

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

## **PRE-TLP OVERSIGHT VISITS TO NKOMAZI LOCAL MUNICIPALITY, 23 – 26 JUNE 2015**

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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 Pre-Taking Legislature to the People (TLP) event, the Research Section of the Mpumalanga Provincial Legislature embarked upon oversight visits in the Nkomazi Local Municipality in June 2015 to prepare and source the Members of the Legislature with adequate research findings for them to conduct effective and efficient oversight over the Executive. This will further inform the agenda for the TLP taking place in September 2015.

On the 23 June 2015, researchers and the department briefed the Committee on all the projects to be visited. Subsequently, the Committee conducted oversight visits in the local municipality from 23 to 26 June 2015.

On the 24 June 2015, joint public hearings of the Economic and Social Transformation Clusters were conducted at Mgobodzi Community Hall and Mbangwane Thusong Centre.

### **4. OVERSIGHT ON GOVERNMENT FUNDED PROJECTS**

Invitations were sent to the MEC and the HOD of the Department of Agriculture, Rural Development, Land and Environmental Affairs. The Committee expressed its disappointment on the absence of both the MEC and the HOD without a formal apology being submitted by either of them.

The Regional Director for the Ehlanzeni South Region accompanied the Committee on all the oversight visits. Invitations were also sent to the Nkomazi Local Municipality. The MMC for Infrastructure, Chief Whip of the Council and Ward Councilors accompanied the Committee on all the oversight visits.

## 4.1. NKOMAZI RED MEAT ABATTOIR

### 4.1.1. Project background

Nkomazi red meat abattoir was formed in 1999 under the leadership of Mr. KS Zwane. The organization initially comprised of 350 members, which has since decreased to 162 members. The decline in membership was partly due to the fact that some members passed on and some withdrew their contributions to the coffers of the organization. The organization then registered as a Cooperative.

The project funding was provided by the Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA) together with the National Development Agency (NDA). The project was tested and commissioned during February 2013. A strategic partner was appointed by the department with a view to assist the project beneficiaries in understanding the complex managerial skills involved with this kind of an enterprise. The relationship between the strategic partner and the project owners became sour and that resulted in the contract being terminated.

The project owners solely negotiated and entered into a strategic partnership with a particular individual who has since vacated his position due to reasons that were completely unclear to the department. The second strategic partner had during his brief stay in the project, managed to secure marketing contracts with a number of meat suppliers. 14 cattle and 100 pigs were slaughtered during December 2014.

### 4.1.2. Project Profile

The department provided the following information in terms of the project profile:

<b>District and Municipality</b>	Ehlanzeni District Municipality, Nkomazi Local Municipality
<b>Farm name</b>	Matsamo Communal Land (ward 19)
<b>Location</b>	Mzinti
<b>Form of ownership</b>	Communal Land
<b>Number of hectares</b>	104 Ha
<b>Beneficiaries</b>	162
<b>Type of Project</b>	Red Meat Abattoir
<b>Source of funding</b>	DARDLEA

#### 4.1.3. Support Provided by the National Development Agency (NDA) and DARDLEA

The department reported that the following support was provided to the project:

- The NDA funded the project with **R1.3 million**. The funds were utilized for fencing the boundary for 104 hectares, feedlot equipment, tractor and trailer.
- The department funded the construction of the abattoir and the activities mentioned below with an amount of **R 11 695 770.90**.
  - (i) Three Phase Power line has been installed
  - (ii) Construction of access road completed
  - (iii) Paving of the abattoir area still in progress
  - (iv) Perimeter fencing of 103 ha
  - (v) Borehole drilled and equipped
  - (vi) 6X jojo tanks (5000 liters)
  - (vii) Tractor and Trailer
  - (viii) Administration office
  - (ix) Ablution block

#### 4.1.4. The Committee observed the following main challenges of the co-operative:

The project is currently not operational. The department reported that the project only operated for three months and ceased to operate due to financial constrains. The electricity cable was reported to be stolen.

#### 4.1.5. The Committee deliberated at length with the DARDLEA and the Nkomazi Red Meat Abattoir. The following issues were noted from the deliberations:

- a) The beneficiaries reported that the first strategic partner that was appointed by the department did not have a tax clearance certificate. Subsequently, the beneficiaries entered into a contract with another strategic partner. The second strategic partner promised to invest **R600 000** into the project, but that never happened.
- b) The Committee noted that a petition was submitted to the Legislature by members of the community who wanted the abattoir to function.
- c) The Committee enquired on whether there was a business plan in place for the project as it seemed like there was lack of planning.

- d) During the three months that the project operated, it managed to make a profit of **R418 585**. The profit was not banked by the previous strategic partner. The Committee raised a concern that the executive members of the project should have ensured that the money is banked and accounted for accordingly.
- e) The department reported that they are working towards linking the cooperative with Industrial Development Corporation, National Empowerment Fund for operational funding. The National Agricultural Marketing Council (NAMC) has reportedly also visited the farmers on the 30th March 2015 and showed interest in funding the cooperative and also providing management training. The department reported that it is engaging with DTI for their specialized cooperative management training program to be provided to the farmers.
- f) The project was owing **R67 000** for electricity.
- g) The Committee noted that a new executive committee was in place in the project. Beneficiaries reported that they had a new treasurer. The Committee also noted that there was a lack of cooperation among the previous and the new members of the cooperative and urged the department to consider conducting a team building exercise for the beneficiaries.
- h) The department reported that the project was not budgeted for in the current financial year.
- i) The Committee urged the department to take the project serious as it has a potential of changing the lives of the people in the local municipality.
- j) The Committee requested the Legal Section of the Legislature to provide a legal opinion on the status of the agreement that the cooperative entered into with the second strategic partner.
- k) The department was requested to submit a copy of the agreement to the Committee.

#### 4.1.6. Findings

After the deliberations, the Committee made the following findings:

- a) The abattoir only operated for three months and then ceased to operate due to financial constrains. The department is in the process of linking the project with other potential investors i.e. Industrial Development Corporation and National Empowerment Fund.
- b) The previous strategic partner did not bank the **R418 585** profit that was generated by the project during the three months it was in operation.

#### 4.1.7. Recommendations

The Committee recommends that:

- a) The department must take the project serious and ensure that the processes of linking the abattoir with strategic partners are finalised. In addition, the department must ensure that the abattoir is properly functioning.
- b) The Accounting Officer must through the legal section of the department ensure that the **R418 585** profit is recovered from the previous strategic partner.

### 4.2. SIZABANTU YOUTH COOPERATIVE

#### 4.2.1. Project Background

Sizabantu youth cooperative was formed by 15 unemployed youth farmers in February 2011. Currently, there are 6 members remaining in the project. The objective of the youth group is to become commercial farmers and supply to big retailers and the school nutrition programme. It was indicated that there is a business plan in place which will guide the growth of the farm.

#### 4.2.2. Project Profile

District and Municipality	Ehlanzeni District Municipality; Nkomazi Local Municipality
Village name and ward	Sboshwa Communal Land, Ward 5
Number of hectares	4.5ha
Beneficiaries	10
Project activities	Vegetable production

#### 4.2.3. Support Provided by the DARDLEA

The department reported that the project was provided with seeds, fertilizer, chemicals, trainings, fencing of 2ha land, installation of drip irrigation system, drilling of borehole and provided with 2 jojo tanks. The chairperson of the project was also offered with agricultural training in China.

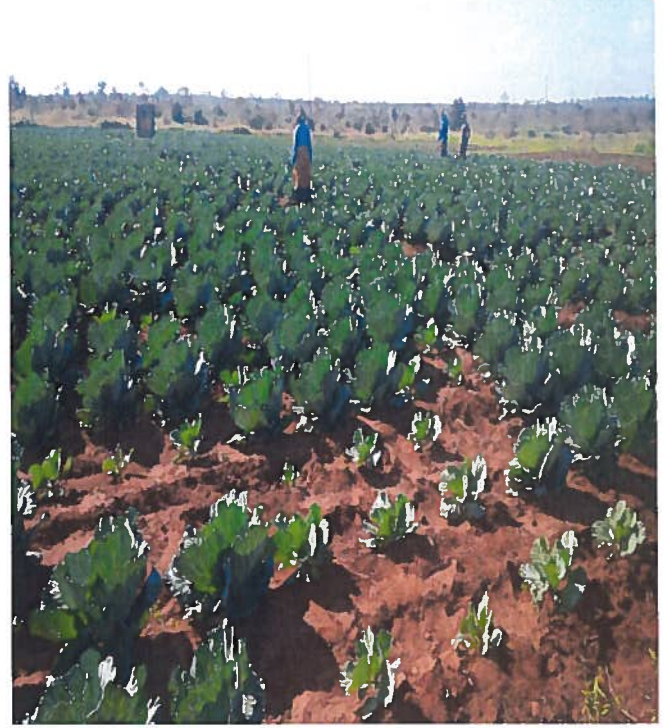
#### **4.2.4. The Committee observed the following main challenges of the co-operative:**

- Project beneficiaries do not have a tractor to plough and prepare the land and as a result they spent more than **R3000.00** to plough 1 hectare of land.
- There is no pack-house to store the harvested crops in the farm.
- The 2ha fence land is insufficient, as farmers are also ploughing on the additional land which is not fenced.
- The access road to the project is not in a good condition.
- The project beneficiaries were promised working equipment by the Department of Rural Development and Land Reform, but to date they have not been received.
- The engine used in the farm uses petrol, and the beneficiaries spent R300 per day for irrigation which is expensive.

#### **4.2.5. The Committee deliberated with the DARDLEA and the project beneficiaries at Sizabantu youth cooperative. The following issues were noted from the deliberations:**

- a) The beneficiaries confirmed the report by the department and reported that they were provided with training, fertilisers and seeds.
- b) The beneficiaries reported that their objective is to become commercial farmers and supply to big retailers and the school nutrition programme. It was indicated that there is a business plan in place which will guide the growth of the farm.
- c) The beneficiaries reported that the access road to the project was not in a good condition. The Committee requested the local municipality to ensure that the beneficiaries are properly assisted with the grading of the access road.
- d) The beneficiaries reported that they normally distribute from R800 to R1000 among themselves during harvest time.
- e) Beneficiaries reported that they also import their harvest to Mozambique. The Committee requested the department to ensure that a market is established for the project.
- f) The Committee was generally happy with the status of the project.

### P1-2: Pictures taken at the project



#### 4.2.6. Findings

After the deliberations, the Committee made the following findings:

- a) The engine used in the farm to pump water uses petrol, and the beneficiaries spend R300 per day for irrigation.
- b) The objective of the beneficiaries is to become commercial farmers and supply to big retailers and the school nutrition programme and the Tonga Hospital.

#### 4.2.7. Recommendations

The Committee therefore recommends that the department must:

- a) Find a way of changing the petrol engine which is used to draw water for irrigation to a diesel engine.
- b) Link the project with markets and the school nutrition program.



### 4.3. NKOMAZI WEST MAIZE MILL

#### 4.3.1. Project Background

The project is located at Magogeni under Mhlaba Traditional Authority in Nkomazi local municipality about 50km South of Malelane. The project owns the land through R.T.O obtained from the local traditional authority and is not yet registered as a legal entity and has about 500 community members (beneficiaries) who are maize producers.

The Nkomazi West maize mill is strategically situated to service the three traditional authorities (Matsamo, Mhlaba and Mawewe) in Nkomazi West to benefit all maize producers in the area. The most targeted areas depending on maize production are Mhlaba and Mawewe traditional authorities where there are few other farming activities to sustain their livelihood apart from maize production. Currently the maize producers in the area process their maize in Swaziland.

#### 4.3.2. Project Information

District and Municipality	Ehlanzeni District Municipality; Nkomazi Local Municipality
Village name and ward	Mhlaba communal land, Ward 18
Land Ownership	Communal Land / RTO
Number of hectares	1ha
Project activities	Maize milling facility
Beneficiaries	+/- 1500 maize farmers

#### 4.3.3. Support Provided by the DARDLEA

The department reported that the project was assisted with the fencing of the 2ha with palisade fencing, constructed a guard house, installed a weigh bridge, Jojo tank, steel frame for the maize mill building, flooring, roofing and tubing.

#### 4.3.4. The Committee observed the following main challenges of the co-operative:

There is no roll over for this project in the 2015/16 financial year as the department surrendered its entire unspent 2014/15 budget to the Provincial Treasury.

**4.3.5. The Committee deliberated with the DARDLEA and the project beneficiaries at Nkomazi West Milling Project. The following issues were noted from the deliberations:**

- a) The project had a budget allocation of **R4, 1 million**. From the allocated budget, the department managed to construct a guard house, installation of Weigh Bridge, putting up jojo tank, putting up steel frame for the maize mill building, flooring, roofing and tubing. It was reported that **R2, 1 million** was used for the above mentioned activities.
- b) The department reported that the project was not budgeted for in the 2015/16 financial year.
- c) The department reported that some officials were dismissed and others went through disciplinary actions in connection with the construction of the maize mill. However, the regional director was not able to give details of the cases.
- d) The Committee expressed its disappointment that the regional director, as a person duly authorised to represent the department did not have all the necessary information pertaining to the project.
- e) The department reported that the project was put on tender and quotations were collected and submitted to the district office, but there was no feedback communicated until the end of the 2013/14 financial year. It was again budgeted for in the 2014/15 financial year, but later the money was said to be withdrawn and no reason was communicated.
- f) The beneficiaries reported that they were looking forward to the completion of the project as it is needed by the local community. They reported that they were not consulted and given reasons why the project could not continue.
- g) A representative from the Tribal Authority sincerely appreciated the visit of the Committee and reported that as a community they did not know what was going on in the project. He reported that they were looking forward to the completion of the project.
- h) The Committee expressed its disappointment on the non-completion of the project and the fact that the department had no plans to complete the project in the 2015/16 financial year.

**P1: status of the maize mill project on the day of the visit**



**4.3.6. Findings**

After the deliberations, the Committee made the following findings:

- a) The construction of the project was put on hold. The department did not budget for the project in the 2015/16 financial year.
- b) The regional director could not provide details of the cases affecting officials in connection with the construction of the maize milling project.

**4.3.7. Recommendations**

The Committee therefore recommends that the department must:

- a) Submit a comprehensive report on the support that was provided to the project. In addition, the department must submit a turnaround strategy on how the project will be resuscitated.
- b) Submit a report on the type of misconduct that the officials were charged with. The report must clearly state the outcome of the disciplinary hearings and the amount

involved. In addition, the department must submit a progress report on the status of all the cases.

## **5. PUBLIC HEARINGS**

The public hearings were conducted jointly by the Economic and Social Transformation Clusters. The first public hearing was conducted in Mgobodzi Community Hall and the second one was conducted in Mbangwane Thusong Centre. The following issues affecting the department were raised:

### **MGOBODZI COMMUNITY HALL:**

#### **Issues raised**

- Obed Mkhathswa – Mgobodzi:

Raised a concern that their project was not fenced to keep livestock from eating their crops.

- Mr Vilane – Mgobodzi:

He reported that the tractor that was provided by the department only assisted them for a year and was taken from them. Furthermore, he indicated that the department did not give them a reason why the tractor was taken from them.

#### **Responses**

The regional director responded to the above issues as follows:

- She reported that as a department they will engage with the beneficiaries of the project and provide them with the assistance required.
- She explained that the Masibuyele Emasimini strategy had been revised. The department provided the service to the farmers directly. Furthermore, she reported that the project will be visited by the department to assess the intervention needed.

### **MBANGWANE THUSONG CENTRE**

## Issues raised

- Faro Khoza – Khombaso

He requested the department to provide fencing for their project.

## 5.2. Recommendations emanating from the Public Hearings


After the deliberation with members of the public, the Committee recommended that the department must:

- Provide a report on how the above mentioned projects and individuals were assisted as the department was committed to provide assistance.
- Return tractors to famers who need them before the end of August 2015. In addition, the department must ensure proper monitoring of the tractors to ensure that they are provided to farmers when they need them.

## 6. CONCLUSION

The Chairperson of the Portfolio Committee, Hon VV Windvoël, extends his appreciation to Members of the Committee, Executive Mayor, Speaker and all Councillors of the Nkomazi 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 Nkomazi Local Municipality, 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 **31 August 2015** and thereafter on a quarterly basis.

  
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**HON. VV WINDVOËL (MPL)**

29/07/2015  
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**DATE**

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

