

## NATIONAL COUNCIL OF PROVINCES

### QUESTION FOR ORAL REPLY

QUESTION NUMBER: 153(CO541E)  
DATE OF PUBLICATION: 16 October 2013 (NCOP IQP: no 30)  
DATE OF REPLY: 24 October 2013

#### **Mrs M C Dikgale (ANC-Limpopo) to ask the Minister of Tourism:**

Whether (a) the lack of proper project management, (b) fraud or (c) any other challenges have impacted negatively on his department's Expanded Public Works Programme; if not, what is the position in this regard; if so, (i) what challenges, (ii) to what extent did they impact negatively, (iii) what measures and strategies have been or will be put in place to address and rectify such challenges and (iv) what are the further relevant details? CO541E

#### **THE MINISTER OF TOURISM ANSWERS:**

(a) – (c)

The Department has achieved some major successes in terms of the SRI programme for example:

- The partnership model of a national department working with the private sector, provincial department, municipalities and other tourism stakeholders to ensure that projects are viable in the long-term is bearing fruits in that a thorough assessment is done before funding can be approved, and the approved projects are thus relevant and addresses the gaps and needs in the industry.
- The skills and training projects which the department has initiated since 2010 are addressing the shortages of skills in the tourism and hospitality sector, particularly targeting the youth. The youth enrolled in the various SRI training projects not only gained the theoretical knowledge but also the practical hands-on experience through the placement in the hospitality places. The majority of the youth exiting the projects have been employed whereas others started their own businesses.
- The Chefs training projects won the EPWP Kamoso Award in the best sector model. This is demonstration of the changes the department introduced in funding viable projects. One of the learners from the projects got a contract to manage a canteen in one of the mines around Mokopane (Limpopo) and employed six of his fellow students, two ladies opened a now successful catering company in the Eastern Cape whereas in Gauteng the top five learners opened a Top Five restaurant in Braamfontein.

- Majority of the infrastructure projects which were initiated solely by the department have had a positive impact and contribution to tourism. The skateboard stadium which the department funded for R20 million assisted with the successful hosting of the Maloof Money Cup Skateboarding competition in 2011. The revamping of the Zithabiseni Resort in Mpumalanga and Witsieshoek Mountain Lodge in Qwa Qwa has assisted with the increased occupation rate. The Hamburg Arts Colony project in the Eastern Cape which has since been renamed Emthonjeni Artist Residency is also one of the successful projects which has been completed by the department and is currently operational. This is to name a few of the successful projects being implemented under the SRI Programme.

The Department acknowledges that there are challenges with some of the SRI projects. However the challenges must be viewed and understood within the context described below.

In April 2010 the defunct Department of Environmental Affairs and Tourism (DEAT) ceded the EPWP tourism projects as well as contracts signed with the service providers to the Department of Tourism. The department soon realized that the inherited SRI Programme had four main conceptual loopholes namely 1) that the planning, implementation and monitoring of infrastructure projects was not aligned to the construction industry; 2) the funding of tourism projects was not informed by feasibility or market studies, and the capacity of the community to manage such projects was not assessed prior to funding of projects; 3) limited consultation with the provinces when deciding on which projects to fund; and 4) limited technical (engineering) capacity in the department to manage infrastructure projects. Poor workmanship, projects, incomplete projects and project failures were the symptoms of the conceptual framework and hence the corrective measures being put in place addresses the source of the challenges and not merely the symptoms.

Another challenge was that some of the inherited projects were incomplete, had poor workmanship while others were not operational when they were handed over to the department in 2010. An ideal situation would have been for the department to stop the SRI programme and fix the problems, terminate contracts with the service providers and only resume once all the challenges had been addressed. It was not possible to follow that route because of the legal implications with regards to ceded contracts as well as delivering on the promises made to the provinces and communities. Given this reality the department opted for fixing the challenges experienced with the ceded projects whilst putting in place corrective measures and systems. It must be borne in mind that addressing the root causes of challenges is a process and the impact/effects of the systems and changes being instituted is unfortunately not be immediately felt.

### **(i) Challenges**

Refer to the response above.

### **(ii) Impact**

The impact ranged from the funding of projects as well as sustainability in the long term.

### **(iii) Corrective measures being put in place to address and rectify such challenges**

- Having learnt from the past experiences the department decided to address the source of the problems by way of changing the planning, implementation, monitoring and management of SRI infrastructure projects. An engineering/ quantity surveying company was appointed to review the SRI programme and assist with the alignment to the industry. The review commenced around February 2013 and will be completed around November 2013.
  - With regards to unsustainable projects and project failures the department made it absolute requirement that tourism projects must be commercially/financially viable. The funding approval process includes interaction with the project applicants, province and other stakeholders in determining the viability of the proposed projects before the department could fund them. Only projects which have proven to be viable are considered for funding.
  - The department is assisting the projects to develop and put in place sustainability plans. This includes linking the projects with the private sector partners.
  - Forensic audits have been initiated where there was alleged mismanagement of funds.
  - Last year the Department visited the ceded projects and currently in the process of determining a plan of action to deal with each project's challenges.
  - Organized capacity building programmes for SRI officials as well as technical support from International Labour Organisation (ILO) through the Department of Public Works.
- (iv) None. The alignment process is in progress and will be implemented fully in the 2014/15 financial year.