



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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NATIONAL ASSEMBLY:

QUESTION FOR WRITTEN REPLY:

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Mr T Rawula (EFF) to ask the Minister of Tourism:

- (1) What are the details including the ranks of service providers and/or contractors from which (a) her department and (b) the entities reporting to her procured services in the past five years;
- (2) what (a) service was provided by each service provider and/or contractor and (b) amount was each service provider and/or contractor paid;
- (3) (a) how many of these service providers are black-owned entities, (b) what contract was each of the black-owned service providers awarded and (c) how much was each black-owned service provider paid?

NW156E

Reply:

Government procurement is guided foremost by **The Constitution of the Republic of South Africa**.

Section 195 lays down the constitutional values for the country's public administration. In terms of section 217, when government contracts for goods and services, it must do so in a way which is fair, equitable,

transparent, competitive and cost-effective. In addition, the supply chain management (SCM) system must provide for the advancement of persons or categories of persons disadvantaged by unfair discrimination. The Preferential Procurement Policy Framework Act (PPPFA) was enacted as a result of the aforementioned Section of the Constitution.

Various acts, regulations and instruments have been aggregated within the strategic framework of Black Economic Empowerment (BEE). These interventions have all been directed towards transforming the structure of the South African economy in a manner that promotes spatial integration, high levels of decent employment and demographic transformation of our industrial assets. Both the Department and SA Tourism apply all legislations, regulations, guidelines and directives relevant to Government Procurement.

In a year ± 14 000 payments are captured. The Department has made about 70 000 payments in the past 5 years. To provide the requested information, all the payments documentation need to be drawn from the archive. It will take much longer to obtain information on one payment than what it took to capture the said payment into the system. It's been estimated that recording all 70 000 transactions will seriously impact on the ability of the organization to satisfy current service demands. In fact, it would require at least six months' without attending to any new service demands, producing about 7000 pages of information in the process. Thus, the Honourable Member is kindly referred to the tabled Annual reports for more information, in the interest of efficiency and effectiveness.

DEPARTMENT OF TOURISM

1(a) What are the details including the ranks of service providers and/or contractors from which her department reporting to her procured services in the past five years;

In the past five years the Department has achieved 100% of expenditure on procurement from enterprises on B-BBEE contributor status level 1 - 8. From 1 April 2017 the department will only appoint service providers from the Central Supplier Database managed by National Treasury, which provides additional assurance that service providers comply with SARS, B-BBEE and banking legal requirements. The detailed information on the 100% compliance with B-BBEE is reflected in the Annual reports of the past 5 Years under Programme1.

Also, procurement is reflected in all (4) Programs of the department for each Annual Report in the past 5 years and in the Financial Statements audited by the AGSA. All Annual Reports have been tabled to Parliament. The relevant parliamentary committees engaged with the department regarding the

Reports and subsequently the Portfolio Committee on Tourism tabled Budget and Revenue Review Reports (BRRR), which were considered and adopted by the National Assembly. These Annual Reports are available at the Library of Parliament and the National Library of South Africa.

(2) What (a) service was provided by each service provider and/or contractor and (b) amount was each service provider and/or contractor paid;

Consultants and contractors were used for different services and the amounts are reflected in the Annual Reports under the section on Human Resource Management. The other services and procurement are reflected in the Financial Statements.

(3) (a) how many of these service providers are black-owned entities, (b) what contract was each of the black-owned service providers awarded and (c) how much was each black-owned service provider paid?

Please refer to section 1(a) & 2(a) above. The objective of 100% compliance with financial and supply chain management regulatory requirements was achieved the past 5 years. For further breakdown of procurement, the Honorable Member is kindly referred to the financial statements on expenditure on goods and services for each programme as reflected in the published Annual Reports of the past 5 years. These Annual Reports are all available in the Library of Parliament and the National Library of South Africa.

SA TOURISM

(1)(b) What are the details including the ranks of service providers and/or contractors from which her entities reporting to her procured services in the past five years;

Besides overhead cost, South African Tourism's procurement includes a diverse portfolio of marketing, advertising and related goods and services where a major portion of its budget is spent offshore. SA Tourism has made over 65 500 payments over the last 5 financial years where almost 50% of the financial transactions were made to international suppliers in at least 11 foreign countries where SA Tourism has operating offices and other also foreign countries where South African Tourism is doing destinations marketing through Marketing Representation agencies.

Out of SA Tourism's total spend over the last 5 financial years, about R2, 5 billion was spent on suppliers in South Africa and at least R 2, 3 billion on foreign suppliers. R 1, 9 billion (i.e. 76% of the total local

procurement) of total spend was transacted with B-BBEE compliant suppliers between levels 1-8 and SMME's over the period.

(2) what (a) service was provided by each service provider and/or contractor and (b) amount was each service provider and/or contractor paid;

Also refer to response under (1) (b)

Consultants and contractors were used for various services which includes mostly marketing, advertising and public relations services related to destination marketing to execute SA Tourism's mandate both locally and internationally. The cost of different services and the total amounts are reflected in the Annual Reports under the section on Human Resource Management. The other procured services are reflected in the Financial Statements.

(3)(a) how many of these service providers are black-owned entities, (b) what contract was each of the black-owned service providers awarded and (c) how much was each black-owned service provider paid?

Please also refer to response under question (1) (b). The objective of 100% compliance with financial and supply chain management regulatory requirements was achieved the past 5 years. The breakdown of procurement, is declared in the entity's financial statements on expenditure on goods and services for each programme as reflected in SA Tourism's published Annual Reports of the past 5 years.