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Produce market set to stimulate economy still a skeleton

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The construction of a R1.5 billion fresh produce market in Mbombela in Mpumalanga has been delayed by more than two years and now the contractor on the project may be in hot water as government blames it for not paying subcontractors.

The Mpumalanga International Fresh Produce Market was first mooted 12 years ago. It was hailed as an initiative to drive economic growth and link small-scale farmers with international, regional and local buyers.

The market was supposed to be one of former deputy president David Mabuza's game-changing projects when he was the premier of Mpumalanga, but, like most of the other projects, it failed to take off. It was supposed to enable the province to export its agricultural products to Oman in the Middle East after a bilateral agreement was signed.

Construction started in July 2018 and the target was to open the fresh produce market by November 28 2020. Then Covid-19 hit, delaying the construction work even further.

Mpumi Hlophe, the finance and economic development MEC, recently told the legislature that 17 buildings were between 47% and 94% complete.

The DA said it was concerned that there was no contractor doing regular maintenance on some of the buildings that are now several years old.

"To make matters worse, the department of finance and economic development owes Enza Construction R332 million in standing time, escalation costs and interest on late payments, with no end in sight for these unplanned, unbudgeted costs," said Bosman Grobler, a DA member of the provincial legislature. Grobler added that R2 billion had already been spent on the project.

The department of public works, roads and transport said the market would be completed by October this year, five years after construction started.

Bongani Dhlamini, the department's spokesperson, said the buildings were 80% complete.

Dhlamini said there were several reasons for the delays. These included the "rare instances when payment of the contractor's invoices took more than 30 days, especially at the start of a financial year".

"Lately, the contractor's continued failure to pay domestic subcontractors has resulted in some key subcontractors stopping work.



UNFINISHED This project is intended to be completed by November this year

PHOTO: SUPPLIED

"This has affected progress on site and has also resulted in further delays on the project. Activities on site in the past six months have been below the standard expected to finalise the work, and the contractor has been issued with default letters in this regard," he said.

"During a meeting held in March, the contractor did, however, commit to resolving these issues. The meeting was attended by senior officials in the

department [of public works], the department of economic development and tourism, Enza Construction and some of the subcontractors," Dhlamini added.

But Enza Construction CEO Clinton Crowie denied that his company had failed to pay the subcontractors. Crowie said there were numerous reasons for the delays, including a late handover that led to construction starting late.

"All the subcontractors have been paid to date.

R1.5bn

THE AMOUNT SPENT ON BUILDING THE MARKET SINCE CONSTRUCTION STARTED IN 2018

However, there have been outstanding claims, but there are no outstanding payments against the invoices of any of the subcontractors," Crowie said.

He said only one notice had been issued to Enza Construction, which the company had responded to.

"Enza is not in default as we have had formal extensions of time granted. This project is intended to be completed by November this year, provided that [the department of] public works has confirmed the commitments in terms of budget this financial year," Crowie said.

Dhlamini said his department had become involved in the project in December 2020, 20 months into the contract.

By then, the project had only progressed by 20%, which implied that several delays had already been experienced.

Dhlamini said the department had established that the construction delays were caused by the delay in the provision of a temporary electricity connection, which had slowed down the start of certain activities on the project. There were also disruptions by members of the community, he added.

The department of public works, Dhlamini said, was not aware of any money owed to Enza Construction. Thomas Msiza, spokesperson for the department of economic development and tourism, said: "We are aware of three payment certificates which were processed between April 19 and 26 2023.

"These certificates have been submitted for payment to this department and are still within the 30-day payment period," Msiza said.

He said the project's initial budget was R1.2 billion and it had increased to R1.5 billion.

"The budget escalation was caused by the extension of time claims linked to community unrest, the Covid-19 lockdowns and business failures that befell some of the contractors, as well as increases in the steel price and the devaluation of the rand."

Msiza said the province's plan to export food to the Middle and Far East through the market was still valid.

The produce market would enter a twinning arrangement with the Port of Salalah or Port of Sohar as gateways to the markets in the Middle East and Far East as soon as it became operational.

"In this regard, the Mpumalanga government is also working closely with the Maputo province in Mozambique to ease the logistics of exporting fresh commodities through the Port of Maputo," Msiza said.