

COMMITTEE REPORT OF THE PORTFOLIO COMMITTEE ON PREMIERS' OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM IN RELATION TO THE 4TH QUARTER PERFORMANCE REPORT FOR 2014/15 FINANCIAL YEAR – MPUMALANGA TOURISM PARKS AGENCY

1. INTRODUCTION

The Portfolio Committee on Premiers Office; Finance; Economic Development and Tourism has a Constitutional mandate, in terms of Section 114(2) (b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rule 218 and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules) to oversee the performance of the Mpumalanga Tourism Parks (the Entity) and hold it accountable through various measures.

2. METHOD OF WORK

The Speaker referred the department's forth (4th) quarterly report to the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism for consideration and report back to the Legislature, as contemplated in rule 218 (4) of the Rules and Orders of Mpumalanga Provincial Legislature (the Rules).

The Committee met with the Entity on 11 August 2015 to deliberate and scrutinize in detail the aforementioned document. The Committee then met on 18 August 2015, to consider the draft Committee report.

3. GENERAL OBSERVATIONS

The Committee observed that the entity did not achieve all its planned targets and in some sub- programmes over-expenditure of the budget has been noted.

4. DELIBERATIONS ON THE 4th QUARTERLY REPORT

The Acting CEO briefed the Committee on the progress made on the implementation of the APP's strategic objectives of the 4th quarter. Thereafter; the Committee interacted with the entity on the performance of each programme.

4.1. PROGRAMME 1: BOARD SECRETARIAT

The Committee observed that in programme 1, the entity achieved **100%** of its targets for the 4th quarter of the 2014/15 financial year successfully; the entity was allocated R7 246 000.00 and spent R3 722 000.00 at the end of the quarter. The entity underspent by **51.4%**.

Programme Expenditure

Budget 2014/15 R'000	Q4 Expenditure 2014/15	% of Expenditure
7 246 000	3 722 000	51%

The Committee also noted that the entity did not spend the budget for Programme Cost since the 1st quarter to the 3rd quarter and requested the entity to explain what influenced the huge overspending of 97% during the 4th quarter. The entity indicated that the Interim Board was appointed in the middle of September 2014. Over-expenditure was as a result of induction on the Governance Framework that took place in the 3rd quarter and the invoice was received in quarter 4.

4.2. PROGRAMME 2: EXECUTIVE OFFICER

The Committee noted that the entity attained 12 of the 16 planned targets, translating to 75%; this was as a result of the establishment of a customer relationship management function due to the customer relation manager post being vacant. The reason for not appointing a customer relation manager was due to the appeal process not being finalized; the entity however, stated that it will reprioritize on the internal capacity. The appeal case was related to the placement process; following the review of the organizational structure. The Board has since instituted a review of the entire reorganizational/placement process and an investigation process is underway.

Programme Expenditure

Budget 2014/15 R'000	Q4 Expenditure 2014/15	% of Expenditure
37 445	36 325	97%

The Committee also noted that the entity allocated R37 445 000.00 for the programme and R36 325 000 was spent at the end of the 4th quarter. The entity spent 97% (translating to an under spending of 3%). On the budget of Compensation of Employees; the entity overspent by R11 094 000.00 (123%) and on the budget of compensation of the board by R3 335 000.00 (113%). The Committee requested an explanation on the over-expenditure for the two sub-programmes. The entity reported that overspending under the Programme: CEO resulted from the placement process; whereby the sub-programme Infrastructure was moved to the CEO programme from Programme Tourism.

4.3. PROGRAMME 3: OFFICE OF THE CFO

The Committee noted that the entity attained five (5) of the six (6) (83.3%) planned targets at the end of the 4th quarter. The entity failed to compile one (1) payroll verification report due to lack of capacity, the Committee asked whether the entity has a remedial plan to address the lack of capacity issue. It was indicated that the entity will source capacity from other government departments to conduct a payroll verification process for this financial year.

Programme Expenditure

Budget 2014/15 R'000	Q4 Expenditure 2014/15	% of Expenditure
42 632	38 451	90.2%

The entity spent R38 451 000.00 from the allocated budget of R42 632 000 (translating to 90.2%). This programme underspent by 9.8% on the allocated budget. The Committee requested the entity to provide a feedback on the process of filling the position of the CEO. The entity indicated that the process is under discussion between the Board and the responsible member of the Executive Council.

4.4. PROGRAMME 4: CORPORATE SERVICE

The Committee noted that the entity attained 18 of the 22 planned targets (translating to 81.8%). The entity failed to reduce the vacancy rate to 20% or less in

the 4th quarter; instead of reducing the vacancy rate; it increased to 40% (which is double the targeted percentage).

The committee asked whether the entity encountered challenges that prohibited it from achieving the target of reducing the vacancy rate. The entity indicated that vacancy rate increased due to termination of services not replaced, pending the finalization of the placement process.

The Committee also noted that the in the 1st quarter; the entity failed to achieve a minimum of 50% female representation in top management positions; however on the 4th quarter; the entity reported that two (2) top management positions have been advertised. The entity further reported that one (1) female was offered a top management position; which she declined. The entity reported that the offer was declined on the basis that the financial offer was not competitive enough, and the second female candidate did not meet the minimum expectation for the position.

Programme Expenditure

Budget 2014/15 R'000	Q4 Expenditure 2014/15	% of Expenditure
36 403	37 117	102%

The programme was allocated R36 403 000.00 for the 2014/15 financial year. The entity spent R33 117 000.00 (translating to 102%). The Committee noted that on the sub-programme Goods and Services there's over-expenditure by 30% or R7 097 000.00. The Programme Cost overspent by 31% or R14 231 000.00. The overspending was due to unforeseen legal cases as well as increased training and development cost.

The Committee also noted that the target to submit Workplace Skill Partnership (WSP) and Annual Training Report (ATR) report to Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) was not achieved. The reason for the non-achievement was attributed to the extension of the submission date by CATHSSETA to 30 April 2015. The entity failed to implement 100% of the Q4 requirement and also failed during the 1st, 3rd and 4th quarters of the

year; to implement 100% of the Performance Management Development Strategy (PMDS) as per the PMDS policy due to managers who failed to comply.

The committee enquired whether the entity investigated the reasons why the supervisors and managers failed to comply and whether there were disciplinary action taken against the managers. It was indicated that a performance management and development system (PMDS) was implemented for the first time in 2014/15; as such; challenges were experienced; however; capacity programmes are ongoing to all staff; including managers and supervisors in order to improve on their capability and compliance.

4.5. PROGRAMME 5: TOURSIM

Programme 5 attained 18 (78.3%) of the 23 planned targets for the 2014/15 financial year. The Committee noted that the entity failed to conclude the concession agreement due to protracted negotiations with the concessionaries and HDI participation in the project ownership. During the 2nd quarter, the entity failed in to conclude the concession agreement due to staff shortage and reported that vacant post will be filled in the next financial year to address the staff shortage problem. The Committee requested an explanation on the delay of the negotiations with the concessionaries and HDI participation. It was reported that the nature of the transaction is complex in that there has to be a buy-in and support from the community structures before a concession agreement could be concluded as a result the negotiation process could not be concluded within anticipated time period.

Programme Expenditure

Budget 2014/15 R'000	Q4 Expenditure 2014/15	% of Expenditure
38 798	32 015	82.5%

The programme was allocated R38 798 000.00 for the 2014/15 financial year and spent R32 045 000 (expenditure of 82.5%) to date. The Committee noted that sub-

programme Goods and Services overspent by 49%. The entity indicated that the over-expenditure was as a result of misallocation of budget under goods and services.

4.6. PROGRAMME 6: BIODIVERSITY CONSERVATION

The entity attained **26 (86.7%)** of its **30** planned targets. The committee noted that management plans were not submitted to the relevant stakeholders for approval due to delays in the development of a tourism master plan. The entity reported that the services provider was delayed by the consultative processes with District and Local Municipalities.

Programme Expenditure

Budget 2014/15 R'000	Q4 Expenditure 2014/15	% of Expenditure
168 417	179 988	107%

Programme 6 was allocated a budget of R168 417 000.00 for the 2014/15 financial year and R179 988 000.00 was spent at the end of the 4th quarter. The Committee noted that the entity overspent by 7%; the Compensation of Employees and the Goods and Services overspent by 9% and 18% respectively. The entity reported that the overspending on CoE is as a result of the settlement of outstanding overtime claims and the overspending on goods and services is as a result of procurement of small tools (e.g. brush cutters).

5. COMMITTEE FINDINGS

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

- 5.1. The entity did not compile one (1) payroll verification report due to lack of capacity in the Office of the CFO.
- 5.2. The appointment of the entity's CEO is under discussion between the Board and the Executive Authority.

- 5.3. The entity did not the target to achieve appointment of minimum of 50% female in top management positions.
- 5.4. In all the five (5) Programmes; the entity did not achieve most of its planned targets in the 4th quarter of the financial year.
- 5.5. The entity did not implement 100% of the Performance Management Development Strategy (PMDS), as per the PMDS policy, due to managers failing to comply.

6. RECOMMENDATIONS IN RESPECT OF THE FINDINGS

The Committee recommends the following:

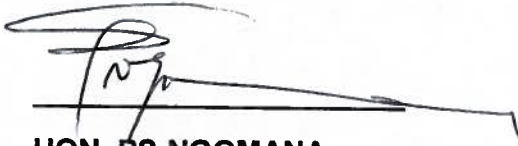
- 6.1. The Board must ensure that the Office of the CFO is fully capacitated with necessary skilled personnel.
- 6.2. The department must finalise the process of appointing a permanent CEO for the entity; before the end of the 3rd quarter of the 2015/16 financial year.
- 6.3. The entity must finalise the process on appointment of females on the SMS positions; which should constitute 50% and be in line with the Employment Equity Plan.
- 6.4. The entity must develop a reporting template to monitor the implementation of planned targets; in order to ensure that all planned targets are achieved.
- 6.5. The Acting CEO of the must ensure that all officials attend the workshop on PMDS before the end of the 3rd quarter and that the system is implemented as required.

7. CONCLUSION

The Chairperson wishes to express her gratitude to the MEC SE Kholwane in absentia; the Acting CEO and the senior officials of the Mpumalanga Tourism Parks Agency for their active involvement during the deliberations with the department.

The Chairperson further wishes to thank the Hon. Members of the Committee for their sterling participation and input during the deliberations on the 4th quarter report of the Mpumalanga Tourism Parks Agency and also thanked the Legislature staff for their support and contribution towards the production of this report.

Lastly, the Chairperson requests the august House to adopt the report with its recommendations and provide a progress report by **30 September 2015**.



HON. PS NGOMANA

19.08.2015

DATE

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