

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

OVERSIGHT VISIT HELD IN THE DR JS MOROKA LOCAL MUNICIPALITY, NKANGALA DISTRICT, 01 AUGUST 2019 – MPHEBATHO BRICK-MAKING COOPERATIVE (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 Dr JS Moroka Local Municipality (the municipality) on 01 August 2019.

This report reflects the issues that emanated from the oversight activities 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 projects that are assisted by the Department of Economic Development and Tourism (DEDT) and Mpumalanga Economic Growth Agency (MEGA). The Committee wanted to interact with 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 19 September 2018, during the "Taking the Legislature to the People" (TLP) Programme.

3. METHOD OF WORK

As per the Legislature programme, the Economic Cluster had oversight visits planned for the 01 August 2019 at the Dr JS Moroka Local Municipality. The Committee informed the department and the entity about the oversight visits 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 visits.

- On 01 August 2019, the Committee conducted the oversight visit at the Mphebatho Brick-making Cooperative in Marapyane.
- Subsequently, the Committee met and considered the draft Committee report.

4. OBSERVATIONS AND COMMENTS

The Committee observed the following:

- The business specialises in brick-making and is located on the outskirts of Marapyane, with a total of seven (07) members currently (members were ten initially); under the leadership of Mr Wynand Rampatla, as the Chairperson.
- Prior the intervention by the Department of Economic Development and Tourism, the cooperative had been assisted by the Department of Social Services with a funding of approximately R450 000.00; this was used to purchase start up material such as the site with a structure, a small brick making machine, generator, wheel barrows and cements.
- The cooperative, since its establishment in 2011, is still non-operational and experiences many challenges.
- Pursuant to the previous Portfolio Committee oversight visit on 19 September 2018, MEGA has not implemented the House Resolutions that emanated from the said oversight visit to date.

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

5.1 MPHEBATHO BRICK-MAKING COOPERATIVE

Mr CS Nhleko: Assistant Director (SMMEs Enterprise Development) for the Department of Economic Development and Tourism (DEDT) gave an overview on the Cooperative.

Mphebatho Cooperative is located in the Dr JS Moroka Local Municipality in an area called Marapyane. The cooperative is a brick-making business with a total of seven (07) members currently (members were ten initially).

Mphebatho Cooperative was established in 2011 on the basis of the needs within the community. The cooperative is intended to cater the ward 23 community as well as the nearby communities in terms of brick supply. Prior the intervention by the Department of Economic Development and Tourism (DEDT), the cooperative had been assisted by the Department of Social Services with a funding of approximately R450 000.00; this was used to purchase start up material such as the site with a structure, a small brick making machine, generator and wheel barrows. The Department of Economic Development and Tourism (DEDT) later bought a bigger brick making machine for the cooperative valued at R500 000.00.

The Committee noted that the Department of Economic Development and Tourism (DEDT), in its 2013/14 fourth quarter report, reported that brick-making equipment as well as other productive materials had been delivered to the cooperative during the fourth quarter. Upon the verification visit in June 2014 by the researcher, it was found that the equipment was indeed delivered; however, few materials were still outstanding. The researcher also observed that the cooperative had not been operating and was still experiencing a number of challenges.

The cooperative also informed the researcher that the department had also assisted by funding the installation of the electric transformer and organised training for the members of the cooperative, which was provided by Project Management South Africa (PMSA). Further training from the South African Bureau of Standards (SABS) had been promised to the cooperative. The researcher made the members of the cooperative aware at the time that they had to request the department to establish a market for the bricks that will be produced. The beneficiaries informed the researcher that the department had informed them that they will be providing bricks to Provincial Government projects.

In July 2018, a follow up visit was made at the premises to assess the progress and operationalisation of the cooperative. It was found that soon after the visit of the researcher in June 2014, the department had delivered the rest of the material required, which included the ramp and the pallets of the brick making machine. Soon after that, the cooperative stated that they could only operate not more than two (2) weeks before Eskom shut them down and stating that the cooperative would have to pay R16 000.00 in electricity bills. Since 2014, the cooperative has not been able to operate nor produce the bricks it had intended to.

Mr Wynand Rampatla, the chairperson of the cooperative, raised a concern that among the many challenges, the machinery will continue to rust and would eventually become unusable. This would also be considered as wasteful expenditure on the side of the department. Another challenge cited is the lack of a proper market for the bricks. The beneficiaries stated that they would need further training and the payment of the R16 000.00 electricity bill if they were to restart operations. Upon assessing the equipment on 17 July 2019 by the researcher, it was found that they are still in considerate condition; however, they would need to be tested to ensure that they are still in operational condition.

The Committee noted that the cooperative had attempted to get hold of the department and MEGA to no avail. The beneficiaries also reported that there were officials who visited the premises of the cooperative late 2017, claiming to be from the department; and made certain commitments but never returned.

5.1.1 The beneficiaries indicated that the project is experiencing the following challenges:

- There is lack of a proper market for the cooperative.
- The cooperative is not operational due to shortage of water; Eskom debt and a kick-start capital (start up production materials such as cement, sand, concrete).
- The precinct used for production does not have a slab or shelter.
- There is no access road or signage leading to the cooperative.
- There is a need for a fork lift to load and truck to deliver bricks.
- The electricity debt is between R12 000.00 to R16 000.00.
- The Department of Economic Development and Tourism bought a JoJo tank and a stand but no borehole has been drilled.

- There is a need for business management skills; book keeping training and maintaining of accounts.

6. FINDINGS

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

Pursuant to the previous Portfolio Committee oversight visit held on 19 September 2018, the entity has not implemented the House Resolutions that emanated from the said oversight visit to date. The following findings were made:

- 6.1. The cooperative is not operational due to shortage of water; Eskom debt and kick-start capital.
- 6.2. There is lack of a proper market for the cooperative.
- 6.3. There is no access road or signage leading to the cooperative.
- 6.4. There is a need for business management skills; book keeping training and maintaining of accounts.

7. RECOMMENDATIONS

The Committee made the following recommendations:

The entity must provide reasons, clearly stipulating what led to it not implementing the below House Resolutions and provide a plan of action, indicating which measures will be put in place to implement the following recommendations:

- 7.1. The entity must develop a plan of intervention as a matter of urgency and submit this plan of kick-starting the operation and productivity of the cooperative to the Committee, no later than 20 September 2019.
- 7.2. The entity must strengthen the linkage of the cooperative to the market considering that it has a potential to generate more revenue whilst assisting in job creation; and to reach the level of sustaining itself.
- 7.3. The entity must grade and maintain the access road to attract more customers and assist with the installation of signage.
- 7.4. The entity must develop and implement a skills development plan to capacitate the beneficiaries for the sustainability of the cooperative.

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, the Dr JS Moroka 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 Tourism 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.



**HON. M LATCHMINARAIN (MPL),
CHAIRPERSON: PORTFOLIO COMMITTEE ON
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DATE