

**REPORT OF THE PORTFOLIO COMMITTEE ON ON PREMIERS OFFICE; FINANCE;
ECONOMIC DEVELOPMENT AND TOURISM: “PRE-TAKING LEGISLATURE TO THE
PEOPLE” OVERSIGHT VISITS HELD IN THE BUSHBUCKRIDGE LOCAL
MUNICIPALITY, EHLANZENI DISTRICT, 28 – 29 JANUARY 2016 (DEDT)**

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 rules 218 and 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 Premiers Office; Finance; Economic Development and Tourism (the Committee) conducted oversight visits in the Bushbuckridge Local Municipality (the municipality) from 28– 29 January 2016 during the “Pre-Taking the Legislature to the People” (TLP) event.

This report reflects the issues that emanated from the oversight activities during the said week, which will need the further intervention of the Department of Economic Development and Tourism (DEDT), its parastatals (Mpumalanga Economic Growth Agency (MEGA) and Mpumalanga Tourism and Parks Agency (MTPA)) and the municipality.

2. PURPOSE OF THE OVERSIGHT ACTIVITIES

The Committee assessed progress on projects that are assisted by the Department of Economic Development and Tourism and Mpumalanga Tourism Parks Agency (MTPA), the parastatals. The Committee wanted to interact with project beneficiaries and ensure that the DEDT's delivery of core mandated services is fast tracked.

3. METHOD OF WORK

As per the Legislature programme, the Economic Cluster had Pre-TLP oversight visits planned from 28 – 29 January 2016 at Bushbuckridge Local Municipality. The Committee informed the Department about the Pre-TLP oversight visits to be conducted and the purpose thereof. Invitations were sent to the Department, management of the Parastatals and the Municipality requesting them to be part of the visits.

- On 28 January 2016, the Committee Researchers briefed the members of the Committee on the projects to be visited on. Later on the day, the Committee conducted an oversight visit to Bushbuckridge Agro-processing Hub at Rooiboklagte
- On 29 January 2016, the Committee conducted oversight visits at Manyeleti Shongwe Nature Reserve.

4. OBSERVATIONS

The Committee observed the following:

- The Committee noted that there was little progress has been made by the DEDT on the Bushbuckridge Agro-processing Hub since the verification visit that was conducted in September 2012.
- A local cooperative Vafumi va Tihuku was appointed by the Department to manage the Hub.
- The Department failed to achieve its target on providing support on beneficiation by the end of 2015/16 financial year, due to lack of funds.

- The budget of the Manyeleti Game Reserve is centralized of which causes constraints to the reserve
- The upgrading and developing infrastructure at the game reserve didn't commence on time.

5. INTERACTION WITH THE MANAGEMENT OF DEPARTMENT AND THE BENEFICIARIES

5.1. BUSHBUCKRIDGE AGRO-PROCESSING HUB

Mr Andre Van Niekerk: Department of Economic Development and Tourism gave an overview on the Bushbuckridge Ago-processing Hub.

The Bushbuckridge Ago-processing Hub is initially a project that was funded by the Department on the 2010/11 financial year with a budget of R35 000 000. The hub was to process more than 4000 birds per day. The project collapsed after a brief existence, the Department appointed Fuse Consortium in March 2010 to revive the project and implementing for 5years. The implementing agent had entered into an agreement with a strategic partner 'Rainbow Chicken Limited" to supply the processed chickens to the Provincial, National and International market. Phase two of the project could not materialize in the 2012/13 financial year as the department had reported that there was no budget for the project

A revised Business case and Project Implementation plan done by Fuse Consortium, after the second collapse of the project a Resuscitation plan was developed and an implementation plan. The current status of the project is that the abattoir has been revamped with a production capacity of 2000 birds per day in a single shift of which it is below the break-even point. The abattoir will need to need to slaughter at least 4000 birds per day to break even and increase to 4500 birds per day to make profit.

The beneficiaries indicated that the Project is experiencing the following constraints:

- ✓ Water supply remains a serious challenge
- ✓ No broiler house are owned by the abattoir

- ✓ There is no electricity on the project site and the security is not tight and there's high level of theft in the area
- ✓ Meetings were held with MEGA to prepare business models but there's no progress till to date
- ✓ The abattoir has equipment but they still request for more equipment to help them work
- ✓ The gravel road to the abattoir does not comply to health standards for food transportation and request the road to be paved
- ✓ Lack of seed capital funding for the project

The Department of Agriculture, Rural Development, Land Administration and Environment made a commitment for the supply of water for the project amounting R2 000 000. The Department also indicated that by the end of the 2015/16 financial year the water supply for the project will be completed

5.1.1 FINDINGS MADE BY THE COMMITTEE

After the interaction with the Department and the Beneficiaries the Committee found that:

- The Department is obtaining bulk water supply working with DARDLEA for the project for an amount of R2 000 000.
- The project is being resuscitated for the third time.
- The Department is relying on other department for assistance eg. DARDLEA. DPWRT
- The Department doesn't have capital funding for the project
- The equipment (broilers) is not working.
- The Project site does not have electricity
- The beneficiaries do not have hope on the project
- The Committee noted that the project does not meet its break-even point in terms of profit making.
- The project does not have a formal take agreements that has been concluded

5.1.2 RECOMMENDATIONS MADE BY THE COMMITTEE

After the deliberations, the Committee resolved on the following:

1. Department must ensure there is capital funding for the abattoir in the next financial year.
2. Department must develop a marketing strategy that will enable market the project with local and international poultry industry
3. Department must secure funds to renew or replace the equipment that is not working before the budget for the equipment
4. Department must finalise the take off agreement before the end of the 2015/16 financial year and must be submitted to the committee.
5. The Department of Economic Development and Department of Agriculture, Rural Development, Land Administration and Environment must fastrack the water supply for the project before the end of the financial year 2015/16.

5.2 MANYELETI GAME RESERVE

Mr. VA Sibiya: Acting CEO of MTPA made a presentation to the Committee:

Manyeleti Game Reserve was founded as a private game reserve in 1963 and now an iconic Provincial Nature Reserve that offers extraordinary bush experience. Manyeleti Nature Reserve is guided by a comprehensive Protected Area Integrated Management Plan. The IMP comprises of the Tourism Master Plan and Land Use Zonation Plan. The park offer game viewing including the Big 5 as there is no boundary fence between Manyeleti, Kruger National Park and Private reserve.

The reserve has 57 permanent employees with the annual salary cost of R13 253 882. In the current financial year the reserve generated revenue that is three times more than the revenue made in the previous financial years due to an operating swimming pool, Phezulu Lodge and Career exhibition.

The Committee noted that the reserve's operational cost is higher than the revenue generated therefore the reserve has not reached its breakeven point for profit making.

The reserve receive a funding form Department of Environmental Affairs for upgrading and developing infrastructure amounting ro R45 000 000. The project was supposed to commence in 2015 however there were delays due the Minister not approving on time the business plan.

The scope of work is to develop and upgrade the following areas:

- ✓ Renovation of existing offices, workshops, ablution and laundry
- ✓ Service/repair all restaurant equipment and back-up generator
- ✓ Refurbish 19 chalets
- ✓ Renovation of dometries for environmental education
- ✓ Renovation of main hall for environmental education activities
- ✓ Convert reptile center into a office block
- ✓ Fix thatch roof of the restaurant
- ✓ Construct new picket
- ✓ Install new perimeter fence (17km) with alarm and monitoring system
- ✓ Construct 3 bedrooms for staff accommodation.

The reserve has lost 14 rhinos due to poaching and a total of 16 poachers linked to the incident were arrested. The land claim where the reserve is situated at is not resolved but an agreement was entered into by MTPA, Concessionaries and Manyeleti Conservation Trust to address management and commercial activities.

5.2.1 FINDINGS MADE BY THE COMMITTEE

After the interaction with MEGA and the Farmers, the Committee found that:

- The Game reserve has a funding amounting to R45 000 000. For upgrading and development infrastructure
- Renovations has commenced at the reserve.

- The budget of the reserve is centralized and causes financial constraints to the reserve
- The Game reserve is targeted by poachers.
- The Reserves operational cost is higher than the revenue generated

5.2.2 RECOMMENDATIONS MADE BY THE COMMITTEE

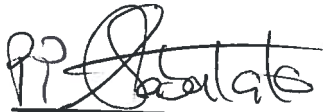
After the deliberations with MEGA and the Association, the Committee resolved that the entity should:

1. complete that the renovation and upgrading of the Nature Reserve by 31 December 2017 as stipulated on the project plan and ensure that the budget allocated utilise efficiently with value for money.
2. develop systems mechanism to assist the reserve to generate revenue that will enable sustain and maintain the reserve with other source funding eg. The Government.
3. The Entity must submit a marketing strategy of the Game Reserve to the Committee

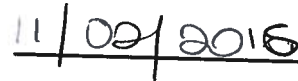
6 CONCLUSION

The Chairperson would like to express his gratitude to all the Honorable Members of the Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism for their attendance and active participation during the Pre-TLP Programme. He further wishes to thank the department, the entities and the Legislature staff for providing support to the Committee

Unless otherwise stated, the Department and MTPA are required to investigate all the observations and findings in this Committee report and implement the House Resolutions and provide progress reports on all issues raised to the Committee by **23 February 2016** and thereafter on quarterly basis.



HON. PS NGOMANE (MPL)



DATE

CHAIRPERSON:

PORTFOLIO COMMITTEE ON PREMIER'S OFFICE;

FINANCE; ECONOMIC DEVELOPMENT AND TOURISM