

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

## PRE-TLP OVERSIGHT VISITS TO BUSHBUCKRIDGE LOCAL MUNICIPALITY, 28 – 29 JANUARY 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*”.

The “Taking Legislature to the People” is a project in line with section 59 and 118 of the Constitution which states that both the National Parliament and Provincial Legislature must facilitate public involvement in the processes of the Legislature and the committees, to ensure ‘*effective, transparent, accountable and coherent government*’. The purpose of TLP is to reach out to the communities and to enable the people to have access to the Legislature especially people who are living in deep rural areas. The Legislature seeks to hear the voice of the people and to ascertain whether provincial government delivers services effectively and efficiently within the respective municipalities.

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

The purpose of the Pre-TLP was to identify service delivery challenges within the Municipality that will have to be responded to by the Executive during the TLP programme

scheduled to take place in March 2016. 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.

### **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 Bushbuckridge Local Municipality in December 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 March 2016.

On the 28 January 2016, researchers briefed the Committee on all the projects to be visited.

### **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 Regional Director for the Ehlanzeni North Region accompanied the Committee. Invitations were also sent to the Bushbuckridge Local Municipality. However, the municipality was not represented on all the oversight visits.

#### **4.1. MAOTOLE BUSINESS ENTERPRISE**

##### **4.1.1. Project Background**

Maotole Business Enterprise is a pig production project located in Greenvally. The project is managed by 6 cooperative members comprising of 3 males and 3 females. The overall objective of the project is the establishment of a piggery and an abattoir in the long run.

#### 4.1.2. Project Profile

District and Municipality	Ehlanzeni District Municipality; Bushbuckridge Local Municipality
Village name and ward	Greenvalley
Number of hectares	20ha
Beneficiaries	6
Project activities	Piggery Farming
Total Expenditure	R 66 597 (DARDLEA)

#### 4.1.3. Support Provided by the DARDLEA

The department reported that the project was provided with 10 pregnant sows and 1 boar in March 2015. Currently there are 9 sows, 1 boar and 5 piglets. The project had so sell some of the piglets to community members in order to cover costs for its sustainability.

#### 4.1.4. Challenges:

The following challenges were noted by the Committee:

- The pigs are kept in a poor quality infrastructure made of wood. This also poses a health risk to the animals as they end up feeding on the wood when there is no food.
- There is no water in the area. The farmers spend R800 to fill up Jojo tanks for the project.
- There is poor security where the pigs are kept. There is no electric fence which poses risks to theft.
- The beneficiaries do not have money to feed and provide medication for the pigs. They reported that the cost of hiring transport to Hoedspruit to fetch vegetables for the pigs is very expensive.
- The project also does not have a market for their produce as Bushbuckridge has been declared a protected zone with vaccination.

**4.1.5. The Committee deliberated with the DARDLEA and the project beneficiaries at Maotole Business Enterprise. The following was noted from the deliberations:**

**a) Current status of the Project**

- The project requires capital investment as the livestock is currently housed in a temporary structure. The prospective funding that the beneficiaries are looking forward to is from the IDC which is promising to assist the project with funding for the whole piggery value chain. The project received a letter of intent to supply some of their produce to Spar. However, a contract had not been finalized with Spar due to infrastructure challenges.
- Reproduction was reported to be at 62 pigs in the year 2015.
- The project has secured 20 ha of land to move the pigs into an open space, where proper structures will be constructed. The land will be used for farming to add surplus to the feeds of the pigs.
- Veterinary services were properly provided to the project. The veterinary doctors raised a concern on the current status of the place where the pigs were housed in.
- Beneficiaries requested the department to provide them with the necessary training for them to be able to operate the abattoir.

**b) Intervention Strategy to help the project**

- The department reported that the project has been budgeted for in the 2016/17 financial year and will be assisted with development of the acquired 20 ha of land.
- The department plans to build proper structures for the pigs and an abattoir for the entire district in the 2016/17 financial year. This will assist the project to slaughter and sell their produce to big markets.
- As training is an ongoing process, the department reported that plans were in place to provide further training on management, records keeping and financial management.

**4.1.6. Findings**

After the deliberations, the Committee made the following findings:

- a) The department plans to assist the project with infrastructure and skills development in the 2016/17 financial year.
- b) A market for the project to sell their produce is a challenge.

#### **4.1.7. Recommendations**

The Committee therefore recommends that the department must:

- a) Submit a comprehensive plan indicating dates and budgeted amounts on how the project will be assisted in the 2016/17 financial year.
- b) Assist the project to identify and secure a market for the weaner pigs.

### **4.2. CHAMPAIGNE MANGO AND CITRUS ESTATE**

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

The citrus estate is located in the Chochocho area of the Bushbuckridge Local Municipality. It was originally developed in 1948 when the farm was acquired by the South African Development Trust, as part of the then Government Irrigation Scheme with the aim of creating jobs for the former homeland areas. It incorporates prime land serviced by ample irrigation water from the Dingleydale Irrigation Scheme and the Orinoco dam.

In 2006 the beneficiaries of the Champagne Communal Property Association (CPA) obtained the farm through the land restitution process. However in 2009/10 financial year the farming operations had deteriorated due to the beneficiaries' lack of farm management skills. The estate was thus facing financial problems and needed adequate financing for its production activities in order to sustain it as a farming business. This was when the department intervened and discovered that only 132 hectares of the orchards were in a reasonable condition to continue producing marketable fruit. The DARDLA then developed a business plan for the project to provide it with infrastructure, fencing, mechanization, irrigation equipment, production inputs and marketing support. DARDLEA also appointed a farm manager, Mr. Richman Mavimbela to assist in the daily operations of the farm. He reported that it was envisaged that from 2014 onwards, that the Estate will not need to rely on government funding.

#### 4.2.2. Project Profile

<b>District and Municipality</b>	Ehlanzeni District Municipality; Bushbuckridge Local Municipality
<b>Village name and ward</b>	Chochocho: Champagne Ward 22
<b>Number of hectares</b>	400 ha
<b>Beneficiaries</b>	302
<b>Project activities</b>	Mango, Citrus and Vegetables
<b>Total Expenditure</b>	<b>R 17 403 000 (DARDLEA)</b>

#### 4.2.3. Support Provided by the DARDLEA

The department reported that the project was supported in four phases as follows:

<b>Financial Year</b>	<b>Description</b>	<b>Amount</b>
<b>2009/10 (Phase 1)</b>	Removal of aged trees, demarcation of the farm according to land classification and revitalization of irrigation systems	<b>R 3, 725, 000</b>
<b>2010/11 (Phase 2)</b>	Fencing of the whole farm (perimeter fence); revitalization of pump stations and construction of main water pipe line; in field works; land preparation and re-planting; purchase of farm implements	<b>R 3, 000, 000</b>
<b>2011/12 (Phase 3)</b>	Re-planting of 60 hectares of citrus trees; renovation of ablution facilities; construction of canteen facilities; upgrading of roads; refurbishment of portable water supply and renovation of staff houses; payment of Eskom accounts; Cross-ripping; cleaning and de-bushing of 11 hectares for establishment of vegetable garden	<b>R 4, 378, 000</b>
<b>2012/13 (Phase 4)</b>	Establishment of 11 hectares drip irrigation for vegetable production; land preparation of 11 hectares of vegetable garden; renovation of the night storage dam and installation of dam lining for seepage control; construction of soil conservation structures	<b>R 6, 300, 000</b>
<b>Total project cost</b>		<b>R 17, 403, 000</b>

#### **4.2.4. Support Provided by the Department of Rural Development and Land Reform (DRDLR)**

The DRDLR reported the following:

- a) In 2012 the project had funds approved under the Recapitalization and Development Programme (RADP), and the grant amounted to **R19 603 540.00**. The funds were approved as per the business plan and were to be used for:
  - Plant and equipment;
  - Furniture and equipment;
  - Irrigation and equipment;
  - Land Preparation and orchard equipment;
  - Buildings and pack house development;
  - Production inputs
- b) RADP funds were released into the registered joint bank account in four separate tranches of 25% each tranche equaling **R4 900 885.00** per tranche
- c) Additional request was made for second year funding amounting to **R37 535 940**;
- d) The request went to the National Land and Recapitalisation Control Technical Committee which sat on the 20th of August 2014 and it was rejected on grounds that the project has received enough funds from both Departments already.

**4.2.5. The Committee deliberated with the DARDLEA, DRDLR and the project beneficiaries at Champagne Mango and Citrus Estate. The following issues were noted from the deliberations:**

##### **a) Current status of the Project**

- The project beneficiaries reported that the project collapsed in 2014. Furthermore, they reported that water could not reach the trees and the trees were dying.
- The beneficiaries reported that they do not know where most of the funds allocated to the project went to. It was reported that money was seen on paper but the actual work done could not be seen on the ground. The beneficiaries reported that most of the money went to the project mentor, whom at that time was Mr. Bruce Andrews.
- The Department of Rural Development and Land Reform reported that the project experienced shortage of funds to pay the pack house contractor due to the mentor deviating from the original approved business plan. The initial plan was for the pack

house to be completed in a period of two years with **R5 160 240.00** allocated for the pack house in year 1 and **R7 080 000.00** allocated for the pack house in year 2.

- As a result, the CPA failed to pay the pack house contractor. The contractor has taken the CPA to court for the outstanding amount owed to him.
- The CPA has also parted ways with the mentor Mr. Bruce Andrews.
- The CPA also failed to pay for security services and as a result terminated the contract for security services. There is a court case on this matter.
- The CPA also failed to pay for the electricity bill.
- In order to save the project from collapsing, the project beneficiaries “leased” the project to a private farmer and refer to him as a ‘strategic partner’. The leasing is for a period of 9 years and 11 months.
- Some of the benefits that the project beneficiaries will derive for the leasing of the farm are as follows:
  - R30 000 rental per month, with an annual escalation linked to the Consumer Price Index for the followings years.
  - 30% net profit split between the lessee and the project beneficiaries.
  - Employment of project beneficiaries in the farm.
- The land claim has been settled in the interest of Champagne community. However the land still belongs to the Department of Rural Development and Land Reform.

#### **4.2.6. Challenges**

The DARDLEA reported that since the farm was leased to another person, it has been difficult for them to enter the farm and provide the necessary advice and support to the project beneficiaries.

#### **4.2.7. Findings**

After the deliberations, the Committee made the following findings:

- a) The department spent **R17 400 000** on the renovation of Champagne citrus project.
- b) The project mentor failed to impart the required farm management skills to the project beneficiaries, as a result the project collapsed in 2014.
- c) The project beneficiaries leased the farm to a private farmer for a period of 9 years and 11 months.



- d) The project beneficiaries believe that most of the money for the project went to the project mentor. They reported that they have only seen the money allocated for the project on paper.

#### 4.2.8. Recommendations


The Committee therefore recommends that the department must:

- a) Submit a comprehensive report on how the project was assisted by the department since it was visited by the Portfolio Committee in 2012.
- b) Submit a comprehensive report indicating whether there was value for money on the R17 400 000 spent on the project.
- c) Submit a comprehensive report indicating how the department is going to monitor the implementation of the lease agreement in the Champagne farm.
- d) Conduct an investigation with the Department of Rural Development and Land Reform to determine how the money allocated for the project was utilized.

## 5. CONCLUSION

The Chairperson of the Portfolio Committee, Hon VV Windvoël, extends his appreciation to Members of the Committee, departmental officials, all stakeholders and the support staff of the Legislature for their participation during this oversight visit to the communities of the Bushbuckridge 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 **23 February 2016** and thereafter on a quarterly basis.

  
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 HON. VV WINDVOËL (MPL)

16/02/2016  
 DATE

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