

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

## OVERSIGHT VISITS TO PROJECTS OF THE DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS - NKOMAZI LOCAL MUNICIPALITY TLP 16 – 20 SEPTEMBER 2019

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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. 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 subsection (b) states that “*the Legislature or any of its Committees may require any person or provincial institution to report to it*”.

This is a report on the oversight visits that were conducted by the Portfolio Committee on Agriculture, Rural Development, Land and Environmental Affairs (the Committee) to projects of the Department of Agriculture, Rural Development, Land and Environmental Affairs (the department) on 17 – 18 September 2019. The report seeks to inform the House on the activities that were taken during the oversight visits..

### 2. METHOD OF WORK

The Committee conducted oversight visits to projects of the Department of Agriculture, Rural Development, Land and Environmental Affairs in the Nkomazi Local Municipality. The Committee conducted oversight visit to Nkomazi Citrus on Tuesday 17 September 2019; on Wednesday 18 September 2019 the Committee conducted oversight to Ikhwezi Lokusa Vegetable project. The Committee participated during the joint public hearing of the Economic and Social Clusters of the Legislature, which was conducted on Thursday, 19 September 2019 and Stakeholder Engagement.

### 3. OBJECTIVES OF THE OVERSIGHT VISITS

#### a) The following objectives informed 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 utilised by the department in the implementation of its projects;
- To interact with project beneficiaries in order to receive their concerns.
- To fast-track service delivery of core services to the communities within the municipality in which the department has funded projects.
- To assess the progress made in implementation of the Fortune-40 programme.

### 4. OVERSIGHT ON GOVERNMENT PROJECTS

#### 4.1. NKOMAZI CITRUS PROJECT

The Nkomazi Citrus Project is located at Driekoppies area which is located 35 km from Malelane and almost 8km from Matsamo plaza. The site where the project is located was previously used for sugar cane farming and in 2016 the households decided to change the enterprise to citrus farming. The farm is 100ha in total and has a remaining 70ha that needs to be developed. The project is comprised of 6 households which includes 6 beneficiaries, and in 2014 they were registered as a company (Nkomazi Citrus) with registration number 2014/124219/07. The beneficiaries of the project were granted the Right to Occupy 100ha of land by the Matsamo Traditional Authority.

##### 4.1.1. Project Background

The Nkomazi citrus has 255,000m<sup>3</sup> water rights. The department started with the fencing of the project site in June 2018 and land preparation started in February 2019. Debushing was supposed to be completed in the fourth quarter (end of March), but could not be done due to delays caused by rain. The main objective of the project is to produce 40 ha oranges, 20ha lemons and 20 ha grapefruits.

The department provide non financial support to the project such as monitoring and further indicated that the farmers attended citrus production training so far. The department through the Further Education and Training(FET) unit has planned to do a series of trainings from primary citrus production as well as capacity building.

<b>District and Municipality</b>	Ehlanzeni District Municipality; Nkomazi Local Municipality
<b>Village name</b>	Driekoppies
<b>Land Ownership</b>	Matsamo Tribal Authority - Communal Land
<b>Number of hectares</b>	40ha
<b>Project activities</b>	Establishment of a Citrus farm.
<b>Source of funding</b>	DARDLEA- CASP
<b>Beneficiaries</b>	6 household members

#### 4.1.2. Funding

##### ➤ 2018/19 Financial Year

**R6 953 561,00** of which **R7 721 733,00** was spent on fencing of 100 ha ,erecting fence 4.6 km of which 1.5 km is diamond fence and 2.7 km is electric fence. Also erected 3X 3m small gate and 1X 1 5.5m gate.

##### ➤ 2019/20 Financial Year

**R6 566 000,00** was spent on de-bushing of 30 ha and installation of irrigation system.

#### 4.1.3. Progress to date

- The department successfully installed fence on 100ha of land. The land for orange production has also been debushed prepared to be ready for planting.
- The project beneficiaries appreciated the support of the department since the project was started.
- It is reported that the project created 13 jobs currently and created 10 jobs during fencing.
- The department reported that orange trees have been ordered and will be delivered in September 2020 for planting.
- The department reported that irrigation pipes have been delivered and will be installed soon by the service provider.
- The project beneficiaries reported that they plan to plant cash crops while waiting for the oranges to grow. The cash crops will serve as short term income generation enterprise for the farm.

- The project beneficiaries reported that they attended trainings on citrus production organized by various stakeholders that deal with citrus production.

#### 4.1.4. Challenges

- The project experienced delays in terms of debushing and installation of irrigation systems on the project. This is reportedly due to rains which delayed work by the contractor.
- The department did not do feasibility study during the initiation of the project. The department delayed to place an order of the trees and now the trees will only be delivered in September 2020. This proves poor planning on the side of the department. For the next 12 months the prepared land will not produce anything and might need to be ploughed again before planting the trees in September 2020.
- There is no shelter or pack house on site, and that should have been planned by the department before the project was started. There are no tractors and implements on site.
- There is no identified market so far or signed contract with any market, whereby the harvested crop can be sold or delivered. The plan is to sell the citrus fruits to local agro-processing factories, retailers, and internationally export. The project is also targeting SADC countries such as Mozambique, Swaziland markets as the demand for citrus fruits is high.

#### 4.1.5. Inputs by the Project Beneficiaries

The Project Beneficiaries raised the following:

- i. The project is a fully black owned and have consultants coming from time to time.
- ii. The project is still at a construction stage. The first (1) phase of installation of 30 ha irrigation infrastructure is in progress.
- iii. The project plans to produce 40ha of Oranges, 20ha of Lemons and 20ha of Grape Fruits.
- iv. The project indicated that the first (1<sup>st</sup>) 30ha of trees will be planted in September 2020 and will take +- five (5) years for citrus trees to reach full production from the date of planting.
- v. The project beneficiaries appreciates the continuous support they receive from the department.

#### **4.1.6. Deliberation during the Oversight Visit**

The Committee deliberated with the department and the project beneficiaries as follows:

- i. The Committee appreciated the progress made to date.
- ii. The Committee raised concerns regarding the non-functionality of the pump house.
- iii. The Committee raised concerns on how the project will sustain itself since it would take five (5) years to reach productivity.
- iv. The Committee asked whether there are any SETA funding in place.
- v. The Committee enquired on whether the land belonging to Matsamo was under leasing or it was a donation.
- vi. The Committee asked for clarity as to whether there was a buy in from the community at large.
- vii. The Committee asked whether there was a plan to build a packhouse.
- viii. The Committee raised concerns on the overspending of the budget.

#### **4.1.7. Plans for the department about the project**

- i. The department reported that on completion of the structure a pump will be installed.
- ii. The department reported that the project has water rights and that the project was situated in a traditional land.
- iii. The department reported that it will continuously monitor and provide necessary support to the project.

#### **4.1.8 Findings**

After the deliberations, the Committee made the following findings:

- a) The project has exceeded its budget and spent more than what was given.
- b) The project will take  $\pm$  5 years period to reach its production.

#### **4.1.9. Recommendations**

- a) The department must provide the committee with a report with the breakdown of costs for the projects.
- b) The department must provide the Committee with a report on how it plans to assist the project to sustain itself during that period.

## 4.2. IKHWEZI LOKUSA VEGETABLE PROJECT

The Ikhwezi Lokusa vegetable project is situated at Skhwahlane, approximately 50km from Malelane. The project was initially established in 1996 by five female farmers with the main aim of producing vegetables to increase agricultural incomes and reduce poverty by creating job opportunities. Due to financial constraints, the project started operating in the year 2000, and obtained a Right to Occupy 12 ha of land from the Matsamo Tribal Authority, the 12ha of land is currently under production.

### 4.2.1. Project Background

In 2016, after the project won the best female farmer award, a further 37 ha was given to the project by the Tribal Authority and the overall farm size is 51 ha. Ikhwezi vegetable was registered in 2010 as a co-operative with registration number 2010/003007/24 and was SAGAP certified in July 2016. The farm produces a number of crops which includes tomatoes 2ha; cabbages 2ha; sugar beans 1ha; lettuce 1ha; butternuts 2ha; okra 1ha; green mealies 2ha; green beans 4ha; bitter melon 2ha; mung bean 2ha and guar 2ha.

<b>District and Municipality</b>	Ehlanzeni District Municipality; Nkomazi Local Municipality
<b>Village name</b>	Skhwahlane
<b>Land Ownership</b>	Matsamo Tribal Authority- communal Land
<b>Number of hectares</b>	51ha
<b>Project activities</b>	Vegetables.
<b>Source of funding</b>	DARDLEA- CASP
<b>Beneficiaries</b>	9 (4 males & 5 females)

### 4.2.2. Funding

#### ➤ 2001/02 Financial year

**R60 000,00** received from the Department of Social Development spent for Diesel engine (3 pistol), Irrigation pipes and barbed wire.

➤ **2007/08 Financial Year**

**R350 000,00** received from the Department of Agriculture, Rural Development, Land & Environmental Affairs spent on fencing of 17ha

➤ **2010/11 Financial Year**

**R289 000,00** received from the Department of Trade and Industry spent on drip irrigation system for 5ha.

➤ **2011/12 Financial Year**

**R2 400 000,00** received from the National Development Agency spent on construction of pack house, cool rooms, transformer and bakkie.

➤ **2012/13 Financial Year**

**R820 000,00** received from the Department of Agriculture, Rural Development, Land & Environmental Affairs spent on irrigation system for 17ha and electric pump.

➤ **2014/15 Financial Year**

**R99 827,00** received from the Department of Agriculture, Rural Development, Land & Environmental Affairs spent on production inputs (seeds, fertilizers, pesticides and herbicides

➤ **2017/18 Financial Year**

**R1 145 000,00** received from the Department of Agriculture, Rural Development, Land & Environmental Affairs spent on site establishment, debushing and de-rooting of large roots for 17 ha and excavation of irrigation pipeline.

➤ **2018/19 Financial Year**

**R1 810 091,00** received from the Department of Agriculture, Rural Development, Land & Environmental Affairs spent on laying of main & distribution pipes, upgrading of transformer, installation of water pump, drip lines for 17 ha delivered and will be laid by the project members during planting and fencing of 17ha completed.

#### 4.2.3. Progress to date

- DARDLEA has managed to support the project since 2007/8 financial year to date and in 2017/18 and 2018/19 financial year the department managed to implement the following activities i.e debushing, installation of irrigation infrastructure, upgrading of a transformer and fencing of 17 ha.
- The Ikhwezi vegetable project members have vast farming experience and received training that ranges from bookkeeping, vegetable production, vegetable grading, packaging and marketing which contributes in the effective and efficient running of the project.
- The project has had positive turnovers in the past three years and won awards as the best vegetable project in the Municipality and District. The project won the best female entrepreneur smallholder category in the District in 2016/17. In 2003, the project won the best female entrepreneur award. The project won 2<sup>nd</sup> runner up (commercial) female entrepreneur in 2019/20.
- The project was SAGAP certified in July 2016 through their own effort.
- The project managed to secure market with Spar Supermarkets (Nelspruit, Malelane, and Komatipoort); Lowveld Sugars; Johannesburg and Durban Market; Government Nutrition Program and also sell to local markets.
- The project created 12 permanent jobs and employs over 50 people on a temporal basis. The project has students from various institutions such as UMP; MRTT; TUT; doing practical on site.
- The department also lent the project a tractor to use for ploughing the fields.

#### 4.2.4. Inputs by the Project Beneficiaries

The Project Beneficiaries raised the following:

- a) The project started with 12ha but currently has 51ha.
- b) The project does not operate as a commercial farmer.
- c) The project used to supply the Government Nutrition Programme (GNP) through MEGA but has since discontinued due to delays in payment.
- d) No insurance for vegetables when hit by storms because it is too expensive and they cannot afford.



- e) The project has more land and require production inputs and fence from the department.
- f) The project does not have enough income to procure security services.
- g) The project faces challenges in processing remaining items.
- h) The project has high markets such as the Durban and Johannesburg market.
- i) The project is continuously learning on other new technology in the market.
- j) The processing of the karela vegetable is still a challenge.
- k) The project still needs financial assistance from the government.
- l) The project indicated that they pay salaries to employees but to date members do not necessarily get salaries.
- m) The project is self sustainable and had partnership with Spar group but has since terminated the contract due to discrimination. Currently the project directly supply the spar supermakerts.

#### **4.2.5. Inputs from the National Development Agency**

- a) The agency continuously support the project with soft skills such as monitoring and capacity building.

#### **4.2.6. Deliberation during the Oversight Visit**

The Committee deliberated with the department and the project beneficiaries as follows:

- a) The Committee appreciated the excellent work done by the project to date and indicated that the project can be used as a benchmark on how to run a successful cooperative.
- b) The Committee stated that the department must ensure that the project is able to supply the Government Nutrition Programme (GNP).

## **5. FINDINGS**

After the deliberations, the Committee made the following findings:

- 5.1. The project is a best example of a cooperative.
- 5.2. There is no service provider for security.

- 5.3. The project struggle with loss of crops during storm and rainy season because they do not have insurance for their crops.

## **6. RECOMMENDATIONS**

- 6.1. The department must ensure that the project is used as a model or benchmark for other struggling cooperatives.
- 6.2. The department must assist the project by ensuring that they procure the services of a security provider.
- 6.3. The department must assist the project by ensuring that they are able to acquire and maintain monthly premium for crop insurance.

## **7. PUBLIC HEARINGS**

The public hearing was conducted jointly by the Economic and Social Transformation Clusters at KaMhushwa stadium.

- The lack of assistance since 2016 from the Committee regarding the Umbhabha workers.

## **8. STAKEHOLDER ENGAGEMENT**

The Committee conducted a Stakeholder Engagement with the Agriculture Sector. The following stakeholders were invited to be part of the stakeholder engagements.

- Department of Agriculture, Rural Development, Land and Environmental Affairs.
- Mpumalanga Economic Growth Agency
- National Development Agency
- Inkomati Usuthu Catchment Management Agency
- RCL Foods

The department mobilized farmers in agriculture and livestock from the local municipality to be part of the stakeholder.

**8.1. The following issues were raised by farmers:**

1. Farmers in the Nkomazi area have raised concerns with regards to transporting their vegetable produce to the Mkhuhlu Agrihub as it is far and they may not make enough profit.
2. Farmers have raised concerns with their maize mealies going to waste due to non functionality of the Nkomazi maize mill.
3. Farmers have raised concerns with regards to department supplying them resources they do not need. The department should consult the farmers on the kind of assistance they require to avoid buying unused resources.
4. Farmers requested the Committee to assist them through the department for a market for the maize farming.
5. Farmers have raised concerns on the GNP middleman system which create problems for them.
6. Farmers raised concerns about land grabs at 170 sugar cane farms from gangs who claim to be given land by the local tribal authority and the lack of consultation and protection when taking tribal land from black farmers.
7. Farmers from Thuthukani Hoyi Cooperative raised concerns on the failure of the department to debush for communities that has made request for such.
8. Driekoppies and Mgobodzi farmers requested the Committee to assist with fence to protecting the streams as illegal sand harvesting which pose a threat to water conservation especially for emerging farmers.
9. Khombaso cotton farmers are requesting the Committee to assist with market opportunity for cotton.
10. Mananga Cattle Farmers are requesting the Committee to assist with market opportunities for cattle farming.
11. The Umbhabha workers who have not access their UIF benefits and their unfairly dismissal from employment.

## 8.2. Recommendations emanating from the stakeholder engagement

In light of the above mentioned issues raised during the Stakeholder Engagement, the Committee recommends that:

1. The department must ensure that a plan is submitted to the Committee indicating the relief to the farmers transporting vegetables to the Mkhuhlu Agrihub.
2. The department must ensure that handing over of the Mbuzini and Nkomazi West maize milling projects to its beneficiaries is fast tracked and ensure that they work with the strategic partner to operationalize the mill.
3. The department must liaise with the beneficiaries to avoid procuring resources which are not required.
4. The department must support the projects struggling with the market for the maize farming.
5. The department must ensure that the GNP is run smoothly to avoid delayed payments to farmers.
6. The department must intervene by assisting farmers and referring them to relevant stakeholders for further assistance.
7. The department must ensure that farmers at Thuthukani hoyi cooperative are assisted with debushing so that they are able to continue with farm activities.
8. The department must work towards assisting emerging farmers with fencing and liaise with other stakeholders on strategies to curb sand harvesting.
9. The department must ensure that the Khombaso Farmers are assisted with the Cotton market.
10. The department must ensure that the Managa Cattle Farmers are assisted with the market for cattle farming.
11. The department must ensure that the Umbhabha matter is finalised and report back to the Committee.

## 9. CONCLUSION

The Chairperson of the Portfolio Committee, Hon TM Makaringe, extends his appreciation to Members of the Committee and the support staff of the Legislature for their participation during this oversight visit to the projects of the department in enhancing the oversight role of the Legislature. The Portfolio Committee 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 **29 November 2019** and thereafter on a quarterly basis.



**HON. TM MAKARINGE (MPL)**



**DATE**

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

Ref:13/4/2/5/4