

# REPORT OF THE SELECT COMMITTEE ON WOMEN, YOUTH, CHILDREN AND PEOPLE WITH DISABILITIES HELD 09 NOVEMBER 2017

(DEPARTMENT OF ECONOMIC DEVELOPMENT)



## 1. INTRODUCTION

The Mpumalanga Legislature is duly vested with a mandate to maintain oversight over provincial executive including provincial organs of state accountable to it in compliance with section 114 of the constitution. The legislature is independent and performs its functions impartially without prejudice enshrining the rule of law.

In terms of Standing Rules and Orders of the Mpumalanga Provincial Legislature 2013, the **Select Committee on Women, Youth, Children, and People with Disabilities** (the committee), is established in terms of Rule 135 (h) and has powers to conduct oversight on transversal issues affecting designated groups. The Committee is composed of a multiparty representation and is empowered to develop mechanisms to conduct oversight over provincial departments and public institutions.

The select committee is vested with the power to monitor, investigate and enquire into and make recommendations concerning any organ of state or constitutional body regarding transversal and transformation matters to ensure a province free from gender discrimination and inequalities in promotion of the Bill Of Rights.

The committee in accordance with Rule 119 may summon any person to appear before it to give evidence on oath/ affirmation, or to produce documents and permit oral evidence. The committee may compel an institution or a person to comply with summon subject to the rules and orders or a provincial legislation.

The Legislature seeks to establish whether provincial government delivers services effectively and efficiently within the respective local municipality areas.

## 2. PURPOSE OF THE MEETING

To assess successes challenges and mitigation plans on funded projects targeting women youth and people with disabilities for 2017/18 financial year.

### 3. METHOD OF WORK

The Committee invited and met with the Mpumalanga Economic Growth Agency (MEGA) of Economic Development as per the programme of the Legislature and quarterly target of the committee to a committee meeting, held 09 November 2017 at Committee Room 4.

### 4. PRESENTATION BY MEGA ON FUNDED PROJECTS TARGETING WOMEN, YOUTH AND PEOPLE WITH DISABILITIES

#### 4.1 Implementation of loans approved in the financial year 2016/17

The committee noted that during the 2016/17 financial year, the entity approved loans to the value of R83.6million with the following breakdown as per the table:

Indicator	Loans Approved	
	R'000	Number of Loans
SMME	45 872	26
Co-Operatives	6 225	3
Agricultural Enterprises	20 187	11
Housing Loans	11 293	21
<b>TOTALS</b>	<b>83 577</b>	<b>61</b>

#### Loan Disbursements and Commitments

The committee further noted that loans disbursed during the 2016/17 financial year amounted to R45.6million and loans approved but not yet disbursed (Commitments) amounted to R38.2 million while commitments from prior year amounted to R6.9 million.

The committee welcomed the R83.5 million funding and wanted to know how many applications were received and how many were rejected and the reasons thereof.

The Committee retains the view that MEGA must ensure that the small business enterprises are in a position to service their loans *before* a loan is disbursed to them. Once a loan is disbursed, there is a critical need for the entrepreneurs to be closely monitored to ensure that the enterprises become successful.

## 4.2 Loans targeting women, youth and people with disabilities for the period 2014/15 – 2017/18.

### Loan Approvals: Cooperatives

No	Financial Year	Client Name	Jobs Created	Gender/Youth	Industry	Approved	Balance as at 30 Sept 2017
1	2015/16	Sibone Sifuya Coop	3	Male	Goat Farming	250 000	287 685
2	2015/16	Sabelosethu Farming Primary Cooperative Ltd	12	Female & Male	Egg Production	213 576	195 017
3	2016/17	Tsotetsi Farming Cooperative Ltd	7	Female & Male	Cattle Breeding	350 000	361 776
4	2016/17	Ubuhle Siyazenzela Primary Coop Ltd	9	Female & Male	Cattle Breeding	4 880 000	5 014 021
5	2016/17	Zomba Mpopu Primary Cooperative Ltd	9	Female & Male	Piggery	995 128	340 271
			<b>40</b>			<b>6 688 704</b>	<b>6 198 770,68</b>

The committee noted Ubuhle Siyazenzela Primary Coop loan that is fully disbursed, and the business is operational but it's under the ownership of Goldi Chickens until September 2017 where ownership will transferred to the cooperative and that a credit agreement is in place.

Furthermore the loan repayment was due 1 July 2017 but delays on the finalisation of the credit agreement process and FICA requirements led to the delay on ownership takeover by cooperative. The committee wanted to know a progress in this regard as the stipulated period has lapsed.

### 4.3 Loan Approvals: Businesses with Women Ownership

No	Financial Year	Client Name	Jobs Created	Type of Business	Sector	Gender	Approved	Balance as at 30 Sept 2017
1	2014/15	Shining Future Trading and Projects 226	3	Cattle Farming	Agriculture	Female	R 440 000	R 551 204
2	2015/16	Sabelosethu Farming Primary Cooperative Ltd	12	Egg Production	Agriculture	Female & Male	213 576	195 017
3	2016/17	Compassion Nephro Centre	5	Dialysis Services	SMME	Female	R 361 461	R 370 326
4	2016/17	Emseni Kuyandza Pty Ltd	1	Bridging Finance	SMME	Female	R 390 860	Not yet disbursed
5	2016/17	Zemangce Pty Ltd	8	Bridging Finance	SMME	Female	R 715 000	R 706 053
6	2016/17	Dli wako Mphuti Pty Ltd	7	Bakery	SMME	Female	R 858 411	R 939 071
7	2016/17	Marencia 392 cc	9	Property Developer	SMME	Female	R2 130 000	R 130 600
			<b>45</b>				<b>R5 109 308</b>	<b>R 2 892 271</b>

### 4.4 Loan Approvals: People with Disability

No	Financial Year	Client Name	Jobs Created	Gender/Youth	Type of Business	Approved Amount	Balance as at 30 Sept 2017
1	2015/16	Rothomeg Enterprise	4	Male	Bakery	182 289	146 365
2	2016/17	Ubuhle Siyazenzela Primary Coop Ltd	4	Female & Male	Cattle Breeding	4 880 000	5 014 021
3	2017/18	Emseni Kuyabandza Pty Ltd	1	Female	Tender	390 860	<i>Not yet disbursed</i>
			<b>9</b>			<b>5 453 149</b>	<b>5 160 387</b>

The committee noted the used of the word "Tenderpreneur" (instead of entrepreneur) which by definition and the South African context means a person who abuses his/her political powers and influence to secure government tenders and contracts. The committee recommended that the use of this word be eliminated.

#### 4.5 Business with Youth Ownership

No	Financial Year	Client Name	Jobs Created	Type of business	Gender	Approved	Balance as at 30 Sept 2017
1	2014/15	Jamila IT Consulting CC	11	Property Developer	Male & Female	460 000	643 115
2	2014/15	Mikael Trading CC	3	Bridging Finance	Males	342 052	488 588
3	2014/15	Shining Future Trading & Projects	2	Cattle Breeding	Females	440 000	551 204
4	2015/16	Malibongwe Nkosi Wekunene (Pty) Ltd	3	Water Purification	Males	315 000	446 000
5	2015/16	Springkleen Laundromat (Pty) Ltd	3	Laundromat Services	Male & Female	262 800	294 570
6	2015/16	Sibone Sifuya Coop	3	Goat Farming	Males	250 000	287 685
7	2015/16	Sabelosethu Farming Primary Cooperative Ltd	12	Egg Production	Female & Male	213 576	195 017
8	2016/17	Vuxeni Information Technologies	1	Bridging Finance	Male	228 536	266 927
9	2016/17	Linlucso Trading Enterprise CC	3	Banners and Branding Services	Male & Female	658 694	745 650
10	2016/17	Biyakhulu Trading	4	Cattle Breeding	Female & Male	996 640	1 134 170
11	2016/17	Nkhensaniluvuyo Stationery & Office Furniture (Pty) Ltd	2	Bridging Finance	Female	17 000	-
12	2016/17	Morwa Maleka Trading (Pty) Ltd	1	Bridging Finance	Male	165 467	-
13	2016/17	Luphiwa Construction & Trading (Pty) Ltd	3	Egg Production	Male	410 000	425 087
14	2016/17	Sphanda Ngezinkukhu (Pty) Ltd	7	Rabbit Production	Male	3 922 774	4 270 612
15	2016/17	Intombi YaMashenge Trading Enterprises CC	1	Bridging Finance	Female	155 992	172 883
16	2016/17	Arucron CC	1	Bridging Finance	Female	306 000	Rescinded
17	2016/17	Mbokane Farming & Trading	3	Cattle Breeding	Females	984 960	1 070 132
18	2016/17	Khulisa Enterprise (Pty) Ltd	4	Livestock Breeding	Female & Male	984 960	1 054 314
19	2016/17	Tsotetsi Family Coop Ltd	7	Cattle Breeding	Female & Male	350 000	361 776
20	2016/17	Mahlogohlo Investments (Pty) Ltd	6	Flame-grilled Chicken Outlets	Male	450 000	433 293
21	2016/17	Zomba Mphofu Cooperative	9	Piggery Farming	Females	976 309	340 271
22	2016/17	Galito's Mobile Franchise	18	Flame-grilled Chicken Outlets	Females	1 500 000	Not yet disbursed
23	2016/17	Galito's Mobile Franchise	18	Flame-grilled Chicken Outlets	Female/ Male	1 500 000	Not yet disbursed
24	2016/17	Galito's Mobile Franchise	24	Flame-grilled Chicken Outlets	Female/ Male	2 000 000	Not yet disbursed
25	2016/17	Mano A Rona Business Enterprise (Pty) Ltd	2	Mining Services	Male	4 218 000	3 087 611
26	2016/17	Qedukoma Drilling (Pty) Ltd	6	Boreholes Service	Male	3 702 400	3 407 558
27	2016/17	Marena Mining (Pty) Ltd	4	Mining Services	Male	4 542 672	4 626 139
28	2016/17	G3 Abattoir & Butchery CC	11	Abattoir & Butche	Male	5 000 000	1 853 231
			<b>149</b>			<b>35 353 831</b>	<b>26 155 831</b>

The committee noted the Abattoir & butchery of G 3 Abattoir & Butchery CC that the registration of the mortgage bond that is finalized and disbursement in progress. The committee wanted to know a timeframe in this regard.

The committee wanted a clarity in terms of the repayment in case the funded in unable to pay back and noted that there is a section in finance section with legal that deal with such; however the committee was not satisfied with the recovery plans.

## **5. FINDINGS**

After the deliberations, the Committee made the following findings:

- 1) The SMMEs and co-operatives that are funded by MEGA are still under-performing due to inadequate monitoring and mentoring support.
- 2) Payment of the loan as a once off lump sum poses challenges of mismanagement of funds, disputes among members before projects become sustainable.
- 3) The loan repayment system is ineffective since there are projects which are not economically viable which makes it difficult to recover loans within the stipulated period.

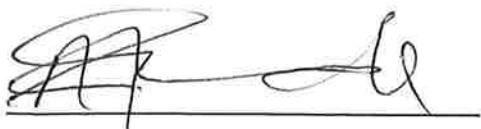
## **6. RECOMMENDATIONS**

- 1) MEGA must strengthen the monitoring and mentorship programme for the funded SMMEs and co-operatives by involving relevant stakeholders such as SEDA (Small Enterprise Development Agency) Department of Agriculture and Rural Development.
- 2) The department must distribute fund in phases, quarterly or based on progress and needs to avoid mismanagement and potential project failures.
- 3) MEGA must develop mechanisms to recoup allocated loans in line with the agreements with the beneficiaries and ensure recovery within the stipulated time.

## **7. CONCLUSION**

The Chairperson extended his appreciation to Members of the Committee, MEGA, and the support staff of the Legislature for their participation during the deliberations.

The Committee tables this report to the House for adoption with its recommendations and progress to be provided to the committee on the 15 March 2018.



HON AM GAMEDE (MPL)

CHAIRPERSON: SELECT COMMITTEE ON WOMEN,  
YOUTH, CHILDREN, AND PEOPLE WITH DISABILITIES

01/03/2018  
DATE