

PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

MONDAY, 6 MAY 2019

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National Assembly and National Council of Provinces

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1. Assent by President in respect of Bills

- (1) **Marine Spatial Planning Bill** [B 9D – 2017] – Act No 16 of 2018 (assented to and signed by President on 29 April 2019).
(uMthetho wokuHlelwa kweNdawo yoLwandle (IsiZulu)).

- (2) **National Research Foundation Amendment Bill** [B 23B – 2017] – Act No 19 of 2018 (assented to and signed by President on 29 April 2019).
(Wysigingswet op die Nasionale Navorsingstigting (Afrikaans)).
 - (3) **National Health Laboratory Service Amendment Bill** [B 15D – 2017] – Act No 5 of 2019 (assented to and signed by President on 29 April 2019).
(Molao Phetošo wa Ditirelo tša Laporatori ya Maphelo ya Bosešhaba (Tshivenda)).
 - (4) **Powers, Privileges and Immunities of Parliament and Provincial Legislatures Amendment Bill** [B 18 – 2018] – Act No 9 of 2019 (assented to and signed by President on 29 April 2019).
(Wysigingswet op die Bevoegdhede, Voorregte en Immuniteite van die Parlement en Provinsiale Wetgewers (Afrikaans)).
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COMMITTEE REPORTS

National Council of Provinces

1. Joint oversight Report to Limpopo Province, Mopani District by the Select Committees on Economic and Business Development and Trade and International Relations, from 30 July – 3 August 2018, Dated 19 March 2019.

The Select Committee on Economic and Business Development jointly with the Select Committee on Trade and International Relations, having conducted an oversight visit to the Limpopo Province, Mopani District, from 30 July – 3 August 2018, reports as follows:

1. Introduction

In terms of section 42(4) of the Constitution, the National Council of Provinces (NCOP) are mandated to ensure effective cooperative governance and intergovernmental relations between the three spheres of government. This unique mandate of the NCOP further seeks to ensure that the provincial interests are taken into account in the national sphere of government. It is within this context that the two Select Committees - Economic & Business Development and the Trade & International Relations conducted a joint oversight to Mopani District (District) Municipality in Limpopo Province.

The District is one of the five districts in the Limpopo Province, and its headquarters are in Giyani. The District is composed of five local municipalities namely: Greater Tzaneen; Greater Letaba; Ba-Phalaborwa, Greater Giyani and Maruleng.

The purpose of the oversight was to assess progress in implementing government development programmes, and identify challenges that need to be addressed by various government departments and agencies in order to

influence growth and development of the regional economy. In the main it is to ensure that government programmes, in partnership with the private sector including civil society, support job creation, enable local businesses to expand and increase investments in the regional economy.

Before the *Joint Committees* embarked on the oversight visit to the *Mopani District Municipality*, the following key growth points were identified as critical issues that need to be lifted in order the district municipality to succeed to meet *National Development Objectives*:

- Establish and Enhance public-private growth coalitions (*formed with public sector agencies and private sector firms*);
- Build internal capacity and capability of the district municipality including local municipality under the district municipality (*The capacity of the local government to facilitate economic development depends on its internal organisational health and capability*);
- Establish and enhance regional and national relations to mobilize resources to spur economic growth, attract investments and job creation (*Need to enhance inter-governmental relations to cement economic development*).

2. Multiparty delegation

The delegation consisted of the following members:

Hon MI Rayi (ANC) Chairperson and Co-Leader of the delegation

Hon ER Makue (ANC) Chairperson and Co-Leader of the delegation

Hon BG Nthebe (ANC)

Hon JM Mthethwa (ANC)

Hon JJ Londt (DA)

Hon B Mathevula (EFF)

The delegation was accompanied by the following parliamentary officials: Mr H Mtileni and Ms NG Dinizulu (Committee Secretaries), Mr L Sishuba (Content Advisor), Mr Z Ngxise and Mr A Ganief (Researchers), and Mr M Erasmus (Committee Assistant).

3. District local government to facilitate growth, to attract investments in order to create sustainable jobs

3.1 Mopani District Municipality

The Mopani District Municipality is a category C municipality located within the north-eastern quadrant of the Limpopo Province. It is bordered in the north by Zimbabwe and Vhembe District Municipality. In the south, the by the Mpumalanga Province through Ehlanzeni District Municipality, in the south-west by Sekhukhune District Municipality, in the east by Mozambique, and in the west by the Capricorn and Vhembe District Municipalities. There are 16 urban areas (towns and townships), 354 villages (rural settlements) and a total of 125 wards. The seat of Mopani is Giyani, and the district is part of the Great Limpopo Trans frontier Park.

The population of the District is 1,093 million (Census 2011). Out of the entire District population, 81 per cent reside in rural areas, 14 per cent in urban areas and 5 per cent reside on farms. The available statistics suggests that the District is one of Limpopo Province's most developed economies. The District's economy grew by 4 per cent, above the provincial and national average, between 1996 and 2006.

The water backlog for the households below the RDP minimum service standard is 124 366. Households above the RDP standard are not considered to be part of the water Supply backlog. It was indicated that the District is characterised by low rainfall, especially in the Greater Giyani and Ba-Phalaborwa local municipal areas. This situation results in severe water shortages and regular drought conditions. Consequently,

there are Competing demands for scarce water between economic sectors (agriculture, mining and forestry) and domestic users. The main sources of water are the Letaba River catchment

Area and boreholes.

Eskom is the main supply of electricity. However in urban areas the local municipalities also play a brokerage role in distribution of electricity. Further, most of the people in rural areas and low income households still use other source of energy such as wood for cooking.

There is high unemployment, which like the national picture hit hard the vulnerable groups in society; *women and youth*. Mining and Agriculture are the most industries that employ most people. Tourism, agriculture, mining, trade and manufacturing are the most industries that have the potential growth that could attract investment and create jobs. Mining has been the dominant sector in the District since 1996, and in 2006 accounted for 31 per cent of the gross value added. The main economic industries of the of the District: mining (30.1 per cent), community services (22.6 per cent), trade which includes tourism) (14.6 per cent), finance (14.6 per cent), transport (8.2 per cent), agriculture (3.2 per cent), electricity (2.8 per cent) and construction (2 per cent). which includes tourism) and finance.

The manufacturing industry is poorly performing, representing 2 per cent in relation to the overall economic industries. The mining industry is concentrated in the Ba-Phalaborwa regional area, and for the past eight years experienced rapid expansion. Agriculture it is the fourth-largest economic sector after mining, government and community services, and wholesale and retail. It is predominated in Tzaneen, Maruleng and Letaba, although it is also significant in other districts.

The District boasts remarkable tourist attraction landmarks. The entrancing and breath-taking sceneries have become a standard characteristic of the District. The district is also home to the world-renowned Rain Queen; giant baobabs; tropical paradise of Tzaneen; wildlife haven of Ba-Phalaborwa and Maruleng. The district is named Mopani because of the abundance of nutritional Mopani worms found in the area. By virtue of the Kruger National Park being part of Ba-Phalaborwa and Greater Giyani Municipalities, the District is part of the Great Limpopo Trans frontier Park, which borders South Africa, Mozambique and Zimbabwe.

Limpopo Trans frontier Park presents great economic opportunity for eco-tourism, game farming with spin over effects to the growth of SMMEs. This is the industry that needs to be exploited for the benefit of local communities to improve the rural incomes and generally to raise the living standards.

The economic growth in the District like most municipalities presented a challenge. Economic growth, investment and job creation efforts cannot be led alone by the District. Economic growth and development initiatives need joint efforts by key actors in the economy; the private in cooperation with, the local government, and national government (including state owned enterprises).

3.1.1 Ba-Phalaborwa Local Municipality

The Joint Committees also visited the Ba-Phalaborwa Municipality (Municipality). It is one of the five local municipalities in the Mopani District. The local municipality has a geographic area of 7462km², with private farms covering an enormous area, as well as land under traditional authority, namely Ba-Phalaborwa Traditional Authority, Maseke Traditional Authority, Maseke Traditional Authority, Selwane

Traditional Authority and Majeje Traditional Authority. The other areas are proclaimed towns of Namakgale, Lulekani and Gravelotte.

Farms constitute 27 per cent of the total of municipal area. Most of the farms in Ba-Phalaborwa belong to private owners and are used for game and citrus farming. Ba-Phalaborwa serves as a convenient gateway to the Kruger National Park and the Greater Limpopo Trans frontier Park through the Mozambique (Masingir-Xai-Xai) channel. The Vision of Ba-Phalaborwa is to provide quality services to promote tourism development, with the objective of positioning the municipal area as a tourist destination of choice.

According to the local economic development (LED) strategy, the strategy notes that Ba-Phalaborwa currently prides itself as the best tourism hub in the District with quality tourism products. Mining, agriculture and manufacturing play an important economic role in job creation. Informal trading is burgeoning within the economic hubs of Namakgale, Lulekani and Phalaborwa. To this end, public-private support initiatives would be needed to support informal industry, and further help growth potential informal trading entities to formalise. Therefore development agencies (Small Enterprise Development Agency, Small Enterprise Finance Agencies including National Empowerment Fund) with the support of the private sector should create their presence in the municipal area.

On mining activities, the Municipality informed the joint select committees that is ranked number 11 in terms of the largest twenty municipalities ranked by the current value of mining, and mining contributes 44.85 per cent gross value added (GVA) to the local economy. The municipality face a certain level vulnerability in terms of unemployment in the event of a slowdown of the mining economic activity. Hence there is a need to grow other growth potential industries such as tourism and agric-business.

Tourism industry is one of the industries that need to be exploited to address unemployment, and spur economic growth. The geographic position of the Ba-Phalaborwa and the abundance of wildlife, and the proximity of the Municipality to the Kruger National Park present an opportunity in diversifying tourism investment opportunities. Tourism offers a great potential to spur economic development of the region due to its ideal location and climate. The municipal area need to further invest to tourism infrastructure and facilities. Current has 1400 beds in the accommodation establishment and over 20 restaurants.

On the Kruger National Park tourism spin-offs, the Kruger National Park and the Greater Limpopo Trans frontier Park contribute to the fighting the scourge of poverty in mainly impoverish disadvantaged communities. Due to Ba-Phalaborwa's proximity to the Kruger National Park, the municipality directly benefits from tourist's flow to the Kruger National Park through sleeping local accommodation establishments or buying of artefacts/local crafts, and memorabilia items.

The Joint Committees noted the plans the municipality intends to implement in an effort to fight rhino poaching. The Municipality indicated that there are also monthly and quarterly joint operation meetings with SAPS to discuss rural safety, priority crimes and anti-poaching. However, the Joint Committees indicated that the scope and capacity of the municipality would hinder the Municipality in carrying the task. Hence collaborative efforts with national and provincial government should be a priority to strategical plan and implement a comprehensive strategy to fight rhino poaching.

The local municipality needs, with the support of the national and provincial government backed by the private sector to invest in Municipal infrastructure such as road and possible rail infrastructure to

support potential growth industries such as tourism, agriculture including mining. Further, the municipality needs to build relations with the local Hoedspruit airport and Ba-Phalaborwa airport to search for economic opportunities that could spread as spin offs to spur local economic development. The local airport should be used as a one of key elements that could forge development partnerships with the private sector. Currently, the IDP of the local municipality is silent in exploring this economic opportunity. Joint Committee noted that collaborative efforts between the public and private sectors would bring lasting economic development solutions.

The challenge the Municipality including the District is facing is to how to use the potential of the current airports to link them to the overall local industrial action plans. The government has the industrial strategy to establish competitive Special Economic Zones (SEZs). The District including the local municipality have the potential to form a competitive SEZs, taking into account that the Districts is one of the advanced economies in Limpopo Province.

Investment in Information Communication and Technology (ICT) infrastructure should be a priority. This position was emphasised by the Joint Committee. The ICT has is one of powerful enablers towards a more *responsive economy, which is inclusive*. Again, the Joint Committee emphasised the need for partnerships between the Municipality with national and provincial governments backed by the private sector including institutions of higher education. The local communities including rural areas should access to high speed broadband. Tolling-out Wi-Fi service to local communities should deserve no further emphasis, emphasised the Joint Committee.

The Joint Committee further emphasised that partnerships should also be extended to neighbouring countries with the aim to maximise

economic opportunities. In this case the Municipality was encouraged to explore economic opportunities presented by the Xai-xai development, Mozambique. The tourism development offers significant economic development opportunities.

4. Public-private growth coalitions

4.1 Progress on the revitalization of the Nkowankowa Industrial Parks

The Department of Trade and Industry provided a background on the revitalization of industrial parks in the country. The department explained that a structured programme for the revitalization of industrial parks located in the old industrial areas across the country was initiated in September 2015. The programme initially identified the first ten (10) state owned industrial parks to be revitalized in various provinces. The programme focuses on both the physical infrastructure and other support requirements in line with outcome 4 and 6 of the National Development Plan. The Department of Trade and Industry has forged strategic partnerships for the implementation of the programme on a national scale. The first phase covering 13 industrial parks has been initiated

The rationale of revitalisation of the industrial parks seek to respond to the following critical issues:

- Revitalise South Africa's state owned industrial parks enabling them to serve as catalysts for broader economic and industrial development in their host regions (townships and rural areas),
- Modernise the industrial parks infrastructure and upgrade security features to ensure a safe and secure working environment for both firms and clients,
- Redesign the industrial park layout and enhance the visual appeal of park for investor attractiveness,
- Lift security and control of the industrial park boundaries to curb encroachment and prevent environmental hazards.

To date, approximately R511 million has been allocated to jump-start the industrial parks revitalisation programme. The Department of Trade and Industry indicated that six industrial parks have been launched and four would be ready to be launched in the current financial year.

Reporting on the progress of the Nkowankowa Industrial Park, the department reported the industrial park's scope of services is currently in construction and is expected to be completed by August 2018. A total of 83 employment opportunities were created thus far. A local contractor was appointed and local subcontractors are also benefiting from the project.

The following activities are currently being undertaken to improve the security of the industrial park: *setting out (7880m) of fence route; excavation of set out route; installing fence; installing of the CCTV system; installing main access gates; installing of guard houses; site clearing. Further to levelling, finishing-off on fence route; refurbishment of high mast lights; and refurbishment of identified buildings.*

4.2 Phalaborwa Wild Activity Hub

One of the Department of Tourism strategic objectives is to diversify and enhance tourism offerings. In response to this strategic objective, the Department of Tourism in partnership with South African National Parks (SANParks) have developed the Phalaborwa Wild Activity Hub. The Joint Committee received the report from the Department of Tourism and SANParks with regard to the implementation of the Phalaborwa Wild Activity Hub programme.

It was reported that the objectives of the Wild Activity Hub seek to address the following;

- Diversify and enhance tourism offerings at the Phalaborwa gate;
- Improve the tourism infrastructure in the Phalaborwa area and also attract other investments to become a feasible tourism destination;

- Development and enhancement of the Phalaborwa Gate through the development of the Wild Activity Hub includes tourism infrastructure such as entrance gate, rhinos' orphanage, bird viewing, walkways, backpackers, and cool down area, braai and waiting areas,
- To use the Wild Activity Hub as leverage to provide opportunities for local entrepreneurs to operate some activities in the Kruger National Park;
- To create local hospitality facilities to benefit local communities, and thus support growth of local enterprises;

The SANParks, further expounded on the objectives highlighted by the Department of Tourism. According to the SAParks, the tourism development programme would create job opportunities the Phalaborwa municipal region. A detailed plan of the Wild Activity Hub was shared with the Joint Committee which includes facilities such as spa, bush braais, archery including activities such as mountain bike safaris, shortened overnight trips to Olifants River, fat Cleveland, hiking, horse riding , Craft beer, reptile information sessions, Photographic courses and leather making.

Further, the SANParks reported on the progress in relation to the regulatory requirements as determined by the Environmental Impact Assessment (EIA). The SANParks gave an undertaking that as soon the environmental regulatory requirements are met, the construction of the tourism development would start with socio-economic spin-offs guaranteed to benefit the local economy.

The Department of Tourism further explained that through the Tourism Incentive Programme (TIP) funds, was able to fund the Wild Activity Hub programme to the tune of R25 million. The Joint Committee noted the efforts of government to create tourism assets that would benefit the whole community. Further, the Joint Committee noted that the development

programme to succeed, partnerships with the public, private, civil society sectors including local community needed to be formed to implement the initiative in order spur job creation and economic growth.

4.3 Enterprises are Critical Partners for Inclusive Growth

The Joint Committee recognise the role of enterprises including social enterprises in creating jobs and driving economic growth. To this effect, the Joint Committee visited several enterprises in the District.

4.3.1 Taunetix [Pty] LTD

The company was registered with Companies and International Property Commission (CIPC) on the 07 March 2015. It is 100 per cent owned by Mr Lodewyk Franxis van Der Zee. The business is situated Tzaneen.

Mr van Der Zee run banana ripening business that supply and sells fresh produce to the informal sector in and around Tzaneen area. The company was funded by Small Enterprise Finance Agency (Sefa) for a loan amounting to R2,7 million in 2015. The purpose of the fund was to purchase vehicles with the amount of R349 015.00 and acquisition of the business which costed R2,35 million. The repayment of the loan facility was scheduled for the period of five years. The business created 12 permanent employment opportunities.

4.3.2 Tzaneen Blueberries

Tzaneen Blueberries was established in 2013 by Henry Hayes (24.5 per cent), Nino Burelli (51 per cent) and Stephen Taylor (24.5 per cent). The farm is located at portion 31, 32 and 40 of the Hamawasha 557 LT farm, which is at the south east of Tzaneen.

The farm is the first blueberry farm to be established in the Tzaneen area. Henry Hayes, a papaya farmer, started experimenting with blueberries under subtropical conditions about five years ago. He conducted research with no licenced but soon realised that the licenced plant material is of much better quality, albeit more expensive. Based on the early success of the trial plantings and due to a lack of own capital he partnered with leading businessmen in the fruit industry, Steven Taylor, the largest blueberry producer in Europe.

Blueberries enterprise, received financial support (R13 million) from the Industrial Development Corporation (“the IDC”). The IDC play a significant role to enable the enterprise to reach both domestic and international markets. Most of the produced are exported to international markets due to the current low demand of the Blueberries in the domestic market.

The enterprise supply chain stores such as Woolworths in the domestic market and export to countries such as United States of America, Europe, and China. The company is not the main producer of blueberries in South Africa, there are big companies in the blueberry subsector that have a competitive advantage and exploit economies of scale based on their vastness and advanced business networking capabilities.

The enterprise does not have ownership of the intellectual property rights to produce the blueberries. The intellectual property rights are owned by the United Exports Group, based in US. The growers like Tzaneen Blueberry enterprise do not have control over pricing and marketing of produce and there are merely price takers in the market. Farmers are therefore obliged to pay royalties to the breeders.

The farm produces and packs the fruit at its packing facility. The enterprise has entered into a plant supply and fruit marketing agreement with Euraf fruit that carefully selects its members based on climate, water quality and availability, soil conditions and business acumen. The Euraf fruit growers

club is a supplier of licenced plant material, mainly from the USA. Most of its varieties have been tried and tested in South Africa. It also has established local and international marketing channels.

During harvesting season of the berries, Tzaneen Blueberries employs over 300 people, during pruning season, the farm employs over 100 people. The majority of these workers are normally women. Currently, Tzaneen Blueberries has a total of 45 permanent employees of which 15 work at the pack house during harvesting season.

5. Inter-governmental networks

5.1 Public Works Cost Centre

This is one of the social development initiatives implemented as part of the Department's contribution to government's strategic initiative aimed at addressing unemployment and improving the livelihoods of the poor; mainly women, youth and people with disability. The project is implemented throughout the province under the Empowerment Programme, an umbrella of the Expanded Public Works Programme (EPWP).

This Cost Centre is one sub- project under Mopani General Maintenance where the EPWP Chief Directorate has partnered with Building Maintenance unit to implement projects In-house. The decision to pool resources was meant to optimise on creation of more work opportunities for locals. 100 percent of the incentive grant has been utilised to provide labour on construction, rehabilitation and maintenance of government infrastructure assets.

Building maintenance unit provides planning, funding for materials, in-house labour (Artisans) and technical supervision based on their Annual Performance Plan (APP). The EPWP Directorate aligns projects to EPWP Guidelines, plan and as well facilitate recruitment of local unskilled labour. The project is implemented in Tzaneen Cost Centre under Greater Tzaneen Municipality.

The project focused mainly on general maintenance of Government assets (office and residential houses) rehabilitation, development and maintenance of Government grounds (Landscaping and maintenance). Participant's focus on clearing of grounds and minor maintenance on residential houses within the Cost centre and are not yet involved in renovation works for other Government Departments such as:

- Department of Education-Day to day Maintenance
- Social Development-Day to day maintenance
- Department of Health-Day to day maintenance
- Department of Agriculture-Day to day maintenance

It was reported that participants in the Landscaping Project would be offered accredited training at NQF level three (3). The process to procure services of an accredited service provider has commenced, and the project is planned to start in September 2018.

Further, the social development programme has recorded few successes such as the training of the participants in *Maintaining of Immovable Government Assets, including* construction of new structures. The nature of the programme (short duration) poses a challenge. The participants have undergone training in plastering, painting, carpentry, plumbing and electrical.

Resource allocation remains a challenge. The beneficiaries of the programme in most cases exit the programme before mastering the skills acquired, and being ready to venture into their own businesses. Currently the *Provincial Department of Public Works, Roads and Infrastructure* does not have a retention and exit strategy in place. Further there is a need to restructuring the *Integrated Grant* to provide additional upfront budget allocation to improve planning and coordination of the EPWP. Provincial Treasury need to support provincial department to lobby National Treasury, or Public Works to restructure the Integrated Grant to cater needs of provinces.

The Joint Committee noted that higher education institutions including the private sector needs to support the training and development programmes. Further the Joint Committee noted the need to improve the quality of the basic education system. In addition, it was highlighted that education and skills system needs more significant improvement in the provision of vocational skills and education. The functional role of Setas was emphasised. Hence there is a need for concerted efforts to increase funding for public works support programmes. Further coordination by all state entities backed by the private sector including institutions of higher education need to be improved.

Further, the Joint Committee emphasised the role of the district political leadership to ensure that national and provincial government support the implementation of the social development programmes. At a district level, social engagement forums, which compose all critical stakeholders should be established. The Joint Committee emphasised the importance of forging interdependent relationship between the District with national and provincial governments in pursuing economic development. Further, public and private sector leaders at District level need to leverage the support of the national government (backed by the private sector) finance social development initiatives.

5.2 Energy projects in Mopani District Municipality

It was indicated that settlements in the District area are small and scattered. As a result, infrastructure costs are high. The case highlighted in Ba-Phalaborwa was the capital cost of electrification under the INEP programme. However, it was submitted by the Department of Energy, that under INEP it will be able to meet the targets for universal access to electricity by 2025.

Joint Committee noted the support Eskom is providing to local businesses including households. Furthermore, the electrification programme should also support the growth of local business.

The Department of Energy submitted that to connect an enterprise takes 6 months and an amount R40 000 to expedite such electrical connections. The Department further reported that after the processes of conducting feasibility studies and designs by civil engineers, it takes about 12 months to electrify a designated area under development. However, in setting up bulk infrastructure development such as power stations it takes approximately 24 months, and thus leads to the electrification of the settlements that needs to be powered with electricity. The Joint Committee urged local municipalities to improve relations with Eskom. Electrification plans should find expression to the Integrated Development Plans (IDPs).

6. Observations

- The level of unemployment in Mopani District is estimated at about 39 per cent, which is by far higher than the national average of 27.2 per cent as reported by Statistics South Africa in the second quarter of 2018.
- In terms of demographic composition, in both Ba-Pharaborwa and Tzaneen local municipalities, the youth constitute half of the district population and this is consistent with the national trend of burgeoning youth unemployment.
- On the issue of integrated planning between the three spheres of government, the Joint Committee observed that there is poor coordination between the *three tiers of government* and this results in poor delivery of quality in services, which undermines the realisation of the high level objectives articulated in the *National Development Plan*.
- Further, the non-participation of national government departments in the development of IDPs is astoundingly problematic in that, municipalities, provincial and national departments end up implementing parallel programmes and this does not help in maximising the value of the public funds allocated to development.

- The Mopani district municipality for example, indicated that, IDC could implement a project within the district jurisdictional boundaries, but the District does not have such development project in the municipal IDP.
- Most of the municipalities have Local Economic Development (LED) forum, which is facilitated by the Executive Mayors. In supporting the high level LED forums, there is a technical committee representing sector directors, which synchronise development planning. However the scope and capacity of the LED units need to be improved, and private sector including civil society and higher education's institutions should be used to enhance the planning capacity.
- The district is confronted by poor levels of skills development emanating from ineffective schooling system meant to produce requisite skills in line with prevalent economic sectors operating in the district.

7. Recommendations

- The oversight visit highlighted four broad implications for District Municipality including the local municipalities under district jurisdiction. The local government leaders need to work closer with the private sector (businesses), educational partners, national and provincial government (including state owned entities and development agencies such as DBSA). Better coordination and planning would deliver good growth: economy, boost jobs and attract investment.
- It was noted that countries with well-developed systems of vocational education for young people who do not go to university have higher employment rates for young people. The Department of Higher Education and Training (including Setas), private sector including the Department of Labour need to work closer with the District. There is a need to address high levels of skill shortages. To

increase funding of skills development should be supported and encouraged. Further, vocational education and training needs to be more employer-led and responsive to local business needs.

- The joint select committees identified a need for national government (state owned enterprises and development agencies) to intervene in order to fuel productive investments to boost job creation. Further, there is a need for private-sector initiatives, backed by government support.
- Further, local municipalities need to create space for the private sector to take central role in leading economic development functions in growth industries and including in emerging industries.
- The Joint Committees further noted a need to investment in economic infrastructure such as a water infrastructure, quality energy infrastructure to boost power for both residential and commercial clients in the district. The Department of Public Enterprise through its SOEs such as Eskom, Transnet and the Department of Water and Sanitation (Water Boards) with the backing of the private sector should increase investments in the District to support growth and development.
- Lack of investment in critical economic infrastructure would hinder economic growth and development, and thus deepen social unrest and compromise social cohesion.
- The District needs to develop prioritised action plan to attract investments. To this end, the District working with *local municipalities in partnership with the private sector need to lift their efforts in terms of resource mobilisation* to proactively engage national government to fund investments, develop trading links and promoting exports. National functional departments such as *Trade and Industry, Economic Development; Transport, Water and Sanitation, Rural Development, Small Business Development, Tourism, Agriculture, Forestry and Fisheries, Energy including Public Enterprise and their SOEs and development agencies* need to enhance their support in local government to drive regional integrated development.

- The District further needs to focus and enhance economic development strategies to achieve inclusive, place based growth supported by local industrial strategies bridging skills, drive infrastructure investment working with private sector and national government. Further it need to spur innovation (supported by higher education institutions and private sector).
- The Joint Committee noted the role that should be played by the national functional departments such as Science and Technology, Postal and Telecommunications including the SOEs backed by the private sector. Thus the District need to position itself to tap to the opportunities presented by the 4th industrial revolution. Further to be in a position to mitigate risks posed by the 4th industrial revolution. It should be emphasised that the success of the District would require a concerted effort. The responsibility to attain *better life cut across departments*.
- *Land reform and development* should be one of the priorities. That would need closer working relations with traditional authorities to unlock value for the land to attract investment in agriculture, tourism, and thus spur growth for property and retail industry including boosting construction and electricity industries. Manufacturing activities particular in the agricultural industry need to be improved and enhanced. The department of *Rural Development and Land Reform, Cooperative Governance and Traditional Affairs, Tourism, Agriculture, Forestry and Fisheries, Tourism and Transport including Energy and Public Enterprises and other functional departments such as Economic Development, Small Business Development and Trade and Industry* backed by the private sector should support growth of the regional and rural economies. These investment efforts would need to be better coordinated, and planning across levels of government should be improved.
- The District including traditional authorities need to create conducive business environment to attract investment in order to drive economic development.

- Settlements in the District area are small and scattered. This settlement pattern constraint the provision of basic and social services and affects long term sustainable development in these settlements. The case highlighted in Ba-Phalaborwa was the capital cost of electrification under the INEP programme.
- Too sum up the visit, the Joint Committee emphasised that the District with local municipalities under its jurisdiction, backed by national government, higher education institutions and private sector needs to focus on: *Developing skills and education; Invest on economic and social infrastructure; Supporting investment, innovation and business growth. Ensuring a balanced economy, in terms of sectors and local municipal regional growth areas.*

Report to be considered

2. Joint oversight Report to KwaZulu-Natal, eThekweni Metropolitan by the Select Committees on Economic and Business Development and Trade and International Relations, from 15 – 19 October 2018, Dated 19 March 2019.

The Select Committee on Economic and Business Development jointly with the Select Committee on Trade and International Relations (*Joint Select Committees*), having conducted an oversight visit to the KwaZulu-Natal, eThekweni Metropolitan Municipality from 15 – 19 October 2018, reports as follows.

1. Introduction

In terms of section 42(4) of the Constitution, the National Council of Provinces (NCOP) are mandated to ensure effective cooperative governance and intergovernmental relations between the three spheres of government. This unique mandate of the NCOP further seeks to ensure that the provincial interests are taken into account in the national sphere of government. It is within this context that the two Select Committees - Economic & Business Development and the Trade & International Relations conducted a joint oversight to *eThekweni Metropolitan Municipality in KwaZulu-Natal Province*.

It has been a *Joint Select Committees* long held view that there is a great need to coordinating the full range of supply-side interventions available to government, and integrating them with demand-side management. This approach would influence in reshaping the structure and direction of the South African economy.

The oversight visit in the *KwaZulu-Natal Province, eThekweni Metropolitan Municipality* was conceptualised taking into account the need for a different approach to jump-start the South African economy, with specific focus on *Metros/Cities* as engines to spur economic development. Thus to respond to the government high level strategic policy outcomes-*job creation, close inequality gap and eliminate poverty*. In a nutshell to contribute in a realisation of *social cohesion*. Table 1 shows high level summary of the oversight visit's objective and functional focus areas.

Table 1: High Level Summary of the Objective and Functional Focus Areas

Functional Sector	Functional Policy Area	Responsive to Social Cohesion
eThekweni Metro, and Provincial Government	Growth, Trade, Investment, and Employment.	<i>Yes</i>
Small Business Development-Seda and Sefa.	Enterprise Development and Entrepreneurship linked with Township Economy	<i>Yes</i>
eThekweni Metro's Transport Authority and Provincial Transport	Cross cutting; Public Transport Regulation and Infrastructure investment to improve Transport Network Development	<i>Yes</i>
Tourism: eThekweni Tourism Authority	Destination Development including Tourism Sector Support Services	<i>Yes</i>
Trade and Industry, including Provincial Economic Development,	Special Economic Zones and Economic Transformation, Industrial Development, Incentive Development and Administration: Dube Trade port, Samsung Manufacturing plant and Toyota Manufacturing Plant and Port of Durban- <i>Customs Management</i>	<i>Yes</i>
Labour	Unemployment Insurance Fund, Compensation fund and Employment programmes for people with disabilities.	<i>Yes</i>

KwaZulu-Natal Province is the second largest contributor to the South Africa economy. The eThekweni Metropolitan municipality the largest economic hub in the Province. It presents great economic potential to fuel *economic growth, boost trade and investment, and lift employment* in the Province.

2. Multiparty delegation

The delegation consisted of the following members:

Hon MI Rayi (ANC) Chairperson and Co-Leader of the delegation

Hon ER Makue (ANC) Chairperson and Co-Leader of the delegation

Hon BG Nthebe, (ANC)

Hon MC Dikgale (ANC)

Hon WF Faber (DA)

Hon LV Magwebu (DA)

Hon B Mathevula (EFF)

The delegation was accompanied by the following parliamentary officials:

Mr H Mtileni and Ms NG Dinizulu (Committee Secretaries), Mr L Sishuba (Content Advisor), Mr Z Ngxisha and Mr A Ganief (Researchers), and Mr M Erasmus, Committee Assistant.

Also in attendance in some of the engagements, Mayor of *Ethekwini Metropolitan Municipality* Cllr Z Gumede, Municipal Councillors, officials from *Ethekwini Metropolitan Municipality* including National and Provincial departmental officials and entities.

3. Provincial and Metropolitan Socio-Economic Shape

The KwaZulu-Natal Province economy like the *South African* economy is not performing as expected. In line with the NDP, the PGDS has set to achieve 5 percent of GDP growth. However, *KwaZulu-Natal province* gross domestic product in 2017 recorded 1.7 economic growth. The economy is directly affected by global and national economic and geopolitical dynamics.

The province, as anchored by the *eThekweni Metropolitan municipality* (major economic hub) is one of the main role-players in the manufacturing, agricultural, transport and logistics sectors in South Africa. The economic structure in this province is based on a large manufacturing sector, in which growth is driven by the paper products industry, ferro-alloys and other chemicals. Further significant sub-sectors include motor vehicle and component manufacture, printing and publishing, food and beverage production, non-electrical items, iron and steel, wood furniture, textiles and

clothing. *The KwaZulu-Natal Province including eThekweni Metropolitan municipality* are some of the key domestic and international tourist destinations.

The Provincial Growth and Development Strategy (PGDS) provided a broad overview of how the KwaZulu-Natal Provincial Government policy priorities, which cover *inclusive economic growth; human resource development; human and community development; strategic infrastructure; environment sustainability; governance and policy management, and spatial equity*. KwaZulu-Natal Province has two largest ports, Durban and Richards Bay. The two ports support the province export strategy. Further, the ports are linked to the province's export and industrialisation strategy is the *Dube Trade-Port*. The province has relatively developed urban infrastructure (road, rail and air infrastructure, and recently launched new regional and international flights) compared to the rural side.

KwaZulu-Natal Province believed some of the investment opportunities such as Blythedale Coastal Estate; Cato Ridge Logistics Hub; Dube TradePort Special Economic Zone; Durban Eye/Wheel; Durban Film City; Durban Point Waterfront; Eldorado Estate; Ethala Biofuels; Finningley Eco Estate Development; Microsul Engineering; Mkhuze Regional Airport; Nonoti Beach Resort Development; Ntshongweni Urban Development; ProStar Export Paint; Richards Bay Industrial Development Zone; Richards Bay Leather and Accessories; Tipper Wagons Manufacturing; Sibaya Coastal Precinct; The Woods Estate; Thukela Lifestyle Resort; Tinley Town Integrated Development; Ugesi Wire and Cable; Umhlanga Ridge Town Centre- Oval Sites; Virocare; Wewe Driefontein and Zululami Coastal Estate, would bring great impetus to change the shape of the provincial and metro economic shape. It was further emphasised that these investments demonstrate a need for government to improve and enhance investment partnership with the private sector including other economic players such labour and civil society.

The investment opportunities cover manufacturing, tourism and property development, agro-processing, renewable energy and health care industries. There is a need across government to improve economic and financial governance to attract more investments in order to achieve government policy outcomes-*job creation, reduce poverty and close inequality gap.*

The *eThekweni Metropolitan municipality* economic growth strategy is aligned to the PGDS, which is framed in line with *National Development Plan*. Further, both the provincial government and the *eThekweni Metropolitan municipality* have pledged to invest to *education and skilled workforce development, employment creation, safety and rural development*. Most importantly to attract domestic and foreign investment.

To continue to search for growth opportunities, *KwaZulu-Natal Province and eThekweni Metropolitan municipality* emphasised a need to enhance trade opportunities with current main trading partners USA, United Kingdom, China and to seek other growth opportunities in other countries.

Domestically, *KwaZulu-Natal Province and eThekweni Metropolitan municipality* faced with the spatial inequalities, unemployment that hit hard women and the youth, slow pace of transformation of land distribution constraints development, economic growth performing less than expected. Further, like the *South Africa economy*, the provincial and metropolitan economy experience rising costs, weak innovation capacity, and declining productivity growth.

3.1 Economic Transformation

The transformation of the *KwaZulu- Natal Province and eThekweni Metropolitan municipality* economy remains high on government agenda. The Executive Mayor of the *eThekweni Metropolitan municipality*, articulated that economic transformation need to be wired within a participatory democracy, which empowers ordinary people to be at the forefront of change and development. Further, recognised the role of the

National Council of Provinces as another *Housed of Parliament* in facilitating development through various initiatives such as *Taking Parliament to the People*.

The *eThekweni Metropolitan municipality* envisaged to transform the economy using various strategic economic planning documents such as the *Long Term Development Framework* (LTDF), which was later reviewed through the *Imagine Durban Programme* to repurposing the city as one of the *Sustainability Cities*.

Executive Mayor highlighted that in May 2017, the *eThekweni Metropolitan municipality* unveiled the Radical Economic Transformation (RET) framework as a means to foster inclusive growth and development. The specific focus of the RET-support and develop SMMEs to benefit broader population of the City. Key, is to forge partnerships with the established private enterprises including enhancing partnership with national and provincial development entities to support growth of enterprises (in all the sectors of the economy and industries) in urban and rural areas.

The new thinking in economic planning expresses a broad-based and sustained progress in living standards and present economic opportunities, security and quality of life. Thus to ensure the economic growth is translated to the bottom line-population. This is a policy articulation wired as an *inclusive growth policy perspective*.

The Province including *eThekweni Metropolitan municipality* experiences high levels of poverty and unemployment. The work of the *Metro* is therefore to find innovative ways to reduce income and assets inequality coupled with spatial inequality.

The *KwaZulu Natal Province* and *eThekweni Metropolitan municipality* have committed to accelerate development programmes that will boost infrastructure investments to support key national, provincial and regional logistics corridors. The spatial challenge is to ensure that the location of

these economic opportunities, to ensure that opportunities are located close to economic development nodes. Further to ensure that public transport and energy infrastructure support businesses including local communities, and address both urban and rural needs.

Government should improve co-ordination of economic infrastructure delivery, and stream line capital investment budgets and the *Black Industrialist Programme*. The *Black Industrialist Programme* was designed to unlocking the industrial opportunities to ensure that black entrepreneurs participate fully in the economy in terms of ownership, management and control.

It was reported that the eThekweni *Metropolitan municipality* with the support of national and provincial departments will implement high impact projects to stimulate the economy, thus it will need the support of the private sector (to attract investors). It was emphasised that the public sector agencies would need to work closer with the private sector to accelerate delivery of the economic projects. This was also the issue that was stressed by the Durban Chamber of Commerce and Industry-*Durban Chamber*.

The mandate of the *Durban Chamber* is to lobby and advocate policies that would benefit organised business- (its members). One of the major activities of the Durban Chamber is to transform Sugar industry to ensure that black people fully participate. The transformation of the industry will further contribute to local economic activity in rural areas. There is an opportunity that exist for black sugarcane growers to participate in the value chain of the biofuel industry to supply biofuel feed-stock. The *Durban Chamber* advanced that various government incentives aimed to spur industrialisation should also support sugarcane industry. The Department of Trade and Industry's black industrialist programme should enhance the growth of the industry, and further broaden participation of the previous disadvantaged people. Support of small scale growers should be prioritised. Further, government should use in an innovative way the carbon tax to support small scale growers participate in a sugarcane-to-ethanol production programme.

Further, the *Durban Chamber* is a strategic partner with the *eThekweni Metropolitan municipality*, reported that it was developing the *2019-25 Economic Development Strategy*. This process would enable business community to influence the future direction of the *Metro*.

The *Durban Chamber* is also in partnership with Transnet Pipelines, both have embarked on a three year focused Enterprise and Supplier Development (ESD) programme to accelerate participation of the previously disadvantaged groups. The ESD programme focuses on *business skills development, mentorship and industry exposure*. Further, the *Durban Chamber* has a Market penetration programme, which assist businesses design corporate branding, listing onto the *Durban Chamber's Procurement Portal (SCNET)*, media advertising through radio stations and newspapers. The programme further offer opportunities to businesses to participate at trade shows and exhibitions.

In addition, the *Durban Chamber* has forged and formalised a working relations with the *eThekweni Community Tourism Organisations (WTO)*. The objective of this relationship is to support each other in promoting businesses in Durban. The WTO is part of the *Durban Chamber*, and it enjoys all the benefits offered to the traditional members of the chamber.

In its quest to influence broader society in terms of leadership and development, the *eThekweni Metropolitan municipality* participates in global forums such as the *Habitat III processes*, the *Paris COP meeting* and numerous other global events. The *eThekweni Metropolitan municipality* serve as Vice President in *C40* responsible for Africa region. The metro plays a vital role in Africa in advocating for integration of climate change policy issues in policy development and implementation.

4. Port and Special Economic Zone to drive Economic Development

Port of Durban, is one of the major hubs in sub-Saharan Africa and in the African continent. are likely to become increasingly modernised. It also strategic linked to the air and road the road networks, internet and

improvements to access industrial parks hinterland and regional transport networks. The *Port of Durban* is ranked 25th in the world in attractiveness. However, it still needs to improve its competitiveness as compared to other major global hub port. Internationally, shipping remains the most important method in terms of trade, and 80 per cent of merchandise trade by volume and constituting 70 per cent by value. Other reports state that 25 per cent improvement in port performance can increase a country's Gross Domestic Product (GDP) by 2 per cent. This is a key challenge and opportunity that South Africa's port need to respond onto.

The *Port of Durban* plays a vital role within the eThekweni *Metropolitan municipality*. It is a key employer of people. It contributes to the growth of the business and advisory services, various industries and commercial outlets. The commercial and business service of the *Port of Durban* are also linked South Africa's hinterland such as Gauteng traffic and a significant amount of traffic for neighbouring countries' economies. It handles the greatest volume of sea-going traffic of any port in southern Africa. In 2016, the *Port of Durban* handled a total of 3,754 sea-going ships with a gross tonnage of 135.660 million. Total cargo handled during the 2016 calendar year to 76.827 million tonnes, which included oil and petroleum products and containers.

The *Port of Durban* has various facilities: 5 business units managed by Transnet Port Terminals (TPT); consisting of Pier 1 Container Terminal and the main Durban Container Terminal on Pier 2; Durban Car Terminal; Passenger Terminal; Tug boats; 2 floating cranes; 59 berths; Pollution boat; Cargo punts; A diving team; Cruise ship berths; Point Waterfront; Ship repair facilities; 3 yachting marinas and Maritime Museum.

In 2015, the combined *Port of Durban* container terminals handled 2,620,026 TEUs. The containers handled at *Port of Durban* represented approximately 60 percent of the total number of containers handled at South African ports. The *Durban Container Terminal*, is one of the busiest container terminal in Africa. The *Durban Ro-Ro Terminal*

handles roll-on, roll off traffic (automotive) in addition to breakbulk cargo and a certain amount of containers. There is also a multi-purpose terminal at Maydon Wharf, known as the Maydon Wharf Terminal which also handles containers. There are a number of other terminals in the port which are managed and operated by private companies.

It was reported that investment by Transnet, a major state owned enterprise (SOE) including private sector to improve port facilities, would enhance the continent's trade potential to export manufactured, semi-processed or agricultural goods in containers. That would position South Africa to expand trade in higher value exports.

In terms of Social Corporate Investment (CSI), Transnet through Transnet National Ports Authority (TNPA) has implemented various socio-economic development programmes: Maritime intervention which involves the execution of high school intervention initiatives aimed at enhancing the teaching and learning of *Maritime Studies, Mathematics & Science*; Infrastructure which focus on the construction of multipurpose classrooms and the establishment of science laboratories; Superstructure which deals with the installation of equipment required for the teaching and learning of *Mathematics, Science and Maritime Studies*; Philanthropic which responds to the community needs via community outreach programmes. The Port of Durban's CSI development initiatives have benefited several high schools located in *Umlazi, Lamontville, Isipingo, Wentworth, Merebank, Clermont and Umbilo*.

The following are some of the challenges reported that need to be addressed:

- Signing of the Lease Agreement with Department of Public Works for the Salisbury Island Infill
- Threat from Environmentalist on Maydon Wharf Channel Deepening

- Security threat from Maydon Wharf Precinct due to dual ownership of roads by the City and the Port and foreign nationals attempting to access the vessels in the port
- Island View Strategy Implementation in the Port of Durban
- Revision of the Port Act could pose a threat on port business
- Threat from emerging business forums for inclusion in the port business (e.g. Amadelangokubona)
- Achievement of operational efficiencies at strategic terminals

Ports management extends beyond managing only economic activities in terms of logistics, it includes customs management which is administered by the South African Revenue Services (SARS) Custom Scanner. In an effort to ramp-up fight to combat illicit trade activities, SARS has introduced new high-technology cargo container scanner. The illicit economy *robs South Africa of millions of Rands* in unpaid duties and taxes, and also puts the security of Republic at risk.

The use of non-intrusive inspection tools is part of SARS's strategic plan to clamp down on non-complaint behaviour, while still facilitating legitimate trade. It replaced the previous mobile scanner which had been in operation since 2008. The new high tech scanner in *Port of Durban* has enabled SARS to conduct an integrated cargo scanning. The new tech scanner has integrated risk engine, case management system and scanner software. This integrated solution would contribute in the overall management of ports and logistics. Further, realising efficiency gains in the overall economic activity.

The Dube TradePort is one of the designated Special Economic Zones (in accordance with Special Economic Zone Act, 16 of 2014), in South Africa. It presents great opportunities for the *KwaZulu-Natal Province and eThekweni Metropolitan municipality* economies, and enhance the country's manufacturing and export capabilities and attract Foreign Direct Investment.

The *Dube TradePort Special Economic Zone* (SEZ) has grown to become one of the top ten investment opportunities in South Africa. It was reported that the *Dube Trade Port Special Economic Zone* is positioned as to become a world-class industrial development offering globally integrated logistics and manufacturing, which provide wide range of airport-related *activities including cargo operations, warehousing, agri-business, commercial real-estate, retail and hospitality*. The SEZ is owned by the *KwaZulu-Natal Provincial Government*, and form part of the South Africa's National Infrastructure Plan.

Globally, SEZs are recognised as major platforms if used appropriately could drive economic development. The SEZ is strategically located on the east coast of South Africa, linked to the two of Africa's major seaports, and major national roads. Its location offers valuable linkages to King Shaka International Airport. It further present vital opportunity for the Province and Metro to map an integrated commercial and social transport system. The *Dube TradePort Special Economic Zone 50-year Master Plan* crystallised the economic and commercial benefits to be accrued through various commercial components namely, *Dube TradeZone; Dube Cargo Terminal; Dube AgriZone; Dube City and Dube iConnect*.

It was further reported that to date, the SEZ has steady grown its revenue base from its real-estate and services assets management. Attracted private sector investments that amounted to R1.5 billion, and a further R4.25 billion invested are linked to the *Dube TradeZone 2*, which has a target of R10 billion in total investments. It is further planned that the SEZ would offer a lucrative pharmaceutical manufacturing proposition. The *Dube TradePort Special Economic Zone* targeting both international and local pharmaceutical manufacturers as primary operators and tenants.

National, provincial and local governments are planning incentive packaged that would attract businesses to operate in the SEZs. The incentive packages would enable companies operating in the SEZs to operate more efficient and effective in terms of trade and become more Competitive.

It was reported that more than 5 500 jobs have been created as result of innovative government incentive packages. It is envisaged that the SEZs will create more job opportunities as government streamline financial and non-financial incentives. Further, the Economic Impact Assessment report, revealed that capital expenditure injected by private and public sector into Dube TradeZone 1 and Dube AgriZone 1 has created 46 367 employment opportunities in KwaZulu-Natal. In addition to that, the total impact to date, from construction and operations, is approximately R9.5 billion into the national Gross Domestic Product.

The *Dube TradePort Special Economic Zone* emphasised the importance of partnership in process of industrial development. In order for the SEZ to achieve the planned outputs, partnerships with the private sector including post-secondary education institutions, and research institutions would be strengthened and enhanced.

It was reported that government need to observed the implementation of the Tax Incentive effect to the operation of SEZ. Further, fiscal challenges would also have an effect in accelerating delivery of some of the industrial infrastructure projects.

5. Economic Development Initiatives

The *Joint Select Committees* visited various economic development initiatives located at eThekweni Metropolitan municipality. Over the past several years, the role of SMMEs and Foreign Direct Investments in driving economic growth and social inclusion has gained momentum. The visit by the *Joint Select Committees* to the identified economic development projects was to witness how government policy objectives are translated into practice. The *Joint Select Committees* visited *Masa Oil Lubricants*, *Mega Roads & Civils (Pty) Ltd* and *Glevernor Consolidated Fabrics (Pty) Ltd* including *Toyota South Africa's Investment-support the Automotive Investment Scheme* and *Samsung South Africa Production*.

5.1 Masa Oil Lubricants

Masa Oil Lubricants, situated in Isiphingo, eThekweni, KwaZulu-Natal. The company was established in 2016 by Asanda (experience in Marketing) and Ntokozo with 12 years' experience in the oil industry. The company is a manufacturing blending industrial and automotive oils from fossil fuel base oil. The products it manufactures include but not restricted to the following products:

- Automatic transmission oil ATF.11
- Engine oils SAE 40 15w40
- Gear oil 80 W 90 DIY oil 85W 140
- Miscellaneous 2 stroke GP EP2 Grease
- Paraffin GP EP2 Grease
- Hydraulic oils AW

Like many start-up companies, the company started operating in back yard, making 1000 litres of oil a month. To date is manufacturing 15 000 litres. It is reported that the company is well known for producing quality, competitive price and service delivery. Masa Oil is the biggest manufacturer in Isipingo that makes shoes for Mr Price, Legit and Foschini.

Masa Oil Lubricants target market covers wide range of industrial companies, including municipalities and retail stores such as Spare stores. Current the company employed 5 permanent employees including the 2 directors.

The key challenges observed cover compliance issues in relation with the legislation and regulations:

- National Water Act 36 of 1998
- Occupational Health and Safety Act 85 of 1993
- Hazardous Substance Act 15 of 1973

- Waste Act No 59 of 2008
- ISO 14001:2015
- ISO 9001-2008

Further, the company is in need of working capital to purchase machinery, vehicle and suitable accommodation that would be acceptable to meet the industry standard. Other challenges include:

- The most priority for the business is the sourcing of purifying machine with capabilities of blending and purifying the oil. This machine costs about R200 000 and is available in China. Another critical equipment is a forklift which costs about R100 000.
- Red tape within state developmental agencies e.g. Small Enterprise Financial Agency and Department of Trade and Industry with regard to business support services in terms of financial and non-financial services. The application for the purchase of these equipment was submitted to SEFA in February 2018 and approved in August the same year. However, it was noted that the procurement process and compliance issues became hindrance for the machine to be sourced from China.
- Procurement processes in relating to established manufacturers and municipalities.
- There is a need for the company to be linked to supplier development programmes of established businesses.

5.2 Mega Roads & Civils (Pty) Ltd

Mega Road and Civils is a Manufacturing company for Safety signs in Johannesburg and Durban. The company was founded by an under-privileged black woman, Ms Nokuthula Esther Dladla in 2001, and was later bought by its employees when the founder decided to sale the company. *Mega Roads and Civils* is affiliated with Construction Industry Development Board.

In 2009, the company experience remarkable growth phase. The turnover rate as from 2010 was R325 000 and the company managed to multiply that with 100 percent.

The company supply the products such as road marking paint, paint and solvents, road cones, delineators and guardrails, galvanised poles and timber poles, protective safety clothing, road signs and safety signs, directional and commercial signs.

In terms of services the company further offers the following services: road maintenance, road markings, general branding, and installation of guardrails. In addition, it had had three infrastructure projects namely; storm water drainage, sewer reticulation and water reticulation. The Mega company is dedicated to providing employment for the inexperienced and disadvantaged by training and equipping their employees with

It was reported that the company over the 10 years it has developed a competitive advantage in the industry. During 2012 the company purchased a new decoiler, newly refurbished roadmarkings equipment as well as state of the art compressors machine which enables the business to cut steel, do thermal road markings painting and continue successfully expand the Roadmarkings and Sandblasting Divisions respectively.

The new machines afforded the company to create 15 jobs of which 85 percent occupied by women. The major client base is largely government and is in the drive to get private sector accounts. Their major clients include the Department of Transport and numerous Government Departments. The company rendered services during the 2010 FIFA World Cup and COP17 which was held in 2012.

Mega Roads and Civils has developed a culture that promotes an injury free environment and provides the safety measures for employees, subcontractors, clients and others who enter or who operates near the construction sites. The company is dedicated to elevate the standards for

safety in the construction industry through a wide variety of methods from tolerance drug testing to aggressive fall protection program, which includes partnering with the leaders in the insurance industry to develop the next generation of fall protection systems. Through innovative training and education programme, the company also provide employees and subcontractors with the tools, knowledge and resources they need to increase safety, reduce risk and improve loss control on every project they manage.

Mega Roads and Civils is dedicated to plough back to the community by sponsoring a township soccer and donate to an orphanage called LIV. In recognition of its services, the company has received several awards; Alec Rogoff Broad Based BEE award, KZN Small BEE company of the year, 1st prize Winner in the SMME's Fair, Lion's Den Competition finalist as well as the KZN Regional Productivity Award finalist. Further, the company had an opportunity to travel to China on a Trade Fair to showcase their products.

The following are some of the challenges reported by the company:

- The turnaround time in processing invoices posed a major challenge;
- Their competitors owned sustainable businesses whereas their company dependent on Tenders, currently there are no contracts that would sustain them in order to afford to pay rent;
- The owner is selling the building with R90 million, it is difficult for the company to raise that exorbitant amount;
- Rent is very expensive amount to R70 000 per month;
- Funding of machine for their Johannesburg branch is a challenge;
- The Durban branch is expected to buy the raw material, cut and package it to be transport to Johannesburg branch and it cost the company a fortune;
- There is a need for more machinery in Johannesburg branch.

5.3 Gelvenor Consolidated Fabrics (Pty) Ltd

Gelvenor Consolidated Fabrics (Pty) Ltd was founded in 1965 as a joint venture between a Dutch company called Gelderman and Zonen and a South African finance house, Grosvenor Holdings. The Company was originally set up as a weaver, dyer and finisher of synthetic and manmade continuous filament yarn fabrics. It was reported that that the Hammersdale operation (factory) has grown into one of the biggest success stories in the South African textile industry, is regarded as global leader in the production of aeronautical fabrics, ballistics textiles, fire resistant fabrics and many other specialised products.

Gelvenor's range of aeronautical textile has been the result of 30 years of research and it has been used worldwide for over 25 years in the production of paragliding, skydiving, hot air ballooning and military canopies.

In terms of economic and social transformation developments projects, Gelvenor reported that it assists with technology and promotion of products on behalf of BEE businesses. Further black owned SMMEs to successfully tender for high technology contracts. At the current stage, Gelvenor has entered into partnership with many SMMEs and BEE business to supplying public sector contracts. Further, the company help black enterprises to access international markets.

Gelvenor raised some of the issues that needed urgent attention by the government, and possible Parliament intervention that affect the clothing and textile industry in South Africa. Those challenges are as follows:

- Illegal or under invoicing of imported textile material,
- Exchange rate fluctuations which negatively impact on clothing retail,
- Preferential Procurement Policy Framework Act (PPPFA) compliance issues.
- Lack of appetite to expand *Clothing and Textile incentives* to support growth of the industry.

5.4 The Automotive Investment Scheme (AIS) and Toyota South Africa's Investment

The Automotive Investment Scheme (AIS) is a South African government investment incentive offered within South Africa's *Automotive Production and Development Programme* (APDP). The policy reason for the AIS is the growth and development of the automotive sector through investment in the production of new and/or replacement models and components. It is intended that the incentives will encourage investments that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain.

The AIS is an investment-based cash grant provided to investments in machinery, buildings, tooling and equipment to be used in motor vehicle and automotive component production, as well as, in motor vehicle assembly. The objectives of the AIS are to strengthen and diversify the automotive sector, increase plant production volumes, sustain employment, strengthen the automotive value chain and improve the competitiveness of component manufacturers. It offers non-taxable cash grants up to 30 per cent for OEMs and 35 per cent for CMs of the value of the qualifying investment in productive assets distributed over three years, and it is controlled by the DTI. The Preamble of the AIS Guidelines indicates that the availability funds and approval of the applications are subject to the provisions of the Public Finance Management Act No. 1 of 1999. The AIS consists of three policies based on the differentiation of the type of eligible enterprises, the qualifying criteria and the economic requirements to be fulfilled. South Africa continues to attract large investment with leading global multinational firms investing billions of Rands into the economy. Among the most notable are investments in the automotive manufacturing sector.

The benefits include non-taxable cash grant of 20 per cent of the value of qualifying investment in productive assets and 25 per cent of the value of qualifying investment in productive assets by component manufactures and tooling companies as approved by the Department of Trade and Industry.

An additional non-taxable cash grant of 5 per cent may be made available for projects that maintain their base year employment figure throughout the incentive period, and achieve at least two of the following economic requirements: *Tooling; Research and development in South Africa; Employment creation; Strengthening of the automotive value chain; Value addition; and Empowerment* to qualify for an additional grant of five percent (cumulative 10%). The project must demonstrate the following, in respect of light motor vehicle manufacturer: *a specified increase in unit production per plant*; and in respect of component manufacturers: *a specified increase in turnover and manufacturing of components that are currently not being manufactured in South Africa*.

5.4.1 Toyota South Africa's Investment

In 2016 Toyota invested R6.1 billion in its new Toyota Hilux and Fortuner manufacturing plant in Prospecton, Durban. This investment was to support more than 4 000 jobs with the total employment at the plant exceeding 8 000 jobs. As a direct result, Toyota's suppliers invested more than R1,7 billion, which will create as many as 2 000 new jobs. It also led to five new international suppliers coming to our shores.

The following were raised as major issues that have a potential to affect further investments. The issues relate to the implementation of the amendment of the AIS Guidelines. Further the head count challenge which contributed to the loss of production of Corolla.

5.5 Samsung South Africa Production (SSAP)

Samsung South Africa briefed the delegation on the benefit of its investment in South Africa and challenges thereof. The benefit for the investment in South Africa are linked to the following issues:

- Exemption of Customs Duty on rebate material purchased for the production of TV/Monitor through Industrial Rebate Facility

- 12R (Special Economic Zone) Tax rate 15 per cent,
- 12i tax exemption designed to support Greenfields Investments
- Land rental waiver for three years, extension of waiver for three years and property rates waiver/reduction.

Samsung South Africa indicated that South Africa is not offer attractive competitive incentives as compared to other African countries like Egypt which offers cash back of between 5 to 10 per cent of export volumes, and 50 per cent cash back of logistics cost for African export. Further, there are high logistic costs which includes fuel cost, distance to port.

6. Transport Investment to Support Economic Growth and Social Inclusion

Service delivery at local government level remains a challenge. Government has recognised the need to streamline some of the conditional grants to improve local economic development, thus further reshaping the spatial economy. Metropolitan municipalities have identified integrated public land development programmes to drive economic development. To this effect, transport infrastructure investment has been identified as one of the vital pillar that would accelerate *inclusive economic growth*.

The *eThekweni Metropolitan municipality* has developed the Integrated Public Transport Network, branded as *Go!Durban Initiative*. The initiative has 3 strategic focus areas;

- *Transformation of Public Transport in the City*. The focus is to establish a network of dedicated Public Transport trunk corridors (Road & Rail), linking key Commercial, Industrial and Residential nodes in the City;
- *Transformation of existing operators*, in the process to incorporate existing operators into new system;

- *Transformation of the City.* This focus area would support and promote investment projects into the City and communities. It will also ensure that investment projects respond to sustainable development goals;

The main goals of the transport development initiative are to ensure *Equity of Access to Opportunity; Reduce Environmental Impact; Promotion of a Liveable City; Rectify and Enhance Spatial Structure; Have a Positive Impact on the City's Economy.* It is estimated that the development initiative would cost *R24 billion by 2013.*

Over this period, it was reported that public sector investment would amount to R14 billion. Private sector through other activities would invest R35 billion in residential and commercial property development. Further, the Go!Durban Initiative, in construction industry is anticipated to create fulltime equivalent jobs totalling to 448 000. 44 200 permanent jobs are expected to be created.

The Joint Select Committee emphasised the vital importance of the development initiative in contributing to the attainment of government strategic goal. Further, the importance of partnership between government and the private sector was emphasised. It was also acknowledged that the development initiative would spur SMMEs growth, particular for the previous disadvantaged people. It will also play a vital role in change the construction and transport land scape in the *eThekweni Metropolitan municipality.* The Joint Select Committee stressed that there is need to improving infrastructure delivery. The *eThekweni Metropolitan municipality* was urged to ensure public resources are spent in a more efficient and effective manner. Further, measure to save guard implementation of the development initiative should be established to curb corruption.

7. Social Security Funds and Development Initiative

The Unemployment Insurance Fund (UIF) augmenting the country's social security system. To meet their objectives, UIF like many state institutions need to be better managed to fulfil its development objectives. For the purpose of the oversight visit in *KwaZulu- Natal Province* the Department

of Labour reported that it funded textile project managed by the *Khethekile rural women*. The project consists of 100 UIF beneficiaries that are being trained in cotton farming. Further, the UIF is also supporting the following development projects:

- *Food Security: Organic Fruit and Vegetable:* The project rains 100 beneficiaries on Organic Farming. Ten Co-operatives would be created to farm different fruits and vegetables. The KwaZulu-Natal Department of Agriculture contributes land, scientists, processing room, cooling room and tree tractors. INkosi Pathisizwe Chiliza is contributing eight hectares of Land
- *Early Childhood Development (ECD):* The project trains hundred UIF beneficiaries on Early Childhood Development. Ten Co-operatives have been formed. This project would be incubated by the Department of Social Development.
- *Maritime: Commercial Diving:* The project trains fifty UIF beneficiaries in commercial diving, The Learners would then be places with National Geographic Africa and Transnet.
- *Aviation: Private Pilot Course:* The project trains 50 UIF beneficiaries on private pilot course, night rating, commercial pilot licence, instrument rating, general radio licence, Instructors rating and language proficiency test.
- *Transport Education and Training Authority:* The Department of Transport offered Apprentice Training in partnership with Transnet. About 39 UIF beneficiaries are being trained as: Boilermakers, Electro Technicians and Fitters.

The province consists of 16 Labour Centres in different regions.; namely: Durban, Prospecton, Pinetown, Verulam, Stanger, Richards bay, Ulundi, Vryheid, Newcastle, Dundee, Ladysmith, Escourt, Pietermaritzburg, Richmond, Kokstad and Port Shepstone. The province has decentralised processing of claims to 13 of the labour Centres. Richmond, Kokstad and

Vryheid not decentralised due to small volumes. All 16 Labour centres process payments on site. There are two visiting points which fall under these labour centres, operating on specified days.

For 2018/19, the Department of Labour set the of 90 percent to approve valid claims with complete information, or rejected within 15 working days of the applications. 90 percent of valid claims in service benefits such as maternity, illness, and adoption with complete information approved or rejected within 10 working days. Approximately 90 percent of valid claims with complete information approved or rejected within 20 working days. 95 percent of payments processed after receipt within 6 days.

The *Joint Select Committee* was concerned by the closure of the Sheltered Employment Factory in eThekweni Metropolitan Municipality. To that effect, the *Joint Select Committee* wanted explanation from the Department of Labour. The Department of Labour briefed the delegation on the update of the Durban factory damages and reasons for closure. The Supported Employment Enterprise factory at 216 Balfour street in Durban was extensively damaged during the heavy rains and storms on 10 October 2017. The Department gave a prohibition notice as damages were severe and workers were unable to work.

The calls were logged with the Provincial Department of Public Works in Durban and their inspectors subsequently visited the factory for assessment of the damages. The incident was also reported to the Department of Labour Fleet and Auxiliary Services to facilitate the urgent repair of the factory with Public Works, there was no communication coming from Public Works. The SEE management requested a meeting with them on 01 May 2018, where the Public Works capital project team indicated that the factory is due for revamp with an approved budget of R32 million in 2016 and they are in the process of getting permission to issue tenders for the work and that this revamp will take over 18 months once the contractor starts working.

The cost has since escalated to R38 million in 2018. The electrical wiring was also tempered with after the storm and Public Works indicated that a further R10 million is required for electrical wiring and this extra cost would need approval as it was not included in the approved budget.

As there was no progress regarding the repair by Department of Public Works, SEE made a submission to the Director –General requesting approval to make minimal repairs to the factory at own cost so that it can be reopened. However, the Department of Public Works indicated that the details of the work to be done by Department of Labour needed to be submitted to Public Works for approval.

The Director-General gave approval and SEE commissioned an independent contractor Akani Building Solutions to check on minor repairs that could be done so that the employees could go back and work. The Contractor's detailed report indicated that the repairs are major and complex and only the *Department of Public Works* can do the work.

The factory has completed school furniture in its premises, which is an order for the Department of Education in Eastern Cape but delivery has not been done due to some legal issues. The stock together with the raw material and machinery need to be moved out of the factory for it to be revamped. SEE had made a request to the *Department Public Works* to provide storage or warehouse where this furniture can be removed.

Given the fact that the repairs of the Durban factory may take over 24 months, the factory would need to be closed and several options may be explored for the workers and the stock in the factory. An advice was sought from the Labour Relations expert in Labour who advised on the provisions of the Labour Laws. SEE cannot continue to pay wages for no work. The Chief Executive Officer and Director: SEE and Human Resources Manager went to address the employees on the situation on 22 August 2018 and had invited the SACTWU trade union office in *KwaZulu- Natal Province*. The staff complement in Durban factory consists of 7 Admin staff who are under the Department of Labour and 91 employees who are SEE employees.

In alleviating the situation, the Department of labour was considering several steps to be considered:

- A letter was written to the Director-General of the National Department of Public Works requesting him to assist with ensuring the factory is revamped, as the approval was already granted by the Department. Secondly to check whether there are other buildings owned by the *Department of Public Works* around Durban where employees could be moved and start working in those premises. Thirdly the letter requested the *Department of Public Works* to provide the storage or warehouse for the completed school furniture, either in *KwaZulu-Natal Province or Eastern Cape Province*.
- Factory workers may be requested if they are willing to be transferred to other SEE factories of their choice where they have family members;
- The factory employees are employed under the *Basic Conditions of Employment Act* and provisions for lay off or retrenchment in terms of that Act may be considered. This This process would need consultative meetings with the union SACTWU and advice from the Labour Relations Unit in Head office.
- The lay-offs or retrenchment can only target employees who are 55 years and more and they are 17 in total. The total number of employees who are 50 years older are 26.
- For the remaining employees who would be legible for retrenchment, DoL should engage with SASSA on the visibility of them applying for social grant for disability if they could not find employment. This group may be considered for re-employment on terms and conditions of their particular retrenchment conditions, when the factory reopens.
- Out of the 7 staff members employed under the *Public Service Act*, two are long ill-health and there are two vacancies of Instructors. The Department may decide to place the five remaining officers in the Provincial offices or labour centres around KwaZulu - Natal for the duration of the factory revamp.

Further, the delegation visited the Chatsworth Magistrate Court, which was identified by the Department of Justice to be upgraded due to the increased demand of services in the area. The scope of the project covers additional accommodation, upgrading of electricity including repairs and renovations. The Magistrate Court initially had 4 court rooms which were no longer enough to provide the required services to the community of Chatsworth. The new look Magistrate after completion would entail the following:

- New Family Court;
- New Civil Court;
- New Regional Court;
- General Office accommodation;
- Security measures;
- Cells; and
- Plant Rooms and other support Services.

The project commenced on the 24 June 2016, with the original completion date of 24 December 2018. The revised anticipated completion date was the 27 March 2019. Currently the progress with regard to the completion of project is 63 percent. The contract amount for the project R167,176,880. The project is behind schedule by 20 percent.

It was reported that the project was faced with the following challenges:

- Delays in getting approvals for the temporary parkhomes that are customised to serve as court rooms and a specialised magistrate ablution facility;
- Client delaying to vacate the areas that are needed to do the renovation work;
- Work stoppages due to noise level during the time when the court is in session;

- Contractor forums delay the construction process;
- Inclement weather; and
- Late requests on revisions on the designs for internal courts layout.

8. Observations and recommendations

The three spheres of government should synchronise their economic development plans and reduce undue inefficiency in funding and implementation of projects. This will allow the three to pull together financial, infrastructural and human capital for the benefit of job creation and economic growth.

In response to *inclusive economic growth policy consideration*, the following key observations and recommendation are outlined:

- The economy of *KwaZulu-Natal Province* is set to achieve 1 per cent growth of GDP against the target of 3 per cent. This is not sufficient to create jobs and improve well-being of people, particular the youth and women including people living with physical disabilities.
- Key growth industries such as agriculture, manufacturing and tourism are performing below the required levels contributing to high levels of unemployment and socio-economic instability
- Investment interest is hampered by inadequacy of serviced and zoned land for industrial development outside Dube trade Special-Economic Zones. Further land claims and reform programme not paying needed socio-economic benefits.
- Catalytic projects office was established two and half years ago and about R75 billions of investments were secured.
- The *eThekweni Metropolitan Municipality* through its own investment unit facilitated over R20 billions of investment.
- Slow progress with Techno-hubs limits opportunities to explore and exploit 4th Industrial Revolution opportunities.

- There is a need for greater emphasis on procurement from SMMEs, and support of start-up companies.
- It was observed that, the failure of SMMEs is attributed to a general lack of support from government departments and state entities. Thus recommended that the NCOP should make concerted efforts to monitor government entities and ensure they contribute to SMME support through supplier development and paying them on time within the stipulated 30-day mark.
- Further, the Department of Small Business Development (DSBD) should develop a 5-year plan with financial package aimed at keeping SMMEs afloat and avert impending insolvency to the struggling enterprises. This should be accompanied by legislative means that can afford SMMEs with a tax holiday of about 3-5 years until they become more viable and sustainable.
- It was further observed that *Durban Chamber of Commerce Institute* has a network of international chamber of commerce institutions that contribute to financing of SMMEs through contract development and provision of market access. It also promotes the Public Private Partnerships and these strategic alliances contribute to job creation and poverty alleviation. Further, the *Durban Chamber of Commerce Institute* also provides assistance to walk-ins in search of market intelligence regardless of affiliation for membership. In addition, it has been engaging with the Department of Energy (DoE) with planning and implementation of ethanol project.
- More than 5000 informal traders in eThekweni Metropolitan Municipality are licenced and are paying rentals to the City, which in turn provides infrastructure support and capacity development training.
- The *eThekweni Metropolitan Municipality* does not receive any support from the public Development Finance Institutions (DFIs).

- The Department of Trade and Industry only supports informal traders through payment of product show stands during international trade shows and other expenses such as Substance and Travel (S&T), flight tickets and accommodation are paid for by *eThekwini Metropolitan Municipality*.
- It was reported that the *eThekwini Metropolitan Municipality* is the only municipality to have a drafted economic policy strategy for informal trading.
- The *eThekwini Metropolitan Municipality* needs to collaborate with the *Department of Basic Education* to inculcate entrepreneurship as a subject for the learners from primary to secondary education.
- The *eThekwini Metropolitan Municipality* managed to source R100 million from the Standard Bank to assist those credit unworthy informal traders who cannot access loans through commercial banks. The South African based owners of Spaza shops in the townships are the main beneficiaries to this fund and the municipality facilitates bulk buying through Ithala Bank.
- In dealing with crime in the Metro has established a multi-stakeholder forum which includes South African Police Services (SAPS), Expanded Public Works (EPWP) safety volunteers, Metro Police, Durban Chamber of Commerce and private security companies.
- Youth development programmes are facilitated through the eThekwini Municipal Academy that collaborates with private sector partners such as Samsung technologies company using a Public Private Partnership (PPP) framework.
- In the office of the Mayor, a mayoral fund with a budget of R100 million has been made available to cater for youth development programmes. This mayoral fund targets unemployed graduates for 2 years and matriculants for 1 year. This scheme works more like National Student Fund Aid of South Africa. However, it was noted that the demand for this fund far outstrips the availability of funds. Some of the beneficiaries of this scheme are absorbed for employment by the *eThekwini Metropolitan Municipality*.

- On developing a smart city through youth development, a free Wi-Fi access is provided by the City through Libraries and hot spots for the youth to access employment opportunities online.
- On 24 October 2018, the eThekweni municipality was due to open Human Resource excellence Centre at Hambanathi Township of Tongaat in Durban. This allows youth from rural and township areas to apply for job opportunities online and save costs of travelling to the City only to submit applications.
- In terms of the strategic infrastructure, the declining investment in infrastructure development with wide ranging impact on economic development prospects and job creation. Further, ICT connectivity and speed is still poor and expensive and consequently stifles participation in the 4th Industrial Revolution. In addition, the road to rail ratio on N3 corridor is of serious concern and there is a need for multimodal facilities to improve efficiencies.
- With regard to the Mega Roads & Civils, the company was sold to the current employees by the previous owner and has been operating for one year with manufacturing happening within the premises. The business operates two branches – one in Durban and the other in Johannesburg. The company employs predominantly youth and women. The branch in Johannesburg do not have access to a critical machine that cuts steel raw materials to different sizes and shapes as a result this is done in Durban and then transported to Johannesburg at least twice a week with huge transportation costs.
- Further, the company was bought for about R2.5 million and was financed through total earnings of employees including loan funding from the banks. The rental for the current premises is about R78000 per month and the sale value for business property is R9 million.
- With regard to business viability, business activity and access to contracts, the company is servicing a contract with South African Rail Agency Limited (SANRAL) and this contract played a significant role in repaying the money financing the purchase of

business from previous owner. The company turnover of about R25 million is misleading due to servicing of one big contract from SANRAL and the turnover will change drastically once the contract lapses in November 2018.

- Small Enterprise Development Agency (SEDA) should assisted the company directors with business coaching. Strategic partnerships between Mega Roads & Civils such as WBHO, Stefano and Group 5 have resulted to business mentoring and tapping into bigger business networks.
- It is recommended that SEDA will assess the opportunity to acquire operational premises for the Mega Roads & Civils and avoid or reduce the exorbitant amount of money spent on renting the current manufacturing premises.
- In relation to Masa Oil Lubricants Company, it is recommended that eThekweni Metropolitan Municipality, SEFA and SEDA should meet and conduct a proper needs analysis for the MASA oil Lubricants Company and further prepare a detailed business plan. After SEDA and eThekweni municipality have met and develop needs assessment for the project a report should be forwarded to the Select Committee of Economic and Business Development highlighting progress and further challenges. In increasing client base the company should approach the emerging farm sector for the purposes of marketing the product. Further, the specifications for the machine to be imported from China should be checked with SABS for compliance purposes.
- SEDA and SEFA should assist the Masa Oil Lubricants Company and create further linkages with big business to secure other contracts. SEDA to submit a report to the Select Committee on Economic and Business Development on how it will assist Mega Signs company to purchase the required machinery and equipment; property premises for manufacturing and business operation and provision of mentoring and coaching.

- Further, the Joint Select Committee emphasised that intimidation experienced by various government agencies and businesses in relation to procurement of goods and services in KwaZulu-Natal province should be investigated by law enforcement agencies, and perpetrators must be prosecuted.

Report to be considered.