

## **COMMITTEE REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM:**

### **OVERSIGHT VISIT HELD IN THE NKOMAZI LOCAL MUNICIPALITY, EHLANZENI DISTRICT, 04 AUGUST 2017 – KAMHLUSHWA SMALL INDUSTRIAL PARK (MEGA)**

---

#### **1. INTRODUCTION**

Section 118 (1) (a) and (b) (i) of the Constitution of the Republic of South Africa empowers a provincial legislature to facilitate public access to and involvement in its oversight processes. In addition, sections 114 and 133 of the Constitution, read together with rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules) directs the Legislature to hold the Executive accountable for the exercising of powers and performance of functions.

In carrying out its constitutional oversight and public participation mandate, the **Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism** (the Committee) conducted an oversight visit in the Nkomazi Local Municipality (the municipality) on 04 August 2017.

This report reflects the issues that emanated from the oversight activity during the said date, which will need further intervention of the Department of Economic Development and Tourism (DEDT) and its parastatal Mpumalanga Economic Growth Agency (MEGA).

#### **2. PURPOSE OF THE OVERSIGHT ACTIVITIES**

The Committee assessed progress on the project that was assisted by the Department of Economic Development and Tourism (DEDT) and Mpumalanga Economic Growth Agency (MEGA). The Committee wanted to interact with the project beneficiaries and ensure that the DEDT's and entity's delivery of core mandated services is fast tracked.

### 3. METHOD OF WORK

As per the Legislature programme, the Economic Cluster had oversight visits planned for the period 03 – 04 August 2017 at the Nkomozi Local Municipality. The Committee informed the department and entity about the oversight visit to be conducted and the purpose thereof. Invitations were sent to the department, management of the entity and the Municipality requesting them to be part of the visit.

- On 04 August 2017, the Committee conducted the oversight visit at the Kamhlushwa Small Industrial Park.

### 4. OBSERVATIONS AND COMMENTS

**The Committee observed the following:**

- The Kamhlushwa Small Industrial Park is located in Kamhlushwa Township in the Nkomazi Local Municipality.
- It was established in the 1980's as part of economic development in the former homeland area.
- The Small Industrial Park comprises of eight (8) units which are fully occupied.
- It is owned by the Department of Economic Development and Tourism (DEDT) through its public entity, Mpumalanga Economic Growth Agency (MEGA).
- The state of the Small Industrial Park is considered to be in average condition by MEGA (60% is in fair condition and also requires some refurbishment). However, the state of the infrastructure was found not to be in a good condition.
- The Small Industrial Park comprises of a building that is divided into small units ranging between the sizes of 30m<sup>2</sup> to 64m<sup>2</sup>.
- The building size is 414m<sup>2</sup> with a total number of nine (9) tenants, with the occupancy rate on 100% (Upholstery, Welding, Signage / Printing, Textile / Sewing / Fashion designer, Engineering / Motor Mechanic).
- Small manufacturers are the ideal tenants for the Park.
- The development of the Park is for small businesses to be incubated before it grows to be a large manufacturer.

- According to MEGA, a total land of 4336m<sup>2</sup> is vacant and additional units / small factories can still be built, as there is a high demand for industrial space.

## 5. INTERACTION WITH THE MANAGEMENT OF THE DEPARTMENT / ENTITY, THE BENEFICIARIES / TENANTS AND RELEVANT STAKEHOLDERS

### 5.1. KAMHLUSHWA SMALL INDUSTRIAL PARK

Ms Immy Serakalala (Acting Chief Director): Department of Economic Development and Tourism and Ms Jennifer Gazide (Leasing Specialist): Mpumalanga Economic Growth Agency (MEGA) gave an overview on the Kamhlushwa Small Industrial Park.

The Kamhlushwa Small Industrial Park is located at Erf number 1312, in Kamhlushwa Township in the Nkomazi Local Municipality and was established in the 1980's as part of economic development in the former homeland area.

The tenants are outlined in the table below:

NO.	TENANT	SIZE	TYPE OF BUSINESS
1.	Mthethwa BP	64m <sup>2</sup>	Upholstery
2.	Vuma EE	64m <sup>2</sup>	Welding
3.	Sindane AS	64m <sup>2</sup>	Welding
4.	Mzimba JJ	64m <sup>2</sup>	Signage / Printing
5.	Sibiya ST	32m <sup>2</sup>	Printing
6.	SADOWE	32m <sup>2</sup>	Textile / Sewing / Fashion Designer
7.	SADOWE	32m <sup>2</sup>	Textile / Sewing / Fashion Designer
8.	Mabjaia RA	32m <sup>2</sup>	Engineering / Motor Mechanic

The tenants reported that approximately twenty-one (21) people are employed within the eight (8) types of businesses for job creation.

Ms Serakalala reported that like many other infrastructures under MEGA, the Small Industrial Park does require refurbishment. There is a programme in place to deal with the refurbishments however, it requires a lot of capital and the current backlog will be dealt with over a certain

Report of the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism – Oversight Visit held in Nkomazi Local Municipality, Kamhlushwa Small Industrial Park, 04 August 2017 (MEGA)

period of time. According to Ms Gazide, the tenants are charged between R300.00 to R800.00 each as monthly rental per unit.

The units however need to be fixed and electricity supply needs to be attended to. MEGA is responsible for the maintenance of the Industrial Park, as well as for paying the security guard. On the maintenance matter, Ms Gazide reported that MEGA fixed the toilets before but the tenants seem to misuse this ablution facility, as the cleaners repeatedly complain to the entity on the unpleasant state of the facility.

Ward Cllr Promise Ndlovu from the Nkomazi Municipality indicated that the structure has never been upgraded since the 1980's and as a result, there are no job opportunities in essence due to the dilapidated building.

#### **5.1.1 The beneficiaries indicated that the Small Industrial Park is experiencing the following challenges:**

- Mr JJ Mzimba (Signage / Printing) indicated that MEGA does not keep its promise and commitment to get the ablution facilities / toilets fixed.
- Mr EE Vuma (Welding) reported that he is not generating as much profit as he should.
- SADOWE (Sewing / Fashion designer) indicated that MEGA is well aware of the unpleasant working conditions in which they are operating under, such as leakages in the roof, worn out ceilings, toilets that are not working appropriately, having to buy electricity themselves with their own money. He further requested MEGA to build houses / rooms for them as tenants on the rest of the land space that is unoccupied as there is enough m<sup>2</sup> left.

## **9. FINDINGS**

**After the interaction with the Department / entity and the beneficiaries the Committee noted the following:**

- 9.1. There are no health and safety measures put in place in and around the Small Industrial Park.
- 9.2. The state of the infrastructure is in a dire condition. During the site visit, the entity was requested to submit a comprehensive report that outlines the maintenance plans with

commitments to the Portfolio Committee by 11 August 2017; the Portfolio Committee has subsequently not received this submission.

## 10. RECOMMENDATIONS

**After the deliberations, the Committee resolved on the following:**

- 10.1. MEGA must ensure that tenants comply in terms of Health and Safety measures, especially tenants who wear open shoes without any other protective clothing.
- 10.2. MEGA must submit the detailed report on the maintenance plans, with commitments not later than 08 September 2017.

## 8. CONCLUSION

The Chairperson would like to take this opportunity to thank the Members of the Portfolio Committee for their active participation and constructive contributions during the oversight visit.

In addition, the Chairperson extends a word of appreciation to the senior management officials of DEDT and MEGA, the Nkomazi Local Municipality, project beneficiaries and all other stakeholders for their co-operation during the oversight work of the Committee. The Chairperson would also like to thank the support staff for contributing to the production of this report.

**Unless otherwise stated the Department of Economic Development and MEGA are required to investigate the observations and findings in this Committee report and implement all the House Resolutions. The report detailing progress in the implementation of all recommendations should be forwarded to the Committee by 20 September 2017 and thereafter on a quarterly basis.**




---

**HON. FV MLOMBO (MPL),  
CHAIRPERSON: PORTFOLIO COMMITTEE ON  
PREMIER'S OFFICE; FINANCE;  
ECONOMIC DEVELOPMENT AND TOURISM**

*08. 09. 2017.*

---

**DATE**