsible for the running of the department and all activities that take place during her tenure, must be held accountable for what transpired in the Beitbridge Border Fence project. Based on

the factors as outlined on the National Treasury (NT) report<sup>4</sup>: July 2020 (appended at the end here to assist this recommendation), an investigation into the involvement of the Minister into the Beitbridge debacle should ensue as a matter of urgency (before the end of 2020). The investigation must include whether and how the Minister's instructions and directive (made on 16 March 2020) prevented competitive bidding on the project.

The Committee further recommends that the Minister of Public Works and Infrastructure:

- 5.2. Ensures that a consequence management process is fast-tracked and implemented to hold all officials and other parties who were found to have been involved in the illegal procurement process of the Beitbridge Border Fence Project to be held accountable by December 2020.
- 5.3. Fully implements the recommendations of the report of the Special Investigations Unit and the Special Tribunal of the SIU to ensure that all state funds are recouped by December 2020.
- 5.4. Ensures that the vulnerabilities as identified in the Beit Bridge Border Fence should be vigilantly monitored and repaired as soon as possible.
- 5.5. Commences consultations with the Minister of Defence to get additional patrols of the borderline by the Department of Defence to continue until the breaches in the fence have been fully repaired. In addition to this, a report stipulating routine maintenance to prevent breaches in the border infrastructure should be submitted to the Committee during the fourth term of 2020.
- 5.6. As part of the consultations with the Minister of Defence, provides a report that clarifies the status of the repair and maintenance works undertaken including costs and procurement of goods and services in this regard, given the state of disrepair along the border fence at the Land Port of Entry during the fourth term of 2020.
- 5.7. Ensures that any future maintenance or construction of the border fence is done in consultation with the Border Management Authority as per the newly signed Border Management Act of 2020.
- 5.8. Facilitates a process where the Department of Public Works and Infrastructure reviews all contracts they have in place with Magwa Construction; specifically those related to repair and maintenance projects at other border posts throughout the country. The

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<sup>4</sup> See the extract from the NT report provided at the end of this report as an appendix to assist the implementation of this recommendation.

department should review the legal implications of terminating the current project, and what remedies it can implement to recover the reported losses incurred before the end of the 2020/21 financial year.

- 5.9. Submits site instructions and/or minutes of the meetings to further clarify the role of the Principal Agent that was on site within 30 days of the adoption of this report.
- 5.10. Ensures that the Council for the Built Environment (CBE) addresses breaches in the professional conduct of all the built environment professionals involved in the project through the contractor and principal agent by December 2020.
- 5.11. Briefs and submits a report to the committee on the broader site clearance for the entire Land Port of Entry borderline and plans to ensure that the South African border barriers are fit for purpose during the fourth term of 2020.
- 5.12. Briefs and submits a progress report regarding the disciplinary process against the 14 officials of the Department as listed on the SIU report before 30 October 2020.
- 5.13. Reports to the committee on progress regarding the implementation of these recommendations by no later than 60 days after the adoption of this report.
- 5.14. Ensures that the old electric fence that was erected in 1984 and decommissioned in 1994 due to policy changes must be recommissioned to ensure that the country's borders are safe from criminal activity, less prone to illegal immigrants and that the Land Ports of Entry are fit for purpose. This should be done within the ambit of constitutional prescripts.

## **6. CONCLUSION**

Parliament's oversight visit to the Beitbridge Border Post and the 40km Borderline Fence Project have confirmed the concerns raised by National Treasury and the Special Investigations Unit reports. The 40km borderline fence is not fit for purpose and does not pose any significant deterrent to illegal immigrants intending to cross the border between South Africa and Zimbabwe. As part of its oversight responsibilities, Parliament has to hold the executive authority accountable. Therefore, Parliament should use its constitutional powers to continue to monitor that the Minister and all officials who were found to have acted illegally are held liable for the possible irregular appointment of service providers and subsequent fruitless expenditure. The Committee commits to closely monitor the disciplinary process and recommended investigations, thereby ensuring that there is consequence management for alleged malpractice and irregularities in the Beitbridge Border Fence Project.

## Report to be considered.

### Appendix:

The following extract from the report of the National Treasury (July 2020), is appended to assist the implementation of recommendation 5.1. above:

- *“It is not clear which contract the Minister instructed to be varied (as per 2.4.3 of the conditions). The correspondence from the Minister referred to the variation order but did not provide the description of the order or details of the contractor but it would seem the Minister had a contract, supplier or contractor in mind.*
- *The National Treasury is aware of previous contracts at the border post for this service. It is therefore not clear whether there was an existing service provider and why the DPWI did not utilise the services of the current service provider to maintain and service the Beitbridge border post. Due to the extent of the damage and demolished state of the fence it was evident that the fence was not maintained. This calls into question the “urgency” or “emergency” for a service that is to be a continuous one.*
- *In one of the documents submitted, DPWI indicated that both Magwa Construction and Profteam CC were approached with the intention to issue variation order, after receiving the request from the Minister invoking section 27(2)(l) of the disaster Management Act 2002. If the Consultant and Contractor were approached after the Ministerial directive, it poses a question as to the purpose of inviting the other Consultant (VCE) and Contractors (Hillsite Trading, and Asatico) to the site inspection meeting.*
- *The invoices paid to Magwa Construction does not make provision for the items on the BoQ that were completed. The grounds on which the completion certificate was signed off is not known.*
- *In terms of separation of powers, the Executive Authority, must not interfere in administrative functions.*

*The minutes dated 19 March 2020 stated that, the contract commencement date is 18 March 2020. This means that the contract took effect at the site inspection meeting prior to the appointments being approved by the NBAC. This transaction may be deemed to be irregular.”*



### **3. REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM TOWARDS THE TRANSFORMATION CHARTER IN THE TOURISM SECTOR, DATED 13<sup>th</sup> OCTOBER 2020**

The Portfolio Committee on Tourism (hereafter referred to as the Committee), having made a call for public submissions on the strategies to expedite tourism transformation in South Africa, and having considered the public submissions on the 1<sup>st</sup> September 2020 and adopted the report on the 13<sup>th</sup> October 2020, reports as follows:

#### **1. BACKGROUND**

The South African development agenda is guided by principles of empowerment, inclusivity and transformation, with the view of advancing economic opportunities for all citizens. The country's legislative framework is geared towards broadening economic involvement and creating opportunities for the citizens who were previously excluded from meaningful economic participation. The Broad-Based Black Economic Empowerment (B-BBEE) policy agenda seeks to redress anomalies such as the ownership of enterprises, management and control of those enterprises, procurement, enterprise development, skills development, employment equity and socio-economic development.<sup>1</sup> As a driver for economic development, the tourism sector is key in addressing issues of past inequalities. Due to past injustices, the South African tourism sector has always been perceived as favouring a racial minority in the country. With the post-Apartheid transition, the national government recognises that the unequal ownership structure in tourism needs to be addressed.<sup>2</sup>

However, 26 years later, the tourism industry, like many other economic sectors, still suffers from the structural economic imbalances of the past. A 2018 study conducted by the Tourism B-BBEE Charter Council has revealed the continued imbalance in the transformation of the tourism sector. Transformation in the tourism sector seems to be moving at a leisurely pace, albeit without notable and favourable changes for previously marginalised communities. The

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<sup>1</sup> Amended Tourism Sector Scorecard (2014).

<sup>2</sup> Rogerson (2004).

sector continues to be relatively closed off to new entrants, with limited representation of Black people in higher management structures. While skills development programmes seem to be absorbing Black females as employees, the same cannot be said of their representation in key executive and managerial positions. Whether this is indicative of structural challenges, related to a limited pool of experienced women to occupy these positions, requires investigation. The study also points to the under-representation of people with disabilities in the sector. More efforts are thus required for the increased inclusion of people with disabilities in the tourism sector. Increased efforts are required across all sub-sectors for investment in skills development and mostly the absorption of learnerships. With regard to youth participation, the sector has to develop sustainable models that move beyond temporary learnerships to increased full time employment and participation as business owners. Compliance continues to drive the transformation agenda of the sector, with little room for innovation. This in reference to opening the market to new entrants; creating sustainable business models for Exempt Micro Enterprises (EMEs) and Qualifying Small Enterprises(QSEs); and development of partnerships in the value chain for both direct and indirect business suppliers.

The structural economic patterns in the tourism sector can be changed by ensuring meaningful participation of the previously marginalised communities. This means there should be targeted efforts to encourage participation of black people in the tourism industry. Given the historical context of structural exclusion from the sector, it is imperative that government intervenes in harnessing, increasing and supporting the full potential of the emerging tourism enterprises to achieve the objectives of inclusive growth and shared economic development. This will directly contribute to reducing poverty, unemployment and inequalities in the sector; foster nation building and deepen democracy as all citizens will be given equal and conducive environment to participate and grow in the sector. Inclusive growth requires broad-based transformation to break down structural impediments to new economic activities, deconcentrate industries dominated by few participants, and accelerate the inclusion of millions of black South Africans into jobs and businesses.<sup>3</sup> This could be achieved through developing, marketing and growing tourism in Villages, Townships and Small Dorpies (VTSDs).

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<sup>3</sup> Budget Review (2017).

## **2. PURPOSE OF REPORT**

Transformation is critical to the agenda of the South African Government as a developmental state. The tourism industry has been positioned as a key driver in economic development with the aim of reducing unemployment and alleviating poverty. As a developmental state, there should be a strong state intervention, as well as planning of the tourism sector to redress the past injustices. Transformation that opens a path to inclusive economic growth and development is needed in the country, as growth without transformation would only reinforce the inequitable patterns of wealth inherited from the past. Broad-based transformation should promote growth, mobilise investment, create jobs and empower citizens. It must create new resources to support social change, including assets and livelihoods for the majority.

The purpose of this report is to:

- (i) Provide tourism stakeholders with an overview of the strides made by the Portfolio Committee on Tourism thus far in an attempt to entrench transformation in the tourism sector.
- (ii) Highlight the proposals for transformation of the tourism sector as suggested by South Africans.
- (iii) Suggest recommendations that may be advanced with the Minister of Tourism on enhancing transformation programmes in South Africa.

## **3. CONSTITUTIONAL AND LEGISLATIVE FRAMEWORK**

In 2003, the Broad Based Black Economic Empowerment (B-BBEE) Act No. 53 was enacted. The Act stipulated that all sectors should develop their sector codes. In 2005, the Tourism Charter was signed and a Charter Council was appointed. Thereafter, the development of the Tourism BEE Charter was embarked upon and was launched in 2006. In 2007 the Tourism Charter was aligned to the B-BBEE Codes of Good Practice launched in the same year. The Tourism Sector Code was binding on all stakeholders operating in the tourism sector. In 2011, the National Department of Tourism enshrined transformation in the National Tourism Sector Strategy. In 2011, the National Treasury aligned the Preferential Procurement Policy Framework Act (PPPFA) to B-BBEE and the tourism industry also had to align with the

PPPFA.

The mandate to promote tourism transformation does not only lie with the Department of Tourism, but is a function that must be performed by all spheres of government. Part A of Schedule 4 of the Constitution of the Republic of South Africa (Act 108 of 1996) lists tourism as a functional area of concurrent national and provincial legislative competence.<sup>4</sup> Part B of Schedule 4 of the Constitution also lists local tourism as a local government competency. Therefore, the Constitution mandates all the spheres of government with a tourism function, in turn making it a prerogative of each sphere of government to decide on certain aspects of the industry. The government developed a number of legislations over the years to foster transformation in a number of economic sectors in the country. The tourism industry transformation imperative is drawn from the White Paper on the Development and Promotion of Tourism in South Africa. The Tourism Sector Charter and Scorecard (Code) was therefore developed with the objectives of transforming the sector, creating a globally competitive industry, in addition to human resource and enterprise development.

The historical and current transformation specific legislations and/ or strategies that have been proliferated to advance Broad-Based Black Economic Empowerment over the years can be summarised as follows:

**Table 1: Transformation legislation timeline**

<b>Year</b>	<b>Legislative/ policy imperative</b>
1996	White Paper on Development and Promotion of Tourism in South Africa developed by the erstwhile Department of Environmental Affairs and Tourism to guide tourism development in the country.
2003	B-BBEE Act (Act No 53 of 2003) was enacted to provide a legislative framework for the promotion of broad-based black economic empowerment (B-BBEE).
2004	Tourism sector embarks on a Tourism BEE Charter development process.
2005	Tourism Charter signed and Charter Council is appointed.
2006	Tourism Charter launched and 5 year transformation strategy developed.
2007	Tourism Charter is aligned to the B-BBEE Codes of Good Practice launched in the same year.
2009	<ul style="list-style-type: none"> <li>• Tourism B-BBEE Charter gazetted as Section 9 Code (under B-BBEE Act), and</li> <li>• Tourism Sector Code is binding on all stakeholders operating in the Sector.</li> </ul>
2011	National Department of Tourism makes transformation one of the key pillars of National Tourism Sector Strategy (NTSS).
2011	National Treasury aligns PPPFA to B-BBEE

<sup>4</sup> Constitution of RSA (1996).

2013	The Broad-Based Black Economic Empowerment Act No. 46 of 2013, the DTI's Broad-Based Black Economic Empowerment Strategy Document, and the Codes of Good Practice, provide the legislative framework for the implementation and measurement of broad-based BEE in South Africa <sup>5</sup> .
2014	The DTI extends the transitional period of the compliance with Black Economic Empowerment Act from 11 October 2013 until 30 April 2015. <sup>6</sup>
2017	New Tourism B-BBEE Sector Codes were gazetted.

Table 2 below provides the description of the founding transformation documents as follows:

**Table 2: Founding transformation documents**

<b>Act</b>	<b>Description</b>
Broad Based BEE Act	<ul style="list-style-type: none"> <li>• Enabling framework for the promotion of BEE</li> <li>• Empowers Minister to issue Codes of Good Practice</li> <li>• Establishes the BEE Advisory Council</li> </ul>
Broad Based BEE Strategy and Scorecard	<ul style="list-style-type: none"> <li>• Defines Government's broad-based strategy</li> <li>• Provides the generic balanced scorecard</li> </ul>
The Codes of Good Practice	<ul style="list-style-type: none"> <li>• Further interpretation of the BEE Act</li> <li>• Determines qualification criteria for licensing</li> <li>• Criteria for entering PPP with private sector</li> </ul>
Industry Charters	<ul style="list-style-type: none"> <li>• Outline industry-specific BEE weightings and targets</li> <li>• Establish the residual elements of the scorecard</li> <li>• Standardise industry BEE initiatives and reporting</li> </ul>

#### 4. TOURISM BEE CHARTER AND SECTOR CODES

The South African transformation agenda is effected through the objectives of the Broad-based Black Economic Empowerment (B-BBEE) Act (No. 53 of 2003), as amended by Act No. 46 of 2013. The Tourism Sector Code resulted from a directive by the Department of Trade and Industry (DTI), which is the custodian of B-BBEE, that all sectors in the South African economy develop sector specific charters and codes with clear targets to address their peculiar transformation challenges.<sup>7</sup> In 2005 the Tourism Charter was introduced and later aligned to the B-BBEE Codes in terms of Section 9 of the B-BBEE Act. In 2009, the Tourism B-BEE Sector Code was issued in line with the Generic Codes of Good Practice, which endorse the B-

<sup>5</sup> Dti (2013).

<sup>6</sup> Dti (2014).

<sup>7</sup> Department of Tourism, n.d.

BBEE legislation objectives. In 2015 the Amended Tourism Broad-Based Black Economic Empowerment Sector Code was gazetted.

The elements of the 2015 Code are: Ownership, Management Control, Skills Development, Enterprise and Supplier Development and Socio-Economic Development.<sup>8</sup> The three priority elements are ownership, skills development and enterprise and supplier development. The Code expresses the commitment of all the stakeholders in the tourism sector to the empowerment and transformation of the sector and its commitment to working collectively to ensure that the sector opportunities and benefits are extended to Black People.<sup>9</sup> The Code applies to all enterprises in the tourism sector and all parts of its value chain, as per the following categories:<sup>10</sup>

**Table 3: Scope of Application**

<b>Accommodation</b>	<b>Hospitality and Related Services</b>	<b>Travel and Related Services</b>
Hotels	Restaurants (stand-alone)	Tour wholesalers
Guest houses	Conference venues (stand-alone)	Tour operators
Resort properties and timeshare	Casinos	Tourist guides
Game lodges	Professional catering	Travel agents
Backpackers and hostels	Consulting & professional services companies	Car rental companies
Bed and Breakfast	Attractions	Coach Operators

**Source:** Amended Tourism Sector Score Card, 2014

## 5. MANDATE OF TOURISM B-BBEE CHARTER COUNCIL

In 2018, the Minister of Tourism appointed a new Tourism B-BBEE Charter Council. The Council is appointed to fulfil the following mandate, as provided under Section 6.4 Statement 003 of the B-BBEE Codes:

- provide guidance on sector-specific matters affecting B-BBEE in the tourism sector;
- compile reports on the status of broad-based black economic empowerment within the sector; and

<sup>8</sup> Amended Tourism Sector Scorecard (2014).

<sup>9</sup> Ibid

<sup>10</sup> Ibid

- share information with sector members, Minister of Tourism, approved accreditation agencies, B-BBEE Commission, B-BBEE Presidential Advisory Council and the Minister of Trade and Industry, Parliament and the general public.

Therefore, the Council has a mandate to monitor and evaluate transformation in the tourism sector and should provide guidance on the matters affecting, impairing and even promoting transformation.<sup>11</sup> In terms of financing:<sup>12</sup>

- the Council must be co-funded by the private sector and the Ministry of Tourism;
- the Council and Department can explore the funding options or sources for the full operations of the Council;
- currently the Council and its projects are 100 percent funded by the Department; and
- remuneration for Council members is paid in terms of the Treasury Regulation 20.2.2, as approved by the Minister of Finance in line with the provisions of the National Treasury Regulations.

## 5.1 State of Transformation in the Tourism Sector (2018 Baseline Report)

The report provides insight into trends in the transformation of the tourism sector. Of the 49 433 tourism businesses registered on the National Tourism Database, only 1 039 (2%) participated in the study.

Different compliance levels and criteria apply to different types of enterprises. The enterprise type is categorised according to turnover thresholds:

**Table 2: Enterprise Type Turnover Threshold**

Enterprise Type	Tourism Codes
Band 1 – Exempt Micro Enterprise (EME)	<R5 million p.a.
Band 2 – Qualifying Small Enterprise (QSE)	R45 million p.a.
Band 3 – Large Enterprise (LE)	>R45 million p.a.

### 5.1.1 Ownership

<sup>11</sup> Department of Tourism (2018).

<sup>12</sup> Department of Tourism (2017).

The Ownership element relates directly to the ownership of the equity stake in the measured entity. Ownership is divided into the following categories: Voting Rights of Black People (30%), Voting Rights of Black Women (15%), Economic Interest of Black People (30%), Black Women (15%), Black Natural Persons (3%), and Black New Entrants (10%). The study measured whether the stipulated targets were met looking at the following sub-sectors: accommodation, hospitality and travel related services.

While targets for ownership by Black people in all three sub-sectors were met, the hospitality sector, at 43 percent, showed significant attempts at representation in terms of voting rights. This could be attributed to the sector's larger pool for exercisable rights in large enterprises (LEs). Exempt micro enterprises (EMEs) continue to be the largest contributor to voting rights in the achievement of the target for both the hospitality and travel-related services sub-sectors. While this can be regarded as growth in the number of black owned business, it is critical to establish the sustainability of said businesses.

The target for economic interest was achieved in the hospitality sector at 39 percent, while both the accommodation and travel sub-sectors were unable to meet set target, at 27 percent, respectively. This category looks at dividends or capital gains received by Black people with voting rights. These gains are obtained largely from the LEs. New Black entrants into the ownership mix of enterprises have a target of 10 percent, which is only applicable to LEs. The overall achievement in all enterprises indicates a very slow achievement rate of new Black entrants.

Ownership also entails the representation of Black women. The target set for enterprises for female representation is 15 percent. The target for voting rights for black females was met across all three sub-sectors, with the highest representation at 32 percent in the travel sub-sector. However, the same target was not met for economic interest for women. The target for capital gains or dividends by women for all three sub-sectors was not achieved. This raises a query on the remuneration structure of enterprises or boards on which these women sit. The target for Black women as new entrants was also not met across all three sub-sectors, with the lowest figure of 2 percent representation in the accommodation sector.



Provincial figures on ownership seem to be shifting to a more representative outlook, with the Limpopo Province showing the most substantial changes. However, there are significant variations across provinces, with the Western Cape showing the least representation. The following variables could be considered when analysing these provincial trends: demographics, size of tourism economy, access to markets, and attitudes towards transformation.

Overall, transformation at ownership levels in the tourism sector is occurring at a slow pace, thus indicating that little has changed in the structure of the economy and patterns of wealth accumulation.

### **5.1.2 Management Control**

Management Control measures transformation around the management structure of enterprises. The following compliance targets are required from enterprises: Board participation (50%), Executive Management (60%), Senior Management (60%), Middle Management (75%), Junior Management (80%) and Employees with Disabilities (2%). EMEs are exempted from these compliance targets.

The study findings indicate that set targets have not been met across the various management levels in all sub-sectors. However, considerable efforts can be observed in the accommodation sub-sector where board representation, executive, senior and middle management levels are in the 30<sup>th</sup> percentile, with the highest representation of Black people at senior management level (38%). The accommodation sector shows the slowest transformation across all management structures, with representation for board level participation at 21 percent and the remaining managerial levels below the 20<sup>th</sup> percentile, less than half of the set targets.

The target of 2 percent for the inclusion of Black employees with disabilities across the sub-sectors was mostly attained by LEs, with 22 percent of enterprises meeting this target. The majority of QSEs have less than 1 percent of Black employees with disabilities in their workforce. This issue should not be looked at in isolation as it has strong links to other sectors and the equipping of people with disabilities to operate in corporate South Africa.

While the number of black people in management levels is slowly changing, the same cannot be said for female representation in these structures. The targets for Black Females are as follows: Board Members (30%), Executive Director (30%) and Executive Management (30%). Middle management in the hospitality sector is the only level where representation has reached the 20<sup>th</sup> percentile range at 26 percent. The transformation levels in the rest of the sub-sectors do not reach half of the set targets.

Large and Qualifying Small Enterprises are required to comply with management targets, thus indicating that more efforts from these are required in improving transformation in their management structures. A challenge for the tourism sector is that it is dependent and works in favour of multinational companies that own hotels, tour operating companies, car hire and others.<sup>13</sup> This then presents an interesting challenge to the industry in its transformation efforts and SMME development. The daunting question is how can the sector build EMEs beyond the survivalist mode to fully functioning QSEs & LEs?

The study shows that currently only EMEs play a critical role in promoting Black people to executive management positions, especially in the accommodation and hospitality sub-sectors.

### **5.1.3 Skills Development**

The Skills Development element focuses on providing opportunities for skill acquisition, entry into the labour market and redress for discriminatory labour practices. Targets set for this element entail Learning Programmes (6%), Learning Programmes for the Disabled (0.3%), Black Employees in Learnerships (3.5%), Black Unemployed Learners in Learnerships (3%) and Learnership Absorption (100%).

Large Enterprises are required to allocate 6 percent towards learning programmes to promote skills development for Black employees. According to the report, not all large enterprises comply with the set target, only 22 percent of the interviewed sample. Further, 77 percent of QSEs do not have any measures in place for skills development. Study findings show target achievement in both the hospitality and travel sub-sectors, with the highest opportunities for learnerships at 13 percent, provided for people with disabilities in the travel sub-sector. More efforts are required in the accommodation sub-sector for skills development opportunities for

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<sup>13</sup> Britton (1982).

people with disabilities. The study indicates limited investment in learnership opportunities for unemployed Black people, specifically in the hospitality sub-sector. This could be as a result of limited financial resources, limited access to the market and unacceptable education levels. Learnership absorption by companies shows little progress, with the lowest at 1 percent in the hospitality sub-sector.

While efforts seem to be in place to provide access to skills development opportunities in the sector, progress is slow with low levels of absorption. Learnerships provided are for limited periods and with absorption occurring at desperately low levels, these numbers are not significantly contributing to decreasing unemployment levels. The sector has to improve, across all enterprises, both its skills development efforts and the absorption of learners into full time employment. This also entails making bursaries available to learners to train as tourism professionals across the different sectors.

#### **5.1.4 Enterprise Development**

This element focuses on the preferential usage of Black-owned suppliers, upliftment of SMMEs within supply chains, partnerships and mentorships. Targets for spending on procurement were not achieved across the different sub-sectors. Against a target of 80 percent for large enterprises, only 6 percent seems to have been spent on preferential procurement, coming mostly from the accommodation sub-sector. Contribution towards supplier and enterprise development varies across the different sub-sectors, with contributions from both the accommodation and travel sub-sectors standing at 12 and 8 percent, respectively. The unrealised spending on 51 percent of Black-owned businesses across all three sub-sectors is cause for concern. The study indicates that overall support to Black-owned businesses in the sector is minimal and this has implications for transformation.

#### **5.1.5 Socio-Economic Development**

This element refers to companies' corporate social responsibility in the sector. Enterprises are required to contribute at least 1 percent of Net Profit after Tax (NPAT) annually on qualifying Socio-Economic Development programmes. The aim is to promote sustainable access to the economy. This element also considers an enterprise's status as a Tourism Marketing South Africa (TOMSA) levy collector. The report indicates that 37 percent of surveyed tourism

enterprises spend more than 1 percent of their NPAT on qualifying socio-economic development contributions. The largest contribution comes from the accommodation sub-sector (EMEs: 20%). Furthermore, 34 percent of these enterprises are TOMSA levy collectors.

## 6. TRANSFORMATION CHALLENGES

The Baseline Study on the State of Transformation in Tourism in South Africa commissioned by the B-BBEE Charter Council in 2018 found that the tourism sector has not transformed despite being the pioneer in adopting sector codes. Transformation based on compliance with the Sector Codes has maintained and entrenched the status quo in the tourism sector. The ownership still resembles that of the Apartheid era, and the management of the sector has not notably changed. The previously disadvantaged communities have not made remarkable inroads into the sector, with a few individuals who have succeeded. The current Tourism B-BBEE Codes are not a panacea to tourism challenges. This assertion is premised on the fact that there is a lack of supporting programmes that assist Black people to access capital to improve ownership in the sector. Even the element of Enterprise and Supplier Development built into the tourism codes is also overrated as it depends on the big and well established businesses to outsource their business to emerging enterprises.<sup>14</sup> The amended Tourism Broad-Based Black Economic Empowerment (B-BBEE) codes indicate Travel and Related Services (further divided into Tour Wholesalers, Tour Operators, Travel Agents, Tour Guides, Car Rental Companies and Coach Operators) as being one of the least transformed sectors in the industry.<sup>15</sup>

**The following are some of the challenges identified in the tourism sector:<sup>16,17, 18</sup>**

### **Lack of skills**

- Most SMME entrepreneurs lack the skills, mind-set and business acumen to run a business (necessity vs opportunity-driven entrepreneurship). This is exacerbated by the lack of experience of the business owners, including lack of expertise of the sectors in which they operate.

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<sup>14</sup> Portfolio Committee on Tourism (2014).

<sup>15</sup> Abrahams (2019).

<sup>16</sup> Tourism B-BBEE Charter Council (2018).

<sup>17</sup> Abrahams (2019).

<sup>18</sup> Siddo (2017).

- This, in turn, leads to the owners not doing proper planning for the business, and experiencing difficulty in accessing markets or meeting industry requirements or standards.
- There is low level of staff members with relevant skills and that have passion, drive, the correct attitude and interest in the sector;
- The large enterprises often report that a lack of entrepreneurial experience and tradition among black businesses makes it particularly difficult for them to find reliable and suitable suppliers.

### **Access to finance**

- Limitations of access to finance for SMMEs are very common in South Africa. Given their highly conservative nature, South African banks and lenders are more likely to lend to small businesses in their later stages of development.
- There is clear bias against start-ups, particularly tourism start-ups.
- Some of the hindrances faced by businesses include: inadequate collateral on the part of the entrepreneur; a lack of credit history; the inability to produce an acceptable business plan; poor market research; absence of a viable business idea; and lack of access to vibrant markets.

### **Lack of access to markets**

- The inability for SMMEs to access markets is one of the major factors threatening their longevity. Access to markets is one of the fundamental requirements by credit providers to accessing funding and mentorship at early stages.
- Small businesses located in rural areas (villages) are at a greater disadvantage compared to their urban counterparts.
- South African industries tend to be highly concentrated. New firms face barriers to entry, including lack of access to long-term capital, integrated value chains that impede access to inputs and limited market access.
- Due to the tourism industry's highly seasonal nature, the general view held by the SMMEs is that the large enterprises only created business linkages with them during peak seasons, when there was excess business capacity.

### **Red Tape**

- Critics of B-BBEE assert that it brings about only marginal change which is at the expense of economic growth and further that it places additional costs and regulation on business.
- There are mandatory and regulatory requirements that every business has to comply with. However, the poorly administered regulations that SMMEs have to contend with hinder their ability to grow, prosper and be successful.
- The amount of time SMMEs have to spend on red tape is ridiculous. The irony is that government is the main culprit when it comes to red tape and bureaucracy. If government is the client, the business would be lucky if paid within 30 days – payment can take anything between 60 and 365 days. This is unacceptable.
- In addition, the government policy that is meant to ensure that 30 percent of government procurement is set aside for SMMEs is poorly implemented. This also includes the requirement that private sector companies should source 40 percent of their procurement for goods and services from SMMEs.
- It is widely acknowledged that in order to accelerate transformation government needs itself to drastically improve its own procurement spend and payments made to SMMEs.
- Gaps experienced with the government include regulations and licensing, delayed payments, troublesome tender processes, and access to funding.
- Support from government was perceived as insufficient when it came to compliance with regulations on licensing and registration of tour vehicles. Such challenges included the Department of Transport not differentiating between tour operators and traditional taxi drivers, as well as the lengthy and complicated processes related to registration.

### **Marketing**

- There is lack of marketing efforts to promote new and existing SMMEs and entrepreneurs.
- There is inadequate awareness of the opportunities offered by the sector.

### **Collaboration / Compliance**

- Lack of partnership, collaboration, willingness and trust between enterprises and key stakeholders to promote procurement opportunities for SMMEs and entrepreneurs.

- It should not be the State that takes the lead role in enabling growth of small businesses in South Africa but rather the country's capable and established large private.
- Large firms choose to form linkages with SMMEs solely for cosmetic purposes and to improve their BEE credentials. Accordingly, there is therefore no real transformation taking place.
- Less than 25 percent of hotels in South Africa purchase products and services from small black suppliers. Hotel group policy influences procurement decisions in nearly 80 percent of establishments. The factors influencing the low investment in assisting and growing black enterprises included hotel general managers' lack of confidence in the capacity and ability of small black enterprises to supply required goods and services.
- The current status on transformation shows that there is need for breakthrough strategy for compliance. Procurement patterns in the private sector show limited transformation and there is therefore an urgent need to review the model for measuring corporate compliance.
- The overall policy focus remains on Small, Medium and Microenterprises (SMMEs) and yet it has been shown that the linkages these have with big business in the value chain remains limited.

## **7. PUBLIC SUBMISSIONS**

The Portfolio Committee on Tourism issued a call for submissions to transform the tourism sector. The submissions were initially due by the 31<sup>st</sup> March 2020, but subsequently made open-ended through a Committee resolution. A total of 27 submissions were received from the public. The low rate of submissions is attributed to the difficult time the tourism sector was going through during the Risk-Adjusted Strategy Level 1 Lockdown regulations. The submissions highlighted a number of challenges and offered a wide array of proposals across the various types of tourism and the tourism value chain at large. It should, however, be stated that some citizens misunderstood the call for submissions as a call for funding proposals, thus they submitted either business plans or "tender documents". Albeit the misunderstanding, all the submissions were considered as valuable inputs into how transformation could be expedited in South Africa.

The submissions were categorised in various themes, thus grouped according to similar transformation proposals. The themes are as follows:

- (i) Training, entrepreneurial development and the role of the youth.
- (ii) Product development
- (iii) Access and maintenance of tourist attractions
- (iv) Broad-Based Black Economic Empowerment
- (v) Opposition to state intervention in tourism transformation
- (vi) Embracing information technology (Fourth Industrial Revolution).
- (vii) Creating a sustainable tourism future in response to the COVID-19 pandemic
- (viii) Tourism education.

The submissions were analysed and clustered recommendations deduced for further Committee action. Due to the multiplicity of issues, the recommendations are made for each theme rather than at the end of the document.

### **7.1 Training, entrepreneurial development and the role of the youth**

The Committee acknowledges the Tourism Sector Human Resources Development Strategy (TSHRD) developed by the Department of Tourism in 2017. In augmenting the programmes proposed in the TSHRD, the training and entrepreneurial development programs for young people will go a long way in ushering new players into the tourism value chain. There are vast youth development initiatives in the sector. However, the current programmes are inadequate to capacitate the young people to be meaningful players in the tourism sector. The main challenge with the current skills programmes is the lack of graduation of the trained youth into successful entrepreneurs. It is important that the training programmes are linked to streams of funding to ensure that the skills gained do not go to waste. Some schemes and programmes in place do not avail funds for hosts to provide necessary support to interns for the mentorship programmes. The training programmes should ensure that the youth are exposed and get adequate mentorship to be able to open and successfully operate their own tourism enterprises.

The plight of the youth has also been worsened by the COVID-19 pandemic in areas such as youth entrepreneurship, employment and disposable income. Youth development should be viewed in the light of avoiding future intergenerational inequalities in the tourism sector. Parliament will play a crucial oversight role in ensuring that there are appropriate youth training programmes that will bring equality in the future of the tourism sector. The government should also be urged to include the youth in the current Tourism Recovery Plan currently being



developed. This will ensure that the youth is deliberately targeted for future inclusion in the tourism sector.

The Committee ought to closely scrutinise the role and effectiveness of the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSETA). The main challenge with services offered by the CATHSETA is the exclusion of the work integrated learning, which has significantly affected the ability of the hospitality industry to transfer skills to the youth.

Training should go beyond the traditional tourism roles played by Black people in the tourism value chain. For example, one of the submissions alluded to the lack of black professional hunters. It is therefore important to train black in types of tourism beyond traditional sector roles, such as training professional hunters and outfitters to a level where they can successfully compete and obtain employment in the professional hunting industry and ultimately become employers themselves. This type of training is needed in other sectors of the tourism industry such as marine tourism, whale watching, adventure tourism and other activity based tourism enterprises.

The government should consider getting into private public partnership arrangements with some of the big players in the tourism industry to enable the youth to gain necessary experience and expertise with the ultimate objective of assisting them to successfully operate their own enterprises.

## **7.2 Product development**

The submissions related to product development cut across a number of initiatives needed to foster transformation. These allude to the need to go beyond the statutory provisions of the Broad-Based Black Economic Empowerment and the Tourism Sector Codes. The submissions point to a need for broad tourism development across the value chain to ensure the inclusion of new entrants in geographical locations other than the confines of the Johannesburg-Durban-Cape Town Golden Triangle. There are vast and latent opportunities for new entrants in a plethora of niche markets. These niche markets are mostly available in the Villages, Townships and Small Dorpias (VTSDs). The Committee urges the government to work with the private sector and funding institutions to explore the niche product development that will expedite

inclusive tourism development. Some of the niche markets that may expedite the inclusion of the new entrants in the VTSDs may include:

- (i) Identifying and developing iconic tourist attractions or businesses that will act as a catalyst to other tourism enterprises and activities in the VTSDs.
- (ii) Identifying and engaging the funding institutions to invest in developing authentic tourism products with a focus on African cultural experiences.
- (iii) Developing, promoting and marketing cultural and heritage tourism, such as cultural history museums, public art galleries, tourism routes and trails, local cultural adventure activities, theatres, cultural villages, and other related activities.
- (iv) Developing and marketing local art, music, performance art, film and television, and other related activities.
- (v) Improving tourism infrastructure in areas with high potential for tourism growth, such internet connection; national, provincial, main and local roads; tourism trails and other related infrastructure.
- (vi) Exploring the land occupation rights of villagers and engaging funding institutions to invest in projects located in communal land – this should include the land obtained through the Department of Rural Development and Land reform through the Land Reform Programme.
- (vii) Identifying areas with potential for Homestays and engage the funding institutions to fund such home-style and Homestay facilities.
- (viii) Expediting commercialisation of government owned tourism facilities to be operated by local communities.
- (ix) Identifying and developing high impact community-based tourism projects.
- (x) Including initial operation and maintenance costs in community-based projects.
- (xi) Galvanising and incentivising public and private sector investment in affordable and financially viable tourist business options that will encourage South Africans to travel within their own country.
- (xii) Ensuring that the Local Economic Development Plans are aligned to the national tourism development imperatives and strategies.
- (xiii) Intensifying the local government empowerment programme to capacitate politicians and officials to understand the tourism economy for better coordination and development at a local level.

- (xiv) Creating a database of all tourism products with a potential for growth in the VTSDs and align funding with such potential products.
- (xv) Capacitating local governance structures, including the traditional leadership in understanding tourism and making appropriate decisions for tourism development.
- (xvi) Identifying and developing high impact tourism routes to stimulate tourism development.
- (xvii) Identifying linkages and developing niche tourism products linked to other sectors, such as Agritourism, mining tourism, eco-tourism and other related products.
- (xviii) Exploring tourism cooperatives and a profit share scheme in driving ownership of tourism products.

### **7.3 Access and maintenance of tourist attractions and tourist safety**

The Committee acknowledges that the ubiquitous tourism products and attractions countrywide and their state of neglect and disrepair. The heritage sites are falling apart and are being taken over by vagrants who do not have ablutions or a waste disposal system. The beaches have always offered the perfect tourist attractions, albeit some have become havens for wrongdoers and place of danger for patrons. Some community parks have become abodes for homeless people who perpetuate petty crimes against tourist, such as breaking into vehicles and stealing valuables or inflict harm on innocent unsuspecting tourists.

The state of disrepair and neglect of the tourist attractions and infrastructure becomes a deterrent for tourist to patronise these areas and also deter further investments in communities. In other instances, tour packages to some destinations have been discontinued due to poor maintenance of infrastructure and tourist attractions. In other instances, the operating hours of some government owned attractions such as museums are not conducive for the tourists who want to patronise such facilities. These lead to tourists stopping to fraternise such attractions which, in turn, causes a loss of income to local entrepreneurs such as crafters and other related small business that depend on tourism. The products available in communities/villages, townships and small towns could also serve as a catalyst for tourism development and thus transformation.

To attract investment and foster transformation, the following interventions are necessary:

- (i) Responsible authorities should ensure proper and continued maintenance of tourist attraction sites.
- (ii) The Department of Tourism should enter into a partnership with the South African Police Services and local Metro Police to conduct visible police law enforcement patrols at tourist attractions.
- (iii) Government should partner with communities and Non-Governmental Organisations to conduct clean-up campaigns at tourist attraction sites.
- (iv) Local municipalities to ensure proper solid waste management and that sewerage does not spill into rivers and beaches.
- (v) The Department of Tourism to engage national and provincial parks to reduce entrance fees to promote domestic tourism.
- (vi) The Department of Tourism should develop norms and standards to ensure that tourist attractions adhere to strict safety protocols, especially in addressing fears of the corona virus pandemic.
- (vii) Develop and upgrade tourist attractions in Villages, Townships & small Towns.

#### **7.4 Broad-Based Black Empowerment**

Transformation in South Africa is governed by the Broad-Based Empowerment Act and the related Tourism Sector Codes. The Committee acknowledges the initiatives made by the Department of Tourism, the Tourism Charter Council and the tourism business community, and developing appropriate mechanisms to advance the tenets of the Act and the Tourism Sector Codes. The Committee is of the view that this legislated transformation has, however, not yielded the desired transformation in the tourism sector. The Tourism Sector Codes focus more on compliance by the tourism businesses who are already within the sector. Little is done to bring new entrants into the sector. As such, the current sector codes are not exhaustive for the purposes of advancing transformation in the sector. The following interventions should be explored to expedite transformation in the Sector:

- (i) The Department of Tourism should look beyond the Tourism Sector Codes and develop a Tourism Transformation Plan that effectively drives transformation of the sector.
- (ii) Government should monitor the implementation of its own policy on procuring tourism goods and services from the complaint tourism businesses.

- (iii) Special attention should be given to developing and assisting emerging tourism entrepreneurs in the Villages, Townships & Small Dorpies (VTSDs). Practical interventions should be developed that address tourism development in the VTSDs.
- (iv) Given the complex operating models which normally separate asset owning companies to their hotel operator and travel agent companies, the inclusion of an asset ownership category as a measurable outcome on the sector codes, would assist incentivize ownership spread on these assets.
- (v) The existence of travel agencies as a value chain player in the sector may present another layer limiting the constant monitoring of B-BBEE compliance by establishments. It is recommended that the committee considers various instruments that would allow government to direct spending towards travel agencies that have direct working relations with B-BBEE compliant establishments.
- (vi) More emphasis should be placed on uplifting entities within the industry through the supplier and enterprise development portion of the scorecard or the upliftment of staff through the training section of the scorecard.
- (vii) The government should develop a Tourism Transformation Model that will allow for the representation of all South Africans in the sector.
- (viii) The Department of Tourism should revisit the viability of the Tourism Transformation Fund structure (loan/grant). This is inaccessible to entrepreneurs who do not have the means to access a loan.
- (ix) The government should reconsider the integration of tourism with other sectors at the provincial level as the tourism agenda is overlooked in some provinces, with funding being redirected to other sectors and not sufficiently to tourism.
- (x) The Department of Tourism should engage its provincial/municipal counterparts on how to effectively utilise the District Development Model for the tourism agenda in the country.
- (xi) The Department of Tourism should facilitate the implementation of the Tourism Institutional Arrangements as espoused in the National Tourism Sector Strategy and ensure that they are adequately funded to fulfil their mandate. This will ensure that citizens at a district and local municipality level are involved and adequately engaged in matters related to tourism.
- (xii) The Committee should work with its provincial legislatures counterparts and the National House of Traditional Leadership to facilitate the establishment of the

Village Tourism Forums to involve villagers in tourism development and beneficiation.

- (xiii) The government should explore special training projects for the youth in the VTSDs, such as cultural and heritage guides.
- (xiv) The government should study the economic benefits of intervening in the tourism economy against leaving tourism development to the market forces.
- (xv) Access to funding:<sup>19</sup>
  - To drive increased ownership in the sector, the private sector should establish a fund through Net Profit After Tax (NPAT) contributions from Enterprise & Supplier Development (ESD) and Socio-Economic (SED) elements to finance new entrants into the market, including existing black businesses for expansions.
- (xvi) Procurement and market access<sup>20</sup>:
  - Government (national, provincial & municipalities) and State Owned Entities (SOEs) should create meaningful linkages between Enterprise Supplier Development (ESD) programmes and supply chain to open up markets for SMMEs, local suppliers, including cooperatives.
- (xvii) Innovation, training and skills development:<sup>21</sup>
  - There should be innovation in the tourism sector;
  - More accredited training should be developed by both government and the private sector for black women;
  - Private companies should develop programmes to address skills development and empower black employees within organisations;
  - The government should establish the tourism sector specific Sector Education and Training Authority (SETA).
- (xviii) Focused monitoring:<sup>22</sup>
  - Government departments and entities should be verified for B-BBEE;

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<sup>19</sup> Tourism B-BBEE Charter Council (2017)

<sup>20</sup> Tourism B-BBEE Charter Council (2017)

<sup>21</sup> Ibid

<sup>22</sup> Ibid

- Government departments should design mechanisms to enforce and fast track transformation.

## **7.5 Embracing information technology (Fourth Industrial Revolution)**

Technology is becoming more important for the tourism industry, both in conducting business and enhancing tourist experiences. The technology also presents new entrepreneurial opportunities, especially with virtual tourism business events and experiences coming to the fore. The concept of virtual tours could become paid experiences in the future. The young people are more tech savvy and could be engaged in the Virtual Reality (VR) and Augmented Reality (AR) tourism ventures. This is more on providing virtual destination tours (VR) and personalised virtual guided tours (AR).

Technology is also becoming an integral part of choosing tourist destinations and this presents opportunities for Destination Management Organisations (DMOs) and Destination Management Companies (DMCs) to innovate.

An interesting submission was made with regard to providing marketing solutions for tourism enterprises in the VTSDs. The proposed solution is to digitally map and catalogue the entire South Africa, including districts, villages and dorpias, which comprise of the VTSDs and specifically the black owned businesses that offer products or services in the tourism sector. The proposal is that this will be done by means of digital magazines created for each of the districts and connected areas within South Africa. The digital magazine will be free to all and available across the globe in a multitude of languages, and this will include the use of mobile devices, computers, websites and PDF brochures. The digital magazine will highlight the points of interest in the mapped areas, the local businesses within the VTSDs areas, together with the usual points of interest and accommodation facilities. A key component of the digital magazine will be its online map of the area that will link through to Google maps and enable the tourist/visitor to plan their journey accurately and safely and reach the local businesses in the VTSDs.

The following interventions are proposed to government to unlock the potential provided by information technologies to the tourism sectors:

- (i) Explore the opportunities presented by the Virtual Reality (VR) and Augmented Reality (AR) to enhance innovation in the tourism product development by young entrepreneurs.
- (ii) Engage funding institutions to invest in research & development and funding new high risk technology based tourism ideas.
- (iii) Integrate technology in future tourism developments and enhance tourist experiences of the current tourist attractions.
- (iv) Explore the idea of using technology to map and market all tourism facilities in the VTSDs.

## **7.6 Creating a sustainable tourism future in response to COVID-19 pandemic**

The COVID-19 pandemic has dealt an indelible negative impact on the tourism industry throughout the world, and South Africa in particular. The existing tourism businesses are struggling and others are reportedly on the verge of being closed permanently. The demise of the existing tourism products will nullify the attempts for transformation as there will be low tourism base to build on. The Committee views the existing tourism businesses as an important catalyst to usher new entrants into the sector. It is thus imperative that the government does everything possible to facilitate the recovery of the tourism sector in South Africa.

The proposed interventions include, but are not limited to:

- (i) Expeditiously finalising the development of the Tourism Sector Recovery Plan.
- (ii) Developing Norms and Standards for tourism safety protocols across the travel and tourism industry.
- (iii) Developing a clear tourism stakeholder communication strategy to coordinate rapid response whenever necessary.

## **7.7 Tourism education**

The submissions alluded to the assertion that tourism is generally not taken as an important subject at a school level. This means that learners at a young age do not see tourism as a potential career. The Committee acknowledges the Annual Tourism Careers Expo implemented by the Department of Tourism on a rotational basis amongst the provinces as



form of career awareness. However, tourism remains a career of last resort which is considered as a fall back when the prospective students fail to meet the criteria for the careers of choice.

The following interventions are recommended to streamline tourism education and foster long term transformation solutions for the sector:

- (i) Intensify tourism awareness programmes to highlight career and employment opportunities.
- (ii) Provide adequate financial support and coordination for tourism education.
- (iii) Recognise tourism as a valuable sector in the South African economy and create a conducive environment for tourism awareness and education, labour and skills development.
- (iv) Provide better coordination between the Department of Tourism, relevant government departments and the private sector to ensure the absorption of Travel & Tourism, ecotourism and tourism graduates in the job market.

## **8. THE COMMITTEES' OVERSIGHT APPROACH TO TRANSFORMATION**

The submissions made by the stakeholders embolden and galvanise the call to action for the whole government approach to tourism development and marketing as espoused by the Committee. In enhancing the oversight work during the 6<sup>th</sup> Parliament, the Portfolio Committee on Tourism has adopted a Whole Government Oversight Approach. Given that the tourism sector has a myriad of issues that need urgent attention, the Committee has adopted an Un-cooptable, Non-antagonistic, Co-operative and Reciprocative Oversight approach. The intended outcomes of this approach are “RRR”, namely, Rebranding Repositioning and Renewal of the tourism sector in the South African Economy. The strategic focus on tourism oversight is on South Africa in general and the Villages, Townships & Small Dorpies (VTSD) in particular. The reason for this approach is that poverty, unemployment and inequality are more expressed at the VTSDs.

### **8.1 Villages, Townships & Small Dorpies (VTSD)**

According to the Poverty Trends Report for 2006 to 2015 released by Statistics South Africa in 2017, 30.4 million people (55.5 percent of the population) are living in poverty. This

comprises mainly children, black Africans, females, and people from rural areas. According to this report, poverty is highest in Limpopo and the Eastern Cape, comprising people with little or no education as the main victims in the ongoing struggle against poverty; and is lowest in the Western Cape and Gauteng.

Statistics South Africa Community Survey conducted in 2016 revealed that today, geographical patterns of poverty on the map of South Africa still correspond to the apartheid “homelands”, barren rural regions far from cities, packed with people but with little infrastructure, no development and few jobs. Municipalities with high percentages of people living in poverty are today often found in regions that were once homelands. The report indicates that migration from the rural areas to the cities is an important feature of the recent South African history. Apartheid laws confined the poor to the rural areas. Once those laws were lifted in the late 1980s, poor people began to move to the cities, where they often stayed poor. Townships therefore have a high concentration of poor Black people. This empirical information on poverty in South Africa needs a direct response from the entire government as led by the Department of Tourism.

## **8.2 Rebranding, Repositioning and Renewal**

The tourism growth in South Africa has experienced a setback, due to a number of factors. The apartheid era excluded black South Africans from participating in recreation and tourism activities. The erstwhile government enacted by the apartheid system also excluded Black people from owning tourism businesses and participating in the tourism economic value chain. There were separate tourist facilities and amenities, ranging from beaches to hotels and restaurants, and this resulted in Black people becoming effectively excluded from the industry. This did not only exclude the Blacks from participating in the tourism economy, but also entrenched the lack of culture of travel amongst Black South Africans.

The dawn of democracy in 1994 ushered in a new socio-political and socio-economic trajectory in South Africa. Tourism has since been entrenched in the constitution as a functional area of concurrent national, provincial, and local government competence. The government is now promoting inclusive tourism policies and strategies that encourage participation by all South Africans. Scholars agree that one of the main goals of tourism development is to formulate and implement tourism policies that provide high-quality tourist experiences that can maximise the benefits to destination stakeholders without compromising the short and long term

environmental, social, and cultural integrity of destinations. However, the post 1994 policies and strategies have not been able to transform the tourism sector.

### 8.2.1 Rebranding

In the recent past, the tourism industry in South Africa has been tarnished and stifled by a number of challenges. These include, but are not limited to the COVID-19 pandemic; a decrease in international arrivals; lack of transformation; restrictive visa regime and visa processing issues; safety and security concerns; inappropriate wildlife interaction and concerns about the country's policy of land expropriation without compensation. Rebranding entails how these challenges can be used as opportunities to grow the tourism sector. There is a need for interventions at a country, regional, and international levels to rebrand South Africa. These should include decisive actions on Norms and Standards for Tourist safety, easing and modernising the visa regime, public relations activations to deal with negative perceptions of crime and safety, and generally enhancing destination competitiveness. This requires a whole government approach with all relevant government departments and the private sector playing their inherent and respective roles.

### 8.2.2 Repositioning

The Committee is of the view that rebranding opportunities may become repositioning opportunities. This may be done through areas such as improving airlift, providing world-class visa regime, competitive tourist packages, and value for money and cost effective destination.

Tourism development and marketing in South Africa has always prioritised international tourism at the expense of domestic tourism. In recent years, the Department of Tourism has always transferred an average of 53 percent of its budget to South African Tourism for marketing. This 53 percent budget has increased a tourism economic activity gap and made the sector more untransformed. This is due to the traditional nature of the marketing function by South African Tourism brings tourists to the country to support the tourism establishments in a manner similar to the apartheid era. The tourists use establishments that are owned and operated by the previously advantaged sectors of society.

In repositioning tourism, the Committee has adopted a philosophy that the budget of the Department of Tourism should strive to create and support new entrants in the tourism sector and reinvigorate the existing failing projects without compromising the potential of the existing tourism businesses. In this regard, the Department of Tourism and South African Tourism should use their allocated budget, and work with other stakeholders to categorise and provide appropriate support to the following categories of tourism enterprises:

- World class developed attractions
- New/developing attractions
- Non-existing attractions

A focussed approach to repositioning tourism development should therefore facilitate strategies that deal with the gap between the developed, developing, and non-existent tourism enterprises in the country.

### 8.2.3 Renewal

Renewal will be a culmination of effective implementation of repositioning and rebranding strategies. Given the imbalances of the past and the perceptions around tourism, the sector needs an injection of rigorous strategies that will facilitate a new trajectory of a positive growth path. This rests on enhancing intergovernmental relations. The Committee will strengthen inter-governmental relations, cooperation and support by various government departments and relevant portfolio committees. The Committee has adopted what it calls the “Spokes of the Bicycle Approach” as depicted in Figure 1, where it advocates for every relevant department, which contributes to a tourism mandate, to have focused programmes that create a conducive environment for tourism development and growth. Renewal also entails a pact with the private sector, working closely with the Tourism Business Council of South Africa, to carve new partnerships between government and industry.

The interaction will not only be limited to the Portfolio Committees mentioned herewith, but will extend to all other relevant Portfolio Committees and Select Committees who play integral roles in the tourism sector. The Committee will also interact with other critical stakeholders such as the communities, the private sector and institutions of higher learning.

The Committee has also embarked on another oversight approach with a strict focus on joint oversight work with the Provincial Legislatures. In that regard, the Committee is facilitating

the establishment of an oversight body called the Legislatures Oversight Forum (LETOFO). The overarching purpose of the LETOFO is to align and strengthen oversight over tourism development and marketing by the parliamentary Portfolio Committee on Tourism in partnership with the Provincial Portfolio Committees responsible for tourism at the nine Provincial Legislatures. The specific objectives of the LETOFO are multi-pronged and are intended to:

- (i) Establish institutional arrangements that will strengthen oversight on tourism.
- (ii) Identify important areas of corporation among the Executive/Departments and work with the Tourism Departments for improved, formalised and institutionalised approach in this regard.
- (iii) Facilitate the adoption of a mechanism to deal with common tourism challenges across the spheres of government.
- (iv) Promote and facilitate collaboration and co-operative oversight on tourism across the Legislative Sector to ensure effective service delivery.
- (v) Integrate Provincial Legislatures as an integral part of the oversight work of the Parliamentary Portfolio Committee on Tourism.
- (vi) Promote constant and consistent communication on tourism oversight within the Legislative Sector.
- (vii) Share best practices and benchmark tourism oversight work within the Legislative Sector.

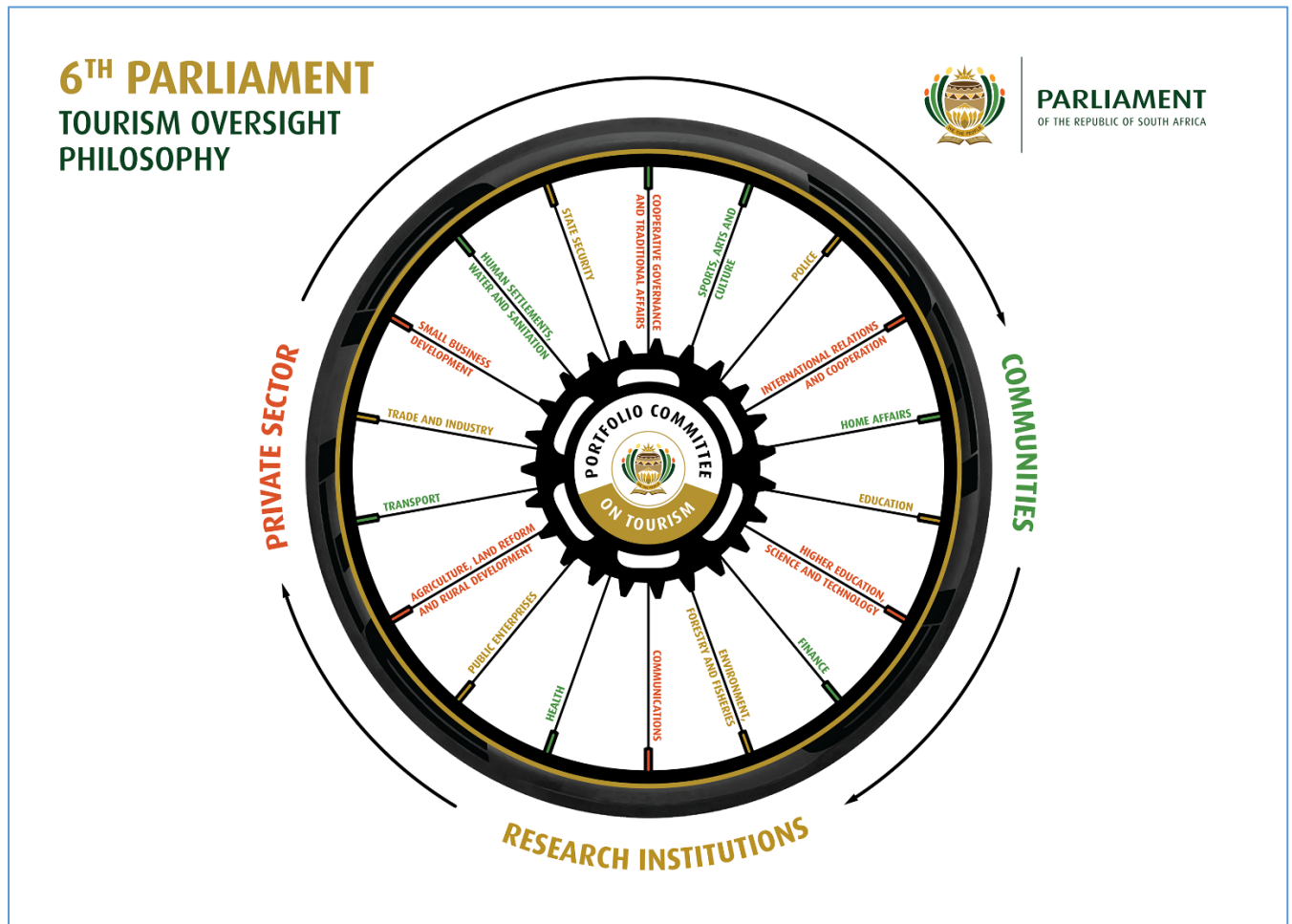
This oversight approach to tourism will culminate in “all hands on deck” by tourism stakeholders in the legislatures, government, private sector, traditional leadership and communities. The intended outcome is a more transformed tourism sector by the end of the 6<sup>th</sup> Parliament.

### 8.3 Collaboration with other Portfolio Committees

Figure 1 depicts a number of Portfolio Committees in Parliament that the Committee intends to collaborate with in order to realise the transformation of the tourism sector in particular and tourism development and growth in general. At a parliamentary level, the Committee will collaborate with and coordinate its oversight works with the various Portfolio and Select Committees in various ways. Collaboration will include Joint Oversight Visits, Joint Meetings

and other mutually agreed methods. The collaboration will include, but not limited to, the following interventions:

Figure 1: Portfolio Committee on Tourism Oversight Approach (Spokes of the Wheel)



**Source:** Portfolio Committee on Tourism

### 8.3.1 Portfolio Committee on Cooperative Governance and Traditional Affairs

The cooperation will include:

- (i) Identification and support of tourism enterprises at Villages, Townships and Small Dorpias.
- (ii) Incorporation of tourism in Local Economic Development Plans and Integrated Development Plans with adequate budget.
- (iii) Capacitation of politicians and staff at a local government level.

- (iv) Development of appropriate bylaws that promote and protect tourism at a local level.
- (v) Ensuring that local government provides necessary service delivery and zoning to facilitate tourism development.
- (vi) Formation of tourism institutional arrangements at a local level.
- (vii) Maintenance of local attractions and tourism infrastructure.

### 8.3.2 Portfolio Committee on Arts, Culture, Sports and Recreation

The collaboration will focus on the following interventions:

- (i) Development of heritage and cultural tourism
- (ii) Maintenance of heritage and cultural tourist attraction sites and routes.

### 8.3.3 Portfolio Committee on Police

Collaboration will include:

- (i) Identifying tourism crimes hotspots
- (ii) Developing and proving various safety measures for tourists, including visible policing and patrols by South African Police services, Metro Police and Safety Monitors by the Department of Tourism at tourist attractions.

### 8.3.4 International Relations and Cooperation

The Committees will collaborate on:

- (i) Usage of South African Missions abroad to extend the international reach of marketing activities, especially in countries where South African Tourism does not have country offices.
- (ii) Creating a positive brand image for destination South Africa.
- (iii) Tracking and implementation of tourism bilateral agreements with various countries.

### 8.3.5 Portfolio Committee on Home Affairs

The two Committees will collaborate on:

- (i) Creating ease of access to South Africa through:
  - Improving the visa regime by introducing E Visas
  - Visa exemptions for identified markets
  - Implementing biometric visa systems
  - Implementing the E-gates at major entry points
- (ii) Collecting and collating tourism statistics.

### 8.3.6 Portfolio Committee on Basic Education

Collaboration will include:

- (i) Elevation of tourism as one of the subjects of choice in schools.
- (ii) Collaboration on tourism awareness and education programmes, including the National Tourism Careers Expo.
- (iii) Re-introduction of school tours and packaging school tours products.
- (iv) Developing quality tourism curriculum for schools.

### 8.3.7 Portfolio Committee on Higher Education, Science and Technology

The Committees will work together on:

- (i) Elevation of tourism as one of the qualifications of choice at universities.
- (ii) Collaboration with universities on tourism research projects.
- (iii) Conceptualising and hosting of tourism colloquia.

### 8.3.8 Portfolio Committee and Standing Committees on Finance and Appropriations

The Committee will work closely with the finance committees on the following interventions:



- (i) Recognising the value of the tourism sector in the economy of South Africa through its contribution to the Gross Domestic Product, Foreign Direct Investments, export nature of the tourism sector, total employment, and domestic tourist spend.
- (ii) Quantifying the adequate funding needed to fund the tourism function in South Africa.
- (iii) Appropriation of adequate funding to the tourism Vote.
- (iv) Procurement of tourism goods and services by the government.
- (v) Payment of tourism accounts within 30 days.

#### 8.3.9 Environmental Affairs, Forestry and Fisheries

The collaboration will include:

- (i) Empowerment and involvement of local communications residing around the National Parks into the tourism value chain.
- (ii) Making concessions for emerging tour operators and local communities affordable.
- (iii) Safeguarding the future of South Africa as a sustainable tourist destination through regulation of canned hunting and animal interaction.
- (iv) Creating affordable access for South Africans to National Parks.

#### 8.3.10 Portfolio Committee on Communications

The Committees will collaborate on:

- (i) Making internet access affordable to emerging tourism entrepreneurs to enhance tourism development and tourist experience.
- (ii) Facilitating digital tourism development such as Augmented Reality and Visual Reality.

#### 8.3.11 Portfolio Committee on Health

The Committees will collaborate on:

- (i) The development and adoption of Norms and Standards to prevent the spread of communicable diseases at tourist attractions, such pandemics like the corona virus.

- (ii) Development and implementation of Health Tourism.

### 8.3.12 Portfolio Committee on Public Enterprises

Collaboration will include:

- (i) Identification and servicing of new lucrative international routes by South African Airways.
- (ii) Integration of South African Airways and the Entity's stabilisation to continue servicing the existing and important core markets.
- (iii) Stabilising electricity reticulation to prevent load shedding that negatively affects the tourism industry.

### 8.3.13 Portfolio Committee on Agriculture, Land Reform and Rural Development

The Committees will collaborate in:

- (i) The impact of the land reform programme on the tourism sector.
- (ii) Identification and realisation of agritourism as a potential niche market in South Africa.
- (iii) Captive animal breeding and animal interactions.

### 8.3.14 Portfolio Committee on Transport

The interaction will include:

- (i) The National Airlift Strategy to open up destination South Africa and servicing small town airports to improve the geographical spread of tourists.
- (ii) The impact of the National Public Transport Regulator (NPTR) and Operating Licences for tour operators.
- (iii) The maintenance of road infrastructure and its impact on tourism.
- (iv) The role played by the Airports Company South Africa in facilitating tourism, and the impact of airport taxes on the cost of travel.

### 8.3.15 Portfolio Committee on Trade and Industry

The collaboration will include:

- (i) Recognition of tourism as an export sector, thus improving lobbying for more budget appropriation by the National Treasury.
- (ii) The impact of the B-BBEE sector codes on transforming the tourism sector.
- (iii) Procurement of tourism goods and services by the government.
- (iv) The importance of tourism in the positive trade balance of the country.

### 8.3.16 Portfolio Committee on Small Business Development

The interaction will include:

- (i) The role of small tourism businesses in the economy.
- (ii) The support available to small tourism businesses
- (iii) Possible collaboration with the Department of Tourism on the development of tourism SMMEs.

### 8.3.17 Portfolio Committee on Human Settlements, Water and Sanitation

Interactions may include:

- (i) Importance of reliable supply of quality water in the tourism industry.
- (ii) Tourism, gentrification (socio-spatial impacts of urban tourism) and neighbourhood change.
- (iii) Township/Slum Tourism opportunities.

### 8.3.18 Department of State Security

Interactions may include:

- (i) Intelligence on crimes perpetrated against tourists.
- (ii) Organised crime disguised as crimes against tourists.
- (iii) Intelligence on xenophobic crimes and its impact on the destination brand image.

## **9. RECOMMENDATIONS**

The Portfolio Committee on Tourism, having made a number of recommendations under each theme of transformation, identified a number of parliamentary committees and external stakeholders that are crucial in executing the tourism transformation agenda, makes the following recommendations:

9.1 That the Minister of Tourism:

9.1.1 Facilitates the implementation of the recommendations made in each theme as presented in this document under Public Submissions.

9.1.2 Engages all the relevant government departments to align their respective mandates to the mandate of the Department of Tourism mandate in order to enhance the fulfilment of the tourism constitutional mandate.

9.2 That the parliamentary Portfolio Committees that conduct oversight over the departments that play an integral in the country's tourism constitutional mandate collaborate with the Portfolio Committee on Tourism in championing tourism development and marketing.

9.3 That the report be disseminated to all stakeholders identified herewith.

## **10. CONCLUSION**

This report has attempted to highlight the strategic trajectory of the Portfolio Committee of Tourism for the 6<sup>th</sup> Parliament spanning 2019 – 2024. The oversight approach followed by the Committee rallies all tourism stakeholders towards a common goal of transforming the tourism sector.

Since 1994, South Africa has been guided by the Constitution's call to heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights. The country has made much progress in these areas. But too little has changed in the structure of the economy and patterns of wealth accumulation. To realise the vision of the Constitution, South Africa needs transformation that opens a path to inclusive economic growth and development. Inclusive growth requires broad-based transformation to break down structural impediments to new economic activities, deconcentrate industries dominated by few participants, accelerate the inclusion of millions of black South Africans into jobs and

businesses, and return to a path of rising per capita incomes for all. The benefits of empowerment should be accessible to all citizens, not limited to connected industry insiders. This will require action to transform the structure of production and patterns of asset ownership. Government's objective is not merely to transfer ownership of assets or opportunities to contract with the state, it is to change the structure of the economy. Broad-based transformation should promote growth, mobilise investment, create jobs and empower citizens. It must create new resources to support social change, including assets and livelihoods for the majority, and strengthen South Africa's constitutional foundations.

### **Report to be considered.**

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## **National Council of Provinces**

### **1. Report of the Select Committee on Health and Social Services on the Social Assistance Amendment Bill [B8B – 2018] (National Assembly – sec 76), dated 14 October 2020:**

The Select Committee on Health and Social Services, having considered the subject of the **Social Assistance Amendment Bill [B8B – 2018]** (National Assembly – sec 76), referred to it, reports that it has agreed to the Bill.

#### **Process**

- The Social Assistance Amendment Bill [B8B-2018] was referred to the Committee on 09 June 2020.
- The Department briefed the Committee on 25 August 2020. All provinces had briefings and public hearings on the Bill.
- All provinces concluded their hearings and submitted negotiating mandates on 07 October 2020.
- The Committee finalised the Bill on 14 October 2020 and adopted it without amendments.

#### **Report to be considered.**

## **2. REPORT OF THE SELECT COMMITTEE ON PETITIONS AND EXECUTIVE UNDERTAKINGS ON THE EXECUTIVE UNDERTAKINGS MADE BY THE MINISTER OF EMPLOYMENT AND LABOUR DURING THE HOUSE SITTING OF 11 JULY 2019, AS ADOPTED ON 14 OCTOBER 2020**

### **1. BACKGROUND**

On 02 September 2017, the Honourable Minister of Employment and Labour (Minister) made the following executive undertakings during the Question and Answer Session: in the National Council of Provinces (House):

- 1.1 Executive Undertaking 1: **“The department has nine provincial offices, 126 Labour Centres, 25 satellite offices and 467 visiting points which are part-time offices. To this, we will add 10 specialised youth centres over the next two years.”**
- 1.2 Executive Undertaking 2: **“In this financial year, we will also ensure that our entrenched labour market tools, mainly the UIF, strengthen our Labour activation programme to focus on the following: Vocational and remedial training of the unemployed; programmes for the youth in transition from school to work, including apprenticeships and some 130 000 learnerships over three years; and also subsidised, targeted measures to provide employment including hiring subsidies paid to private sector employers, and assistance to the unemployed persons who wish to start their own businesses.”**
- 1.3 Executive Undertaking 3: **“The department will form partnerships with the employers and training institutions, particularly in collaboration with the Department of Higher Education and Training to address the future skills needs of the labour market.”**
- 1.4 Executive Undertaking 4: **“During the course of this financial year, we will add 200 inspectors to the current team that is working to ensure implementation of the national**



**minimum wage. With the Deputy Minister and the DG, we will be launching a blitz of inspections in the near future.”**

- 1.5 Executive Undertakings 5: **“There’ll be an increase in the income replacement rate for maternity benefits to 66%. We’ll extend a contributor’s entitlement to benefits under certain circumstances and there’ll also be finance employment services.”**

## **2 PROCEDURE OF THE COMMITTEE**

The concerned executive undertakings were referred to the Select Committee on Petitions and Executive Undertakings (Committee) by the Chairperson of the National Council of Provinces, on 07 August 2019, for it to scrutinise and subsequently report to the House on their implementation.

After their referral to the Committee, proceeded to extend an invitation to the Minister to appear before it and report on the progress made by the Department of Employment and Labour (Department) in implementing the concerned executive undertakings, which falls under its respective portfolio.

## **3 MEETING OF THE COMMITTEE**

On 02 September 2020, the Minister, Deputy Minister and relevant officials of the Department appeared before the Committee to report on the progress made in implementing the executive undertakings under consideration.

The following Committee Members were present at the meeting with the Department:

- 3.1 Hon Z V, ANC, Eastern Cape (Chairperson);
- 3.2 Hon S Shaikh, ANC, Limpopo;
- 3.3 Hon T S C Dodovu, ANC, North-West;
- 3.4 Hon E M Mthethwa, ANC, KwaZulu-Natal;
- 3.5 Hon B M Bartlett, ANC, Northern Cape;
- 3.6 Hon I M Sileku, DA, Western Cape; and
- 3.7 Hon S E Mfayela, IFP, KwaZulu-Natal

The Committee Members present, at the meeting, were supported by the following Committee officials:

- 3.8 Mr N Mkhize, Committee Secretary;
- 3.9 Adv. T Sterris-Jaffer; Committee Research;
- 3.10 Mrs N Fakier; Executive Secretary; and
- 3.11 Mr M Dumezweni, Committee Assistance

The following representatives of the Department of Employment and Labour appeared before the Committee during the meeting:

- 3.12 Hon. T W Nxesi, Minister,
- 3.13 Hon. B E Moloi, Deputy Minister,
- 3.14 Mr T Lamati; Director General;
- 3.15 Ms M Bronkhorst, Chief Operating Officer;
- 3.16 Mr S Morotoba; Deputy Director General-Public Employment Services;
- 3.17 Adv. M Yawa; Unemployment Insurance Fund (UIF) Corporate Head;
- 3.18 Mr K Mudumela, Chief of Staff-Ministry;
- 3.19 Mr Z Moweli; Head-Deputy Ministry Office;
- 3.20 Ms O Mjo, Ministry-Special Adviser;
- 3.21 Dr J Lewis, Ministry-Special Adviser; Mr S Mali;
- 3.22 Mr S Mali , Media Liaison Officer, Parliamentary Liaison Officer (PLO);
- 3.23 Ms K Magagane, PLO in DM Office;
- 3.24 Mr T Wababa, PLO; and
- 3.25 Mr W Dlwengu, DG's Office

#### **4      PROGRESS REPORT BY THE DEPARTMENT OF EMPLOYMENT AND LABOUR**

In their progress report to the Committee, the Minister and the Director-General reported as follows:

#### 4.1 Executive Undertaking 1:

The Department of Employment and Labour (Department) reported that in its commitment to establish ten specialized youth centres to provide face to face interactions with young people. It indicated that four of those were earmarked for funding by the Department whilst the Six were to be funded by the European Union (EU) Project that the Department is jointly implementing with the Department of Higher Education Science and Technology.

The Cape Town based Youth Centre is operational and the other three located in Durban, New Castle and De Aar have been initiated. The two will be completed before end of November 2020 whilst the De Aar is scheduled for completion before end of February 2021.

The Six to be funded by the EU were initially earmarked for Johannesburg; Germiston; Thohoyandou; Potchefstroom; Mdatsane or Port Elizabeth and Bloemfontein. The funding towards the six Labour Centres is re-directed towards procurement of 24 mobile panel vans that are to be well equipped with the applicable computers. These will be distributed to all Provinces for use as part of the Department mobile version of our Youth Centre. This move will address the Department current space problem, assist it to extend its reach and eliminate the need for work seeker to travel long distances to they offices.

The Department reported that a Revised Work Plans have been submitted to the National Treasury and it is anticipated that the EU will release R27million during November 2020. The purchase and rollout is projected to be finalised by the end of the current financial year ending March 2021.

The Department has also installed Self Service Stations in 64 of the 126 Labour Centres that allows young people to access most services similar to those offered by Youth Centres. The Unemployment Insurance Fund (UIF) and Compensation Fund are also procuring Self Service Units for the remaining 62 Labour Centres. These initiatives will complement the Department already existing Online Services.

#### 4.2 Executive Undertaking 2:

The Department reported that the Labour Activation Programmes (LAP) that they use to fund under the UIF are being reviewed to focus more on Employment Schemes that will result in participants to derive income whilst participating in the program but also ensure that they enter into formal employment;

cooperative or self-employment at the end of the program. There are negotiations underway with the organisations that were awarded LAP contract to adjust their focus.

The Director General appointed a LAP National Adjudication Committee to adjudicate proposals focusing on employment of the unemployed. The requirement for training is to meet any skills gaps that may exist in relation to the available opportunities. The LAP interventions focus on contributors to the UIF who have lost their jobs. Section 5(d) of the UI Act provides for financing of the retention of contributors in employment and the re-entry of contributors into the labour market and any other scheme aimed at vulnerable workers. However, the UIF is alive to the realities of the labour market, that the youth are a bigger share of the unemployment statistics.

The Department indicated that in order to accommodate these youth component that many never have worked the UIF accommodates 30% of non-contributors in LAP interventions. This is additional to those young persons who are contributors already catered for in the mandatory 70% minimum target.

The Department is participating in a joint project with the Department of Basic Education and the Department of Higher Education and Science and Technology funded by the EU through the National Treasury. This Project will fund Youth Centres and other Career Counselling, Employment Schemes and placement interventions that are aimed at facilitating the transition of youth from school to work.

Work Plans have been submitted to the National Treasury and funding is anticipated to flow from November 2020.

#### 4.3 Executive Undertaking 3:

The Department reported that the UIF's focus is aligned to the employment mandate. All new partnerships emanating from the work of the LNAC will be on the basis of them creating employment. Training will be provided for the sole intention of enabling entry into available jobs. A Memorandum of Understanding (MOU) on Psychometric assessments were concluded with two employers. The one deals with recruitment of technical staff for South Africa Airway (SAA) technical and the other is for Gauteng Nursing Council.

The Department informed that two other MOU's were completed with other Government agencies, namely the South African Qualifications Authority (SAQA) and the Department of Higher Education and Training, to communicate the Khetha Programme to work seekers at Labour Centres. The UIF has been guided by the Department of Higher Education and Training in relation to relevant training/skills programmes required by the job market.

The current mandate of the Department of Employment and Labour is job creation, as such the UIF has shifted the focus of the LAP programmes to job creation..The UIF considered partnerships with entities

of provincial Governments the Department of Higher Education & Training, and the Department of Energy. The Department supports and contributes to an initiative that is led by the Department of Higher Education Science and Technology in determining scarce and future critical skill that will be in demand

#### 4.4 Executive Undertaking 4:

The Department reported that it conducts blitz inspections and in the 2019/20 Financial Year, it has conducted approximately 3459 blitz inspections country-wide. The sectors it focused on are: hospitality; community; wholesale and retail; agriculture; domestic; construction, finance, manufacturing security and transport.

The Department indicated that a general trend regarding non-compliance was around the Basic Conditions of Employment Act and National Minimum Wage Act. Each Province has developed and will adapt, where necessary, an annual Blitz Inspection Schedule focusing on different sectors. This is determined by trends of problematic and high risk sectors in various provinces.

The Department informed that it has now 2 283 Labour Inspectors. This figure includes the new 500 Occupational Health and Safety (OHS) Labour Inspectors that have been added to the Branch. The 2 283 Labour Inspectors includes the 500 new OHS Labour Inspectors. Thus far about 60% of the 500 new OHS Labour Inspectors have already been recruited and placed.

The process of employing the new Labour Inspectors should be completed by end of October 2020.

The 500 additional OHS Labour inspectors will add to the 176 current OHS Labour Inspectors of which 60% of the 500 is already recruited and placed in employment. The Branch was intending to add 200 Employment Standards Labour Inspectors on contractual basis. These were going to help mostly with the enforcement of the National Minimum Wage Act and Employment Equity Act.

The submission for these had already been approved but could not continue with the recruitment and selection process due to budgetary constraints.

#### 4.5 Executive Undertaking 5:

The Department reported that the UIF has implemented the flat rate for maternity. The flat rate for maternity benefits was implemented on the 02 January 2019 and all claims are assessed and paid on the 66%.

## **5 OBSERVATIONS AND KEY FINDINGS**

In noting the progress report given by the Department of Employment and Labour in relation to the implementation of the executive undertakings under review, the Committee made the following observations and key findings:

- 5.1 The Department assured the Committee it has factored all the above mentioned executive undertakings in its current budget. However, the Department indicated that additional budget cuts are expected, but further gave assurance that the implementation of these executive undertakings will be factored in the revised budget.
- 5.2 The Department was intending to add 200 Employment Labour Inspectors on contractual basis. These were going to help mostly with the enforcement of the National Minimum Wage Age Employment. The Department informed that the submission for these had already been approved but could not continue with the recruitment and selection process due to budgetary constraint.
- 5.3 The Department acknowledgement that there will be less job opportunities for young people and more retrenchment. But assured that the situation is being remedied, by partnering with relevant stakeholders and putting together a recovery plan which will stimulate economic activities (especially in core sectors such as agriculture and manufacturing).

## **6 RECOMMENDATIONS**

Further, in noting the progress report made by the Minister of Department of Employment and Labour, the Committee, lastly, observes that the executive undertakings have been adequately implemented and therefore recommends that they be closed.

*Report to be considered.*

### **3. REPORT OF THE SELECT COMMITTEE ON PETITIONS AND EXECUTIVE UNDERTAKINGS ON THE EXECUTIVE UNDERTAKINGS MADE BY THE DEPUTY MINISTER OF EMPLOYMENT AND LABOUR DURING THE HOUSE SITTING OF 28 JULY 2020, AS ADOPTED ON 14 OCTOBER 2020**

#### **1. BACKGROUND**

On 02 September 2017, the Honourable Deputy Minister of Employment and Labour (Minister) made the following executive undertakings during the Question and Answer Session: in the National Council of Provinces (House):

- 1.1 Executive Undertaking 1: **“Public Employment Services, in a joint programme with Higher Education, funded by the EU, will purchase 24 mobile units, to operate across all provinces.”**
- 1.2 Executive Undertaking 2: **“The UIF is also committed to implementing its Section 5D obligations under the UI Act (as amended). It will set aside 10% of its assets for Labour Activation Programmes in support of jobs and training geared to the changing needs of the labour market.”**
- 1.3 Executive Undertaking 3: **“The UIF has committed R394 million to funding training for 26 000 – 5% to the youth and women. R5.9 million is committed to finance the interventions of the CCMA to preserve jobs.”**
- 1.4 Executive Undertaking 4: **“The UIF will provide R104 million to Productivity SA to support some 6 000 SMEs to improve productivity to preserve and create jobs.”**
- 1.5 Executive Undertakings 5: **“The Fund is also focused on strengthening its online application system in advance of an uptick in claims. For those employers and healthcare practitioners who still experience challenges in accessing the CompEasy system, the Fund is embarking on a national campaign to assist stakeholders.”**



## **2 PROCEDURE OF THE COMMITTEE**

The concerned executive undertakings were referred to the Select Committee on Petitions and Executive Undertakings (Committee) by the Chairperson of the National Council of Provinces, on 06 August 2020, for it to scrutinise and subsequently report to the House on their implementation.

After their referral to the Committee, proceeded to extend an invitation to the Deputy Minister to appear before it and report on the progress made by the Department of Employment and Labour (Department) in implementing the concerned executive undertakings, which falls under its respective portfolio.

## **3 MEETING OF THE COMMITTEE**

On 02 September 2020, the Deputy Minister and relevant officials of the Department appeared before the Committee to report on the progress made in implementing the executive undertakings under consideration.

The following Committee Members were present at the meeting with the Department:

- 3.1 Hon Z V, ANC, Eastern Cape (Chairperson);
- 3.2 Hon S Shaikh, ANC, Limpopo;
- 3.3 Hon T S C Dodovu, ANC, North-West;
- 3.4 Hon E M Mthethwa, ANC, KwaZulu-Natal;
- 3.5 Hon B M Bartlett, ANC, Northern Cape;
- 3.6 Hon I M Sileku, DA, Western Cape; and
- 3.7 Hon S E Mfayela, IFP, KwaZulu-Natal

The Committee Members present, at the meeting, were supported by the following Committee officials:

- 3.8 Mr N Mkhize, Committee Secretary;
- 3.9 Adv. T Sterris-Jaffer; Committee Research;
- 3.10 Mrs N Fakier; Executive Secretary; and

The following representatives of the Department of Employment and Labour appeared before the Committee during the meeting:

3.12 Hon. B E Moloji, Deputy Minister,

3.13 Mr T Lamati; Director General;

3.14 Ms M Bronkhorst, Chief Operating Officer;

3.15 Mr S Morotoba; Deputy Director General-Public Employment Services;

3.16 Adv. M Yawa; Unemployment Insurance Fund (UIF) Corporate Head;

3.17 Mr K Mudumela, Chief of Staff-Ministry;

3.18 Mr Z Moweli; Head-Deputy Ministry Office;

3.19 Ms O Mjo, Ministry-Special Adviser;

3.20 Dr J Lewis, Ministry-Special Adviser; Mr S Mali;

3.21 Mr S Mali, Media Liaison Officer, Parliamentary Liaison Officer (PLO);

3.22 Ms K Magagane, PLO in DM Office;

3.23 Mr T Wababa, PLO; and

3.24 Mr W Dlwengu, DG's Office

#### **4 PROGRESS REPORT BY THE DEPARTMENT OF EMPLOYMENT AND LABOUR**

In their progress report to the Committee, the Deputy Minister and the Director-General reported as follows:

##### **4.1 Executive Undertaking 1:**

The Department reported that a project plan and draw plan has been submitted to National Treasury for the 24 Mobile Units, and development of the mobile applications it is projected that the funding will be made available during the course of October 2020.

The Department is already working on a detailed implementation plan that includes amongst others:

- The allocation and rotation of staff at Provincial and Labour Centres to manage the Mobile Units
- Training of Staff to manage the Mobile Units
- Storage facility for the Mobile Units and

- The schedule of visiting points

#### 4.2 Executive Undertaking 2:

The Department reported that the UIF intends to implement the undertaking within the timeframes as indicated in its Strategic Plan 2020/21 Annual Performance Plan. The undertaking shall be implemented over a period of 3 years. Table 1 – below tabulates the timeframes

Target	2020/21	2021/22	2022/23
% of Asset under management set aside to fund Employment Creation Schemes	1.6%	2%	4%
Number of jobs created through UIF funding and investment initiatives	5 000	10 000	1 500
Budgeted Amount in billions	R3 280	R3 444	R3 609

#### 4.3 Executive Undertaking 3:

The Department reported that the UIF intends to implement the above undertakings within the timeframes as indicated in its Strategic Plan and the 2020/21 Annual Performance Plan. UIF plans to implement this undertaking over a period of 3 years. In Table 2 below are the timeframes.

The funds are already made available for the 2020/21 Financial Year. Applications for interventions are made through the CCMA under the Temporary Employer Employee Relief Scheme (TERS). The adjudication and approved or rejected process is done within 15 working days.

Table 2

Targets	2020/21	2021/2022	2022/23
Number of contributors provided with learning opportunities	27 000	40 700	40 700

Number of Youth Participating on Public Employment Programmes	6 000	12 210	12 210
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#### 4.4 Executive Undertaking 4:

The UIF in its plans to achieve this commitment during the course of this (2020/21) Financial Year concluded a Memorandum of Agreement (MoA) with Productivity SA. The 6 000 SMMEs are expected to be assisted by 31 March 2021 as part of the funding agreement and its One-Year-Project-Plan. As per the MoA the R104 million will be dispensed to Productivity SA in 3 Tranches as indicated in Table 3 below:

Tranches	Amount	Remarks
Tranche 1	R23 429 980.00	This tranche has been dispensed to Productivity SA to initiate work to be done
Tranche 2	R39 832 980.00	This tranche has not been dispensed yet, it will be dispensed in line with provisions of the MoA
Tranche 3	R41 308 040.00	The tranche has not been dispensed yet, it will be dispensed in line with provisions of MoA

#### 4.5 Executive Undertaking 5:

The Department reported that the fund has rolled out the CompEasy System by the South African Broadcasting Corporation Education (SABC) to roll out its National Campaign. The Funds National Campaign commenced at the end of July 2020 and it is anticipated that it will end at the end of September 2020.

## 5 OBSERVATIONS AND KEY FINDINGS

In noting the progress report given by the Department of Employment and Labour in relation to the implementation of the executive undertakings under review, the Committee made the following observations and key findings:

5.1 The Department has a programme which falls under the Public Involvement Services, supporting people with disability. As well as an Employment Enterprises, which provides employment opportunities strictly to people with disability across the country (except Mpumalanga Province).

5.2 The Department indicated that some of the challenges the SMMEs experiences is the unavailability of working capital. It reported that the Department has an instrument called the Impact Social Fund, administered by the Public Investment Corporation (PIC). The scheme ensures support mechanism and sustainability to SMMEs.

## **6 RECOMMENDATIONS**

Further, in noting the progress report made by the Deputy Minister of Department of Employment and Labour, the Committee, lastly, observes that the executive undertakings have been adequately implemented and therefore recommends that they be closed.

*Report to be considered.*