

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

**"TAKING THE LEGISLATURE TO THE PEOPLE" HELD IN THE LEKWA LOCAL
MUNICIPALITY, GERT SIBANDE DISTRICT, 12-16 SEPTEMBER 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 Premier's Office; Finance; Economic Development and Tourism (the Committee) conducted oversight visits and a public hearing in the Lekwa Local Municipality (the municipality) on 13 - 16 September 2016 during the "Taking the Legislature to the People" (TLP) event.

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.

3. METHOD OF WORK

As per the Legislature programme, the Economic Cluster had Pre-TLP oversight visits planned for the period 24 - 25 August 2016 at the Lekwa Local Municipality. The Committee informed the Department and entity about the Pre-TLP 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 16 August 2016, the Committee Researchers briefed the members of the Economic Cluster Committees on the projects to be visited on.
- On 25 August 2016, the Committee conducted the oversight visits at the Marnard Properties (PTY) LTD Broiler Production and Mr Mavela Isaac Buthelezi's Cattle Breeder farm.
- On 13 September 2016, the Committee conducted a feedback session with the above mentioned projects.

4. OBSERVATIONS AND COMMENTS

The Committee observed the following:

- The Marnard Properties broiler production is a good story to tell; a family business which consists of two (2) females and one (1) male and is doing well despite the challenges faced in and around the project.
- The business paid-off its loan within six (6) months of receipt from MEGA (September 2011).
- The beneficiaries stated their satisfaction on the services that were provided by MEGA.
- The business has created permanent employment for seventeen (17) local individuals, including the farm manager and provides them with incentive bonuses.
- With regard to the second project, the Committee noted that things have not been easy for Mr Buthelezi since the beginning of the business in 2011.
- Mr Buthelezi has struggled to keep up with the loan repayment schedule owing a further R 393 896, 00.

- Mr Buthelezi was negatively affected by the drought which occurred in 2015 towards 2016 and was unable to sell his cattle as they were not in the condition to be sold.

5. OBSERVATIONS ON THE IMPLEMENTATION OF PRE-TLP HOUSE RESOLUTIONS DURING THE FEEDBACK SESSION

On Tuesday, 13 September 2016, the Committee held a feedback session at the Morgenzon Library to be briefed on progress made thus far in implementing the pre-TLP House Resolutions. In attendance were the beneficiaries, as well as DEDT officials. They had prepared presentations for the Committee on the implementation of the pre-TLP House resolutions.

The Committee posed clarity-seeking questions to the officials. Beneficiaries were also given an opportunity to raise their service delivery concerns. The Committee also resolved to communicate and update the National Council of Provinces (NCOP) about projects that are good stories to tell going forward.

Reflected from here on in this report are the Committee's observations on MEGA's progress in implementing the pre-TLP House Resolutions, the public hearing, youth and business sector stakeholder engagements.

5.1 FEEDBACK SESSION AT THE MORGENZON LIBRARY

The following progress report on the pre-TLP House resolutions was presented by the Head of Department (HOD) for DEDT:

5.1.1. MARNARD PROPERTIES (PTY) LTD – BROILER PRODUCTION

Resolution 1: The Mpumalanga Economic Growth Agency (MEGA) should link the broiler production business with a specialist that can ensure that the correct and necessary standards are upheld, vis-a-vis the Early Bird's policies and standards.

The Department reported that MEGA will make use of internal capacity to do an assessment on areas of concern as highlighted and thereafter engage Early Bird to ensure that technical

support is provided to the client as stipulated in the contract agreement between Marnard Properties (Pty) Ltd and Early Bird Farming. The intervention will ensure that the client is able to comply with the broiler production standards that are set out by Early Bird.

Resolution 2: Both the Department of Economic Development and Tourism (DEDT) and the Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA) must interact and engage to assist the business with a plan to include piggery and crop farming to be part of the project, as this will also be sustainable. MEGA, DEDT must submit a progress report to the Committee on or before 04 November 2016.

The HOD indicated that MEGA shall engage DARDLEA in order to explore the option of linking the project with Masibuyele Masimini Programme administered by DARDLEA. Upon consultation with the business directors, a feasibility exercise shall be conducted to determine the suitability of the farm for crop farming and a business case shall be developed to determine the funding requirements for the expansion to crop farming.

The option for a piggery has limitations since piggery operation within the Early Bird Contract Grower Programme is prohibited. This is done to eliminate the risk of transferring certain diseases to broilers. The process shall require the beneficiaries to seek approval from Early Bird who will then conduct an assessment in terms of their broiler production standards. The beneficiaries will be advised accordingly, and once approval is granted, MEGA can then assess the viability of the proposal.

The beneficiaries agreed that the piggery farming has limitations and might pose a challenge as indicated above; therefore, they are requesting that their current piggery area be converted to extra houses to enlarge the poultry production.

Resolution 3: The Department must secure funds to provide fencing in and around the project to alleviate and curb the theft of the chickens

The HOD indicated that the Department will continue to make an effort to secure and provide funding for the project in the coming financial year, and also approach other Development Finance Institutions to assist with funding.

Resolution 4: MEGA should ensure that the target loan disbursement is achieved for all the three (3) districts within the Province and that the communities benefit from the mandate of the entity.

The HOD stated that through its strategic initiatives, MEGA shall ensure that loan disbursements are achieved in the Province of Mpumalanga in compliance to the Annual Performance Plans (APP).

5.1.2 MR MAVELA ISAAC BUTHELEZI – CATTLE BREEDER

Resolution 1: The Head of Department (HOD) of DEDT must interact with the HOD of the DARDLEA in assisting Mr Buthelezi to source funds necessary for the cattle to be utilised in dairy farming and production.

The new HOD of DEDT has interacted with the HOD of DARDLEA to explore other funding mechanisms that could be utilised in assisting Mr Buthelezi to source funds necessary for the cattle to be utilised in dairy farming and production in the current financial year. Noting that Mr Buthelezi's application to be enrolled in the Masibuyele Emasimini Support Programme (EMSP) in 2013/14, was unsuccessful due to lack of funds as there was a cut in DADRLEA's budget, DARDLEA indicated that once funds are available, an advert will be issued to farmers to apply for MESP support and will specifically notify and encourage Mr Buthelezi to also apply. The HOD mentioned that it is worth noting that DARDLEA continues to support Mr Buthelezi with amongst others, extension and advisory services to enhance his production. In 2015/16, DARDLEA could only support farmers with small stock, which exclude cattle due to drought.

Resolution 2: MEGA must provide regular visits to the farm to provide an advisory role in the operations of the farm, including dairy production.

The HOD mentioned that MEGA shall continue to provide monitoring of the cattle breeding operation and duly consider recommendations put forward. The HOD further stated that DARDLEA continues to provide regular Extension and Advisory Services to the project. DARDLEA also supported Mr Buthelezi's farm by availing fodder (bales) and supplements during the recent drought relief programme. Furthermore, DARDLEA invited the Agricultural Research Council (ARC) from Irene, Tshwane to train and capacitate Mr Buthelezi on livestock management and record keeping through the ARC's Kaonafatsa Yadikgomo (KYD) Programme.

Resolution 3: MEGA must ascertain the viability of funding and approving the second loan in Mr Buthelezi's name for the dairy farming and production.

The HOD indicated that MEGA will consult with Mr Buthelezi to assess the feasibility of a dairy farming operation. Once the pre-feasibility is determined, Mr Buthelezi will be linked with the Small Enterprise Development Agency (SEDA) for the development of a feasibility study and a business plan. It is noted that for additional funding to be granted, the business should demonstrate commercial viability for the duration of the funding granted and beyond.

Resolution 4: The Head of Department (HOD) of DEDT must interact with the HOD of the DARDLEA in assisting Mr Buthelezi, as per their indication, to secure funds that will assist Mr Buthelezi to replace the fence around the farm as the lack of proper fencing poses a security risk.

The two HOD's have met and agreed on assisting Mr Buthelezi in strengthening his business plan through the Agricultural Economists with the intention to assist him in applying for funding through MEGA so that he can be in a position to provide the necessary infrastructure in his farm. The HOD indicated that the farm occupied by Mr Buthelezi is a Proactive Land Acquisition Strategy (PLAS) property and DARDLEA cannot invest on infrastructure on a leased property. Consequently, DARDLEA advised Mr Buthelezi on how to get assistance related to fencing and other equipment from the Department of Rural Development and Land Reform (DRDLR) under the latter's Recapitalisation and Agricultural Support Programme (RECAP).

Resolution 5: The Head of Department (HOD) of DEDT must interact and liaise with the HOD of the DARDLEA in ascertaining whether or not there is still a market or demand for dairy farming and production in the area.

Following a briefing by MEGA, the HOD of DEDT mentioned that he interacted and liaised with the HOD of DARDLEA to ascertain whether or not there is still a market or demand for dairy farming and production in the area. The HOD indicated that Agricultural Economists (DARDLEA) and MEGA have been tasked to assist with a market research to ascertain the demand and feasibility of this project and report back to the HOD's. Furthermore, the HOD stated that the report will be communicated to the Committee by the HOD's before the end of the financial year.

Resolution 6: The MEC of DEDT should liaise with the Mayors of the two local municipalities (Lekwa and Msukaligwa) as well as interact and engage with the Department of Public Works, Roads and Transport (DPWRT) to ascertain which municipality is responsible to address the maintenance of the access road to the farm.

In his response, the HOD mentioned that the MEC of DEDT has requested the officials in the Department to gather information on the exact locality of the farm outside Morgenzon; so far the response provided is that the farm is in Lekwa and the MEC of DEDT will still liaise with the Mayors of the two local municipalities (Lekwa and Msukaligwa) as well as the Department of Public Works, Roads and Transport (DPWRT) to ensure that in future cross border projects are given the support required. During a brief discussion at the margins of the Technical Premier Consultative Forum (PCF) sessions at Enkangala Municipality Offices on 06 September 2016, the HOD and the Municipal Manager of Lekwa Local Municipality agreed to deliberate on economic development related projects, inclusive of such projects.

5.3 FINDINGS

After the interaction with the Department and the beneficiaries the Committee noted the following:

1. The piggery farming proposal by the Marnard broiler production has limitations since piggery operations within the Early Bird Contract Grower Programme is prohibited and might pose a challenge.
2. MEGA will consult Mr Buthelezi to assess the feasibility of a dairy farming operation, upon linking him with the Small Enterprise Development Agency (SEDA).

5.4 RECOMMENDATIONS

After the deliberations, the Committee resolved on the following:

1. The Mpumalanga Economic Growth Agency (MEGA) must ascertain whether the beneficiaries' current piggery area can instead be converted to extra poultry houses to enlarge the poultry production, as the piggery farming might pose a risk of transferring certain diseases to broilers; and further assess the viability of the proposal.
2. MEGA must submit a progress report to the Committee of the pre-feasibility study once concluded.

6. PUBLIC HEARING

The Public Hearing was jointly conducted by the Economic and Social Transformation Clusters at the Sakhile Stadium on 15 September 2016. The following are some key issues and challenges that were raised by the community during the public hearing.

1. The community members were in general, concerned about the slow progress in development of the economy due to the lack of sustainable employment opportunities, specifically for the youth.

6.1 FINDING

The Committee made the following finding after the deliberations during the public hearing:

1. Although DEDET and MEGA have programmes and projects in the Lekwa Local Municipality, there is still a need to see tangible results from the interventions and budget expenditure of DEDT in this Municipality.

6.2 RECOMMENDATION

Based on the interactions during the public hearing, the Committee therefore recommends the following:

1. DEDT and its parastatal MEGA must intensify their efforts to implement its planned projects and programmes so as to accelerate the service delivery on all its funded projects in the Lekwa Local Municipality, such that there are tangible results that will truly alleviate poverty and unemployment.

7. STAKEHOLDER ENGAGEMENTS

The purpose of the stakeholder engagements was to engage the youth and business sectors by providing a platform for them to raise their concerns and endeavour to address any challenges they are facing.

7.1 Youth formations engagement

The following are some key issues and challenges that were raised by the youth during the stakeholder engagement that was held on 15 September 2016 at the Sakhile Community Hall:

AREA	ISSUE
Ward 14	<ul style="list-style-type: none"> • Mr Madoda raised a concern with regards to the Department not providing resolutions taken during Youth Summits that will assist the youth in job creation.
Ward 07	<ul style="list-style-type: none"> • Mr Enock Tsotetsi requested the Youth Desk to assist by involving them in structures at higher levels.

	<ul style="list-style-type: none"> • Their Thusong Centre requires involvement by the NYDA.
Ward 05	<ul style="list-style-type: none"> • Mr Sipho Shabangu indicated that they have an LED Forum but there is no representation of the youth, whilst young people represent 60% of the Lekwa population. • Requested a re-launch of the LED structure so the youth can be involved.
Ward 01	<ul style="list-style-type: none"> • Mr Jabulane Maseko requested that the youth should be protected when it comes to job creation as most of the young people in Lekwa have skills but are not considered; preference is given to others. • The Municipality should create an office / desk that will deal solely with the Youth (an entity-like structure).
Ward 06	<ul style="list-style-type: none"> • Ms Nelisiwe and Ms Thobile Mazibuko indicated that they have formed an organization for young people where they do stage acting, drama etc. but do not have a venue for their practice and rehearsals. They are always told that the Sakhile Hall is fully booked and other venues require prior payment.
Ward 05	<ul style="list-style-type: none"> • Ms Mashiloane requested workshops to be conducted for entrepreneurs.

7.1.1 Response by the Department of Economic Development, Environment and Tourism (DEDT)

The HOD responded to the youth engagement issues as follows:

1. MEGA will look into further assisting the Forum in terms of funding and is currently viewing the database of Lekwa Local Municipality in this regard.
2. The Department will work closely with the Local Municipality to ensure that the youth is also represented on the LED Forum.

7.2 Business Sector engagement

The following are some key issues and challenges that were raised by the business sector during the stakeholder engagement that was held on 15 September 2016 at the Lekwa Municipality Council Chamber in Standerton:

BUSINESS SECTOR	ISSUE
NAFCOC Business Chamber	<ul style="list-style-type: none"> • Mr Sizwe Dlamini mentioned that the LED of the Municipality is a crisis and has been non-functional for the past nine (9) years. • The LED Forum is chaired by one of the municipal workers instead of a business person. • Only one trucking company does business with the Municipality; all trucks owned by the people of Standerton are not hired by the Municipality. • NAFCOC has a good working relationship with Eskom; the Municipality also participates in the forum established by the two parties.
Goldi – Early Bird	<ul style="list-style-type: none"> • Mr Dean Viljoen -COO mentioned that Goldi is one of biggest poultry abattoirs in the country, with an average of 2 000 000 broilers slaughtered per week. • Basic service delivery - as an intensive user of water, the collapsing and ever deteriorating water infrastructure (as particularly noticed over the past five years) and the resultant service interruptions are hindering expansion. • The electricity bill to Lekwa Municipality is about R10 000 000.00 per month and concerns around the Eskom cutting supply is a serious business risk.
Young Nature Minders Co-operative	<ul style="list-style-type: none"> • Ms Jacqueline Jackson indicated that the LED forum is not functional. The challenge is that the terms of reference have not been approved as yet. • There is a list of projects that need to be implemented but it is a challenge to introduce them as the LED is not functional.
Youth Organization: In Our Time	<ul style="list-style-type: none"> • Mr Mphikeleli Hlatshwayo raised a concern that small businesses do not get

Technology	opportunities in the private sector.
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7.2.1 Response by the Department of Economic Development, Environment and Tourism (DEDT)

The HOD submitted an apology for the MEC of DEDT, Mr SE Kholwane and further mentioned that the MEC will be part of the engagements going forward. The HOD responded to the business sector engagement issues as follows:

1. The HOD mentioned that the Department of Economic Development and Tourism (DEDT) will work closely with the Lekwa Local Municipality to re-establish the LED Forum; and ensure that the youth is also represented.
2. The HOD stated that DEDT intends to assist in respect of informal businesses as this sector has a significant role to play in the economic development of the Lekwa community. Furthermore, the HOD mentioned that on 19 September 2016 DEDT will engage the Association of Informal Traders for the requisite by-laws to be promulgated, implemented as well as monitored and refined.
3. The HOD indicated, with regards to tourism that a letter from the MEC of DEDT to the Executive Mayor will be written to provide data regarding the existing and planned tourism products and facilities.

The Committee noted the following after the deliberations during the business sector stakeholder engagement:

1. The Committee has committed to positively respond to the invitation by Early Bird and will conduct the oversight visit on 21 October 2016. In addition, the invitation will be forwarded to respective MEC's for their attendance.
2. The Executive Mayor has made a commitment to re-launch the LED Forum before the end of October 2016.

3. The Executive Mayor indicated that service delivery improvement will be prioritised and addressed during the Municipality's upcoming Strategic Plan.
4. The Honourable Premier, Mr DD Mabuza has assured the people of Lekwa Local Municipality that an Agriculture based business forum will be formed within seven (7) days from 15 September 2016. The Honourable Premier further committed to return to the Lekwa Local Municipality in a month's time to track progress. Members of the Committee will also conduct oversight and track progress at the end of the Quarter.

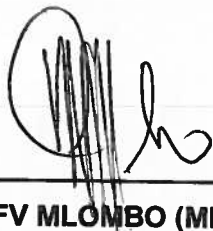
The Committee moves that the House adopts the report with the above recommendations.

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 TLP oversight visits.

In addition, the Chairperson extends a word of appreciation to the HOD of DEDT, senior management officials of DEDT, the Lekwa 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 30 November 2016 and thereafter on a quarterly basis.



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

13.10.2016
DATE

