

# REPORT OF THE PORTFOLIO COMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS

## TLP OVERSIGHT VISITS TO LEKWA LOCAL MUNICIPALITY, 12 – 16 SEPTEMBER 2016

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### 1. INTRODUCTION

The Mpumalanga Provincial Legislature (the Legislature) has a responsibility in terms of Section 118 of the Constitution of the Republic of South Africa, Act 108 of 1996, (the Constitution) to facilitate public involvement in its legislative and other processes. In terms of Section 133 (3) (b) of the Constitution, Members of the Executive Council of a province must provide the Legislature with full and regular reports concerning matters under their control. Section 115 (a) and (b) of the Constitution empowers the Legislature to (a) “summon any person to appear before it to give evidence on oath or affirmation, or to produce documents” and sub-section (b) states that “the Legislature or any of its Committees may require any person or provincial institution to report to it”.

Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules) gives Portfolio Committees the mandate to oversee the performance of the departments and to hold the Executive Authority accountable for the delivery of core mandated services. Therefore, the Portfolio Committee on Agriculture, Rural Development, Land and Environmental Affairs (the Committee) regularly conducts public hearings and oversight visits to projects of the Department of Agriculture, Rural Development, Land and Environmental Affairs (the department) and other projects; in the various municipalities of the Province.

### 2. OBJECTIVES OF THE VISITS

**a)The following objectives shaped the oversight visits to the projects of the department:**

- To evaluate the progress made on projects reflected in the Annual Performance Plan (APP) implemented by the department.
- To determine the extent to which public funds are efficiently, economically and effectively used by the department in the implementation of its projects;
- To interact with project beneficiaries in order to hear their concerns.

- To fast track service delivery of core services to the communities within the municipality in which the department has funded projects.

#### **b) Objective of the Public Hearings:**

The Legislature also aimed to hear the voice of the people and to ascertain whether provincial government delivers services effectively and efficiently within the municipality.

### **3. METHOD OF WORK**

In preparation for the TLP, the Portfolio Committee had conducted a Pre-TLP (site visits) at Lekwa Local Municipality during August 2016. After the Pre-TLP, the Portfolio Committee had tabled its Committee Report that was adopted by the House. The House resolutions were then sent to the Department for implementation.

A progress report on the implementation of those House Resolutions was due for submission to the Legislature on 07 September 2016. The department's progress report was tabled by the MEC in the Office of the Speaker on 12 September 2016.

The TLP Programme was conducted from 12 to 16 September 2016. The Committee had a feedback meeting on challenges facing Vukuzenzele farming project and Tsotetsi Cooperative on the 13 September 2016. Subsequently, an oversight visit to the Ubuhlesiyazenzela and Mlangeni Farming Projects was conducted on 14 September 2016. On the 15 September 2016, a joint public hearing of the Economic and Social Transformation Clusters was conducted at Sakhile Stadium.

### **4. FEEDBACK MEETING ON CHALLENGES FACING VUKUZENZELE FARMING AND TSOTETSI FAMILY PROJECTS**

#### **4.2. VUKUZENZELE FARMING PROJECT**

##### **4.2.1. Project Background**

This is a land reform farm that was transferred by the Department of Rural Development and Land Reform to 7 CPA members in 2007. The farm is 947 hectares in extent with 482 hectares used as grazing land, 171ha arable land, and 120 hectares as established pasture. The land use includes cattle, goat, pigs and grain production.

#### **4.2.2. Challenges faced by the Project**

The following challenges were noted by the Committee:

- The project is still waiting for the recap grant funding that they applied for from the Department of Rural Development and Land Reform. There has not been any feedback to date on the recap grant funding.
- The arable land is not optimally utilised. The project does not have tractors and implements to plough on the field and relies on the Masibuyele Emasimini programme to assist them which is sometimes received very late during the planting season.
- Market remains a challenge for the project. It was reported that the Nguni cattle breed weigh less and therefore makes it difficult for the farmers to get some returns in the market.

#### **4.2.4. Resolutions taken during the Pre-TLP visit and responses from the department:**

The Committee resolved that:

- a) The Head of Department must before the main TLP event, which will take place from 12 September 2016, arrange a meeting with the provincial head from the DRDLR and together attend to the challenges affecting the project and also address the issue of the irrigation system.

#### **Response**

The two Heads of the departments concerned had a session in an effort to address the challenges highlighted in the report on irrigation system as directed by the Committee.

Vukuzenzele Community Organization lodged a complaint regarding the delay in processing the Recapitalisation and Development grant application. The Department of Rural Development and Land Reform received a business plan for rental determination as per State Land Lease and Disposal Policy in October 2014 as it was compiled by the Economist in September 2014. The Department then acknowledged the receipt of the business plan. However the Office has engaged the lessee regarding the recap grant and they were advised

that their request will be considered in the 2017/18 financial year due to budget constraints in the current financial.

- b) The MEC must raise the concerns that are affecting the project in the next MINMEC meeting with the Minister responsible for DRDLR.

### **Response**

The department acknowledges the resolution by the Committee and will ensure that the Executive Authority raise concerns affecting this project with the Minister in the next MINMEC.

- c) The department must submit a plan detailing how the project will be supported with mechanisation through the Masibuyele Emasimini Strategy during the 2016/17 financial year.

### **Response**

Vukuzenzele project beneficiaries are on yearly basis given support by DARDLEA through the Masibuyele Emasimini programme.

As per the committee recommendation that more support be given to the project in ensuring that the project optimally utilises the land. DARDLEA engaged with the project beneficiaries after the visit, Vukuzenzele beneficiaries mentioned that they have interacted with their strategic partner who is willing to assist with the mechanisation support for soil preparation, ploughing and planting of 65Ha for grains.

The request forwarded to DARDLEA is the request for mechanisation support for grass cutting and baling which normally takes place in the months of January and February. During the grass cutting season Vukuzenzele beneficiaries shall be receiving mechanisation support. It should be noted that DARDLEA offices in Lekwa does not have a bailer for fodder making, however the department will source from other municipalities.

**4.2.5. The Committee deliberated with the DARDLEA, DRDLR and the project beneficiaries at Morgenzon Library. The following issues were noted from the deliberations:**

- The MEC reported that a land summit will be conducted, together with the Department of Rural Development and Land Reform in the Municipality and the challenges that are faced by the project will be attended to accordingly;
- The project beneficiaries appreciated the visit of the Committee and reported that the department visited the project after the Pre-TLP oversight visit;
- There seemed to be a lack of coordinated support by the department and the Department of Rural Development and Land Reform to the project. The Committee raised this as a concern;
- Regarding the irrigation system, the Department of Rural Development and Land Reform reported that the irrigation system was not part of the agreement. The department made a commitment that an overall assessment of the farm will be made and the project will be assisted to draft a business plan that will include the irrigation system. The business plan will be submitted to the DRDLR;
- The Department of Rural Development and Land Reform reported that the lease agreement is expiring on 08 February 2017. Furthermore, the DRDLR reported that the department is in a process of converting the lease agreement to be for a period of 20 years.
- The DRDLR made a commitment that the recap grant funding will be considered in the 2017/18 financial year.
- The MEC made a commitment that the communication at regional offices will be strengthened to ensure that the project receives the proper support.
- The Committee raised a concern that the project should be assisted to be self sustainable, since it has the potential to be self sustainable in the near future.

#### **4.2.6. Findings**

After the deliberations, the Committee made the following findings:

- a) The department made a commitment that an overall assessment of the farm will be made and the project will be assisted to draft a business plan that will include the irrigation system. The business plan will be submitted to the DRDLR;
- b) The project has a dairy structure which was previously used for commercial milk production;
- c) There seems to be a lack of coordinated support by the department and the Department of Rural Development and Land Reform to the project.
- d) Project beneficiaries are not properly informed and they are left without information.

- e) The DRDLR made a commitment that the recap grant funding will be considered by the department in the 2017/18 financial year.
- f) The department will assist the project with mechanization support for grass cutting during the grass cutting season.

#### **4.2.7. Recommendations**

The Committee therefore recommends that the department must:

- a) Make an overall assessment of the farm and assist the project beneficiaries with the drafting of a business plan that will include the irrigation system. Furthermore, the department must submit the business plan to the Department of Rural Development and Land Reform and make regular follow ups and properly inform project beneficiaries.
- b) Make an assessment on whether there is still a market for dairy production by the project. If there is still a market for the dairy production by the project, the department must resource the dairy structure to ensure that cash flow is maintained in the farm.
- c) The two Head of Departments must ensure that there is a coordinated working relationship in terms of supporting the project.
- d) Strengthen the communication at regional offices to ensure that project beneficiaries are properly informed.
- e) Meet with the Department of Rural Development and Land Reform and ensure that the project is included in the plans of the DRDLR for the 2017/18 financial year.
- f) Assist the project with mechanization support for grass cutting during the grass cutting season as committed by the department.

### **4.3. TSOTETSI FAMILY COOPERATIVE**

#### **4.3.1. Background**

The farm is located 30km away from Standerton on the Morgenzon road and it was bought through LRAD in September 2009. The project has 7 beneficiaries registered as a cooperative and one project leader that is within the youth age category. The leader of the project has shown passion on farming as he is working full time on the farm.

#### **4.3.2. Challenges faced by the Project**

The following challenges were noted by the Committee:

- The dam capacity or water level has significantly declined due to drought conditions and has led to insufficient water access.
- The grazing camps are not properly demarcated.
- Shortage of sheep handling equipment and old sheep kraal.

#### **4.3.3. Resolutions taken during the Pre-TLP visit and responses from the department:**

The Committee resolved that:

- a) The Head of Department must before the main TLP event, which will take place from 12 September 2016, arrange a meeting with the provincial head from the DRDLR and together attend to the challenges affecting the project.

#### **Response**

The two Heads of the departments concerned had a session in an effort to address the challenges highlighted in the report on irrigation system as directed by the Committee.

- b) The department must before the main TLP event make a follow up with the CEO from the MEGA on whether the loan has been approved and properly inform the project beneficiaries.

#### **Response**

The department made follow-up with MEGA as resolved by the Committee. The Tsotetsi Family CPA has indeed made the application for a loan to MEGA, of which its receipt was confirmed. MEGA reported that the assessment on the carrying capacity of the farm was conducted on 31 May 2016. The application was then submitted to the Committee for further handling. The Committee sat on 12 September 2016 to deliberate on the received applications. The outcome of the sitting will be communicated to the applicant before the end of the week.

#### **4.3.4. The Committee deliberated with the DARDLEA, DRDLR, DEDT and the project beneficiaries at Morgenzon Library. The following issues were noted from the deliberations:**

- The project applied for recap grant funding from the Department of Rural Development and Land Reform. The project leader raised a concern that to date, no response has been received from the DRDLR.

- The project leader raised a concern on the infrastructure in the farm.
- The Committee requested the DARDLEA to support the project with mechanisation through the Masibuyele Emasimini Strategy as was requested by the project beneficiaries during the Pre-TLP Oversight visit. The department made a commitment that the project will be assisted with implements to plough the field;
- The project had not received feedback from MEGA regarding the loan application.
- Subsequently, an application was submitted to the Department of Trade and Industry and is awaiting the outcome of the application.
- The Head of Department for Economic Development and Tourism made a commitment that a follow up will be made with MEGA, within seven days, after the visit of the Committee, on the approval of the loan.
- The Committee requested the HOD for Economic Development and Tourism to ensure that the project receive a favourable outcome from MEGA, as a commitment was made by MEGA during the Pre-TLP Oversight visit that funds are available to assist the project.

#### **4.3.5. Findings**

After the deliberations, the Committee made the following findings:

- a) The project is still waiting for feedback on the loan application that was made from the Mpumalanga Economic Growth Agency (MEGA);
- b) The department made a commitment that the project will be assisted with implements through the Masibuyele Emasimini Strategy;
- c) The project applied for recap grant funding from the Department of Rural Development and Land Reform (DRDLR). He raised a concern that to date, no response has been received from the DRDLR.

#### **4.3.6. Recommendations**

The Committee therefore recommends that the department must:

- a) Make a follow up with the Department of Economic Development and Tourism on the outcome of the loan application from MEGA;
- b) Ensure that the necessary implements are provided to the project, through the Masibuyele Emasimini Strategy to the project as committed by the department;



- c) Make a follow up with the DRDLR on the recap grant application and ensure that the project beneficiaries are informed accordingly.

#### **4.4. UBUHLESIYAZENZELA PRIMARY COOPERATIVE**

##### **4.4.1. Background**

The project is registered as a Primary Cooperative with registration number K6/3/3/6918 and is located at Lekwa Local Municipality of the Gert Sibande District. The project is operating under a lease agreement with the Lekwa Local Municipality for a period of twelve (12) years. It was initiated by 20 beneficiaries in 2001, mainly as a means towards poverty alleviation and sustainable job creation to project members and community at large. There is an elected committee comprising of Chairperson, Secretary, Treasurer, and two additional members. The main agricultural activity of Ubhle Siyazenzela Primary Co Operative is Broiler Production.

##### **4.4.2. Current Status**

The project has partnered with Early Bird as a strategic partner to ensure the following:

- hands-on operational skills are transferred to beneficiaries
- market access
- job creation

There is a contractual agreement between the two parties which entails renting out of the infrastructure to Early Bird. Early Bird operates the project through provision of all necessary production inputs, transport, and also act as a market access. This arrangement was reached to bridge the gap of which beneficiaries did not have the capacity of being a grower contract as it required an amount of **R5 000 000.00** as a guarantee. Through this partnership, there are 6 permanent jobs created and 6 temporary jobs mainly during peak times i.e. catching (harvesting) time.

Through interactions with the project committee it was noted that beneficiaries are happy that the project is complete and operating very well and the fact that a lease agreement of 12 years was signed with the Municipality. However, the poultry house is currently not insured since beneficiaries do not have a title deed for the farm and this poses a huge risk on the project.

##### **4.4.3. Challenges**

Beneficiaries are in need of a guarantee of **R5 000 000.00** which is the required amount to qualify as a grower contractor.

**4.4.4. The Committee deliberated with the DARDLEA, DRDLR and the project beneficiaries at Ubuhlesiyazenzela Primary Cooperative. The following issues were noted from the deliberations:**

- Project beneficiaries are currently receiving R62 200.00 as rental payment from Early Bird which is shared amongst beneficiaries;
- The project beneficiaries reported that the 12 months lease agreement that was signed with Early Bird has expired. Furthermore they reported that currently, the agreement is renewed on a monthly basis;
- Only 3 beneficiaries out of the 18 beneficiaries are employed permanently in the farm;
- The 3 beneficiaries who are working and assisting with office administration do receive monthly salaries from the rental income received from Early Bird;
- It was reported that the salaries of people employed by Early Bird varies between R4000.00 and R3000.00.
- The handover certificate for the poultry houses has not been issued by the department to the beneficiaries.
- The challenge reported is that the beneficiaries are unable to access funding and insurance for the poultry houses because they do not have a title deed;
- The Committee took a resolution that a formal meeting will be arranged with the department and project beneficiaries to attend to the challenges that are faced by the project.

**4.4.5. Findings**

After the deliberations, the Committee made the following findings:

- a) The project has entered into a contractual agreement with Early Bird which entails renting out of the infrastructure. Only 3 of the project beneficiaries are employed by Early Bird into the project.
- b) The project beneficiaries are not hands-on in the project activities.

**4.4.6. Recommendations**

The Committee therefore recommends that the department must:

- a) Conduct a thorough investigation (forensic) on the operations of the project since inception to date.
- b) Provide the Committee with a comprehensive report on the project before the meeting that the Committee will have with the project beneficiaries on 21 October 2016.

## **4.5. MLANGENI FARMING**

### **4.5.1. Background**

The project has 5 beneficiaries. The farm practices mixed farming (grain crops and livestock). The project benefited on the Masibuyele Emasimini programme through the provision of Nguni cattle and also gets mechanization support from the department for grain production. Currently there are 83 cattle (excluding calves), the initial set given to the project was 1 bull and 30 heifers. The project has ventured into pasture establishment due to droughts experienced in the previous production cycle.

### **4.5.2. Challenges**

The following challenges were noted by the Committee:

- Although the department does assist in vetting of cattle, there are also chemicals that the animals require which the department does not provide. This therefore causes the cattle to sometimes get sick.
- Drought affected the production in the farm.

### **4.5.3. The Committee deliberated with the DARDLEA, DRDLR and the project beneficiaries at Mlangeni Farming Cooperative. The following issues were noted from the deliberations:**

- The farm is privately owned. However, the project benefited from the Masibuyele Emasimini programme through the provision of Nguni cattle and also gets mechanization support from the department for grain production. It was also reported that 7km fence was provided and 3 graduates were allocated to support the project with farming skills.
- Moreover, during drought the project received feed supplements and salt.

- During interactions, Mr Mlangeni raised a concern that his tractors are not in a good condition, as 7 of the tractors are not functioning well.
- The owner of the farm raised a concern on the stock theft that was mostly experienced in the farm. Furthermore, it was reported that initially the project had 128 Nguni cattles, but due to theft, it remains with 92 cattles.
- Through the interactions with the project leader it was confirmed that the farm is doing well; although the livestock condition and grain produce is not up to standard due to the drought effects.

#### 4.5.4. Findings

After the deliberations, the Committee made the following findings:

- a) The farm has a potential to grow. However, stock theft is the main challenge that is faced by the farm.
- b) Drought affected the production in the farm.

#### 4.5.5. Recommendations

The Committee recommends that:

- a) The HOD must engage the Head of Department for Community Safety, Security and Liaison and the Provincial Commissioner and together assist the project with the challenge of stock theft that is experienced in the farm.
- b) The department must continue to support the project.

### 5. PUBLIC HEARING

The public hearing was conducted jointly by the Economic and Social Transformation Clusters in Sakhile stadium.

Only one issue that is affecting the department was raised in the Public hearing:

**Mr. Mashinini from Ward 2** raised a concern on the high unemployment rate that is faced by the youth in the municipality. He reported that the youth does not have access to farming land.

## 6. CROSS-CUTTING FINDINGS

- a) The Committee notes with serious concern the lack of working relationship between the department, Department of Economic Development and Tourism (MEGA) and the Department of Rural Development and Land Reform in terms of supporting projects in the municipality.
- b) Limited access to farming land remains a key challenge for the community members of Lekwa Local Municipality.
- c) The majority of the people that contribute in the agricultural sector of the municipality are elder people dominated by males. The status quo still remains in 2016, with limited youth and women participating in the agricultural sector.
- d) Most food gardens are affected by frost in winter. This requires that frost covers be provided as a package for the food gardens starter packs in Lekwa Local Municipality.

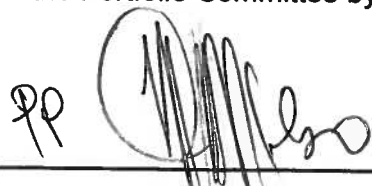
## 7. CROSS-CUTTING RECOMMENDATIONS

- a) The Head of Departments of the three departments must develop a coordinated working relationship in terms of supporting government projects in the Municipality.
- b) The MEC must raise the challenge of limited access to farming land in the local municipality with the Minister responsible for the DRDLR and come up with a plan of how ordinary citizens will be assisted to have access to farming land as the municipality is regarded as rural.
- c) The department must develop programmes that will attract the youth and women to agriculture activities in the local municipality.
- d) Provide frost covers in winter to needy farmers to protect the food gardens.

## 8. CONCLUSION

The Chairperson of the Portfolio Committee, Hon D Dube, extends his appreciation to Members of the Committee, Executive Mayor, Speaker and all Councillors of the Lekwa Local Municipality, departmental officials, all stakeholders and the support staff of the Legislature for their participation during this oversight visit to the communities of the Lekwa Local Municipality, in enhancing the oversight role of the Legislature. The Chairperson tables this report to the House for adoption with its recommendations.

Unless otherwise stated, the department should provide progress reports on all issues raised to the Portfolio Committee by **30 November 2016** and thereafter on a quarterly basis.

  
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HON. D DUBE (MPL)

13-10-2016  
DATE

**CHAIRPERSON: PORTFOLIO COMMITTEE ON  
AGRICULTURE, RURAL DEVELOPMENT, LAND  
AND ENVIRONMENTAL AFFAIRS**