SCMB 38/09/20 **REQUEST TO CONTRACT WITH ANOTHER ORGAN OF STATE: INVESTMENT AND TRADE PROMOTION IN CAPE TOWN BY THE WESTERN CAPE DESTINATION MARKETING, INVESTMENT AND TRADE PROMOTION AGENCY (WESGRO)**

In response to question raised regarding the expiry of the previous approval, Mr F Kolala said that it expired on 30 June 2020. The Committee was of the view that reports requesting authority regarding this matter should be submitted timeously and before the expiry of the previously approval.

In response to questions raised by the Director: SCM whether there are any other institutions that can render this service, and how the return on investments are measured, the Committee was informed that the appointment of WESGRO for this work is in terms of an agreement between the City and the Western Cape Government. It was politically decided that WESGRO is the vehicle for destination marketing, investment and trade promotion.

It was felt that in the absence of the testing of the market, competitiveness, comparison of quotations and the question remains when the WESGRO contract will be reviewed by Council to establish value for money.

The Director: SCM queried whether this contract is subject to Section 33 of the MFMA.

Members of the Committee drew attention to a comment in the report that the Western Cape Government "has recently tried to go the route of competitive bidding and it was clear Wesgro is the only agency established by Provincial Act to undertake investment promotion on behalf of the Province and the City of Cape Town".

In response to a concern raised regarding testing of the market, Mr Kolala said that in terms of the responses received by the Western Cape Government, it appears that not many institutions can render the service at the same level as Wesgro. Mr Kolala said that during the last financial year the City approved an investment in the amount of R25 million to Wesgro for predetermined targets related to investment and promotion. He said that the targets have been exceeded. Mr Kolala said that the targets for this request have been determined and that the contract is a yearly contract.

In response to questions raised why the amount was reduced this year, Mr Kolala said that due to budget cuts in the City the amount was reduced to R10 million.

In response to questions raised regarding the value for money proposition and return on investment, Mr Kolala said that although the City contributed R25 million last year, Wesgro has secured investments for Western Cape to a value exceeding R4billion. Mr Kolala said that the Western Cape Government contribute approximately twice the amount that the City contributes.

The Committee was of the view that similar reports should be submitted timeously in the future in order that irregular expenditure could be avoided.

RESOLVED that for the reasons set out in the report and in accordance with clause 20.1 of the CCT's SCM Policy the Western Cape Investment and Trade Promotion Agency (WESGRO) be appointed to undertake investment and trade promotion in the Western Cape in the amount of R10 000 000.00 (excl. VAT) from date of commencement of contract until 30 June 2021.

ACTION: **B VUMASE, K MOGATUSI** to communicate the decisions of the BAC to the tenderers and BEC.

FOR NOTING: **F KOLALA** to note the BAC decisions and apply the recommendations and decisions of the BAC.

This resolution complies with the Supply Chain Management Policy as approved by Council on 30 May 2019.

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ARNO VORSTER EMPLOYEE NO. 10300397
CHAIRPERSON: SUPPLY CHAIN MANAGEMENT BID ADJUDICATION COMMITTEE

DATE: 17/9/2020