

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

### **UNANNOUNCED OVERSIGHT VISIT HELD IN THE NKOMAZI LOCAL MUNICIPALITY, EHLANZENI DISTRICT, 30 JULY 2019 – KAMHLUSHWA SMALL INDUSTRIAL PARK (MEGA)**

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#### **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 unannounced oversight visit in the Nkomazi Local Municipality (the municipality) on 30 July 2019.

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, since the previous oversight visit, which was held on 04 August 2017.

### 3. METHOD OF WORK

As per the Legislature programme, the Economic Cluster had unannounced oversight visits planned for the period 30 - 31 July 2019 at the Nkomazi Local Municipality. The Committee only informed the entity (and not the Department) about the oversight visit to be conducted and the purpose thereof. Invitations were sent to the entity's projects / properties unit, management of the entity and the Municipality requesting them to be part of the visit.

- On 30 July 2019, the Committee conducted the oversight visit at the Kamhlushwa Small Industrial Park.
- Subsequently, the Committee met and considered the draft Committee report.

### 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 25m<sup>2</sup> to 30m<sup>2</sup>.
- The building size is 414m<sup>2</sup> with a total number of eight (8) 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.
- Pursuant to the previous Portfolio Committee oversight visit on 04 August 2017, MEGA has not submitted progress reports, nor has it implemented the House Resolutions that emanated from the said oversight visit to date.

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

### 5.1. KAMHLUSHWA SMALL INDUSTRIAL PARK

Mr Kaizer Sibanyoni (Manager - Properties): 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 NP	64m <sup>2</sup>	Signage / Printing
5.	Sibiya SL	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.	Mr Arthur	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.

Mr Sibanyoni reported that all tenants are registered. He indicated 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 period of time. According to Mr Sibanyoni, the tenants are charged between R300.00 to R800.00 each as monthly rental per unit. The units however need to be fixed.

MEGA is responsible for the maintenance of the Industrial Park, as well as for paying the security guard (Sihlomile Security). On the maintenance matter, Mr Sibanyoni reported that MEGA still needs to deal with the issue of ablution facilities, as well as water supply.

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:**

- Since the previous Portfolio Committee oversight visit on 04 August 2017, the entity was able to sort out the electricity supply and tenants appreciated that; however the same and recurring challenges were cited by tenants.
- One of the tenants indicated that MEGA does not keep its promise and commitment to get the ablution facilities / toilets fixed. This complaint is still not resolved even prior to the previous Portfolio Committee visit in 2017.
- Another tenant reported that he is not generating as much profit as he should; and ends up not being able to pay MEGA as at times he does not break even.
- All the tenants 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 and toilets that are not working appropriately, water scarcity, no parking for customers, no fence / barricade, only one security guard on site.
- The biggest challenge cited was the dilapidated structure / building; it requires refurbishment as tenants cannot lock their units properly; and it does not attract customers, nor is it appealing for business.

- The entity had also committed to moving the tenants to another site / building during the 2017/18 financial year; however nothing to that effect has been said or done.

## **6. FINDINGS**

**After the interaction with the entity and the beneficiaries, the Committee made the following findings:**

- 6.1. There are no health and safety measures put in place in and around the Small Industrial Park.
- 6.2. The state of the infrastructure is in a dire condition. During the previous Portfolio Committee site visit, the entity was requested to submit a comprehensive report that outlines the maintenance plans with commitments to the Committee by 11 August 2017; the Portfolio Committee has subsequently not received this submission.

## **7. RECOMMENDATIONS**

**The Committee made the following recommendations:**

- 7.1. (a) MEGA must ensure that tenants comply in terms of Health and Safety measures, especially tenants who wear open shoes without any other protective clothing.  
(b) Welding is hazardous and as a result, proper planning is required to ensure welders are singled out / work in a separate unit to protect the rest of the tenants.
- 7.2. MEGA must submit the latest detailed report on the maintenance plans, with commitments and time-frames not later than 13 September 2019.

## **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 management officials of 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 (DEDT) and Mpumalanga Economic Growth Agency (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 30 September 2019 and thereafter on a quarterly basis.



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DATE