

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

### **TAKING LEGISLATURE TO THE PEOPLE IN THE DR. JS MOROKA LOCAL MUNICIPALITY, NKANGALA DISTRICT, 17 – 21 SEPTEMBER 2018**

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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. Sections 114 and 133 of the Constitution, read with Rule 190(4) and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules) directs the Legislature to hold the Executive accountable for the exercising of powers and performance of their functions. 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.

In terms of Rule 190(4) and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules) the Committee has a constitutional mandate to oversee the performance of the department and to hold the Executive Authority accountable for the delivery of core mandated services.

One of the instruments that enable the Committee to execute its mandate is to undertake oversight-visits to various projects in the Province undertaken by the Executive authority and hold them accountable service rendered.

#### **2. PURPOSE OF THE “TAKING LEGISLATURE TO THE PEOPLE” PROJECT (TLP)**

The purpose of the 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.

### **3. OBJECTIVES OF THE VISITS**

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

- a. To evaluate the progress made on projects reflected in the Annual Performance Plan (APP) implemented by the department. The Legislature seeks to ascertain whether provincial government delivers services effectively and efficiently within the respective municipalities.
- b. To determine the extent to which public funds are efficiently, economically and effectively used by the department in the implementation of its projects;
- c. To interact with project beneficiaries in order to hear their concerns.
- d. To fast track service delivery of core services to the communities within the municipality in which the department has funded projects.
- e. To engage with the farming and agricultural sector to hear how they contribute to the economy of the local municipality and find out how they can be assisted by their elected representatives.

The purpose of the public hearing, which was actually a joint hearing of the Economic and Social Transformation Clusters, was to allow the MECs a platform to report back to the community and the Committee on the range of service delivery concerns. The public hearing thus provided Members of the Legislature with an opportunity to engage the public on a range of service delivery issues.

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

In preparation for the TLP, the research section conducted pre-site visits to the municipality. Comprehensive research reports were compiled that informed the Committee's programme. The Committee conducted oversight visits to Dr. JS Moroka Agri-Hub and Marapyane Fortune-40 Project on Tuesday and Wednesday. A stakeholder Engagement with the farming and agriculture sector was conducted in the municipality on Tuesday, 18 September 2018. The Committee participated during the joint public hearing of the Economic and Social Clusters of the Legislature, which was conducted on Thursday, 20 September 2018.

#### 4. STAKEHOLDER ENGAGEMENT

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

- AGRI-SA;
- AGRI-SETA;
- National Development Agency (NDA);
- Mpumalanga Economic Growth Agency (MEGA);
- University of Mpumalanga;
- National Emergent Red Meat Producer Organisation (Nero)
- Department of Rural Development and Land Reform (Mpumalanga Office) and
- Department of Agriculture, Rural Development, Land and Environmental Affairs

##### 4.1. Presentation by Stakeholders

- i. The NDA made a presentation and reported on the following issues:

##### Projects supported in the Dr. JS Moroka Local Municipality:

- **Khuphukane Goats Farming Cooperative (Troya)**

|              |   |
|--------------|---|
| Location     | Troya   |
| Amount       | <b>R 1 071 822.00</b>   |
| Activities   | <ul style="list-style-type: none"> <li>-Financial Management Training</li> <li>-Governance Training</li> <li>-Fencing</li> <li>-Borehole Drilled</li> <li>-Construction of goats sheds</li> <li>-Purchase of a bakkie and trailer</li> <li>-Purchase of Kalahari and Boer goats</li> <li>-NTK Mentor appointed</li> </ul> |
| Jobs created | Five  |

- **Lebogang Poultry Cooperative**

|          |                      |
|----------|----------------------|
| Location | Troya                |
| Amount   | <b>R1 640 394.00</b> |

|              |   |
|--------------|---|
| Activities   | - Training<br>- Fencing<br>- Construction of Poultry Units<br>- Construction of access road |
| Jobs created | Eleven  |

- **Sizakancane Poultry Cooperative**

|              |  |
|--------------|--|
| Location     | Kameelrivier B   |
| Amount       | <b>R875 611.00</b>   |
| Activities   | - Training in Project Management, Financial Management, Strategic Planning, Marketing and Fundraising.<br>- Construction of Poultry Houses<br>- Purchase of Poultry Equipment<br>- Purchase of production inputs |
| Jobs created | Ten  |

- **SOS Children's Villages**

|              |   |
|--------------|---|
| Location     | Pankop and Mathanjana                                     |
| Amount       | <b>R757 600.00</b>  |
| Activities   | Drilling of a borehole<br>Fencing<br>Vegetable production |
| Jobs created | Ten   |

The NDA reported the following hindrances limiting the ability in improving the economy of the municipality:

- Budgetary constraints
- Lack of access to the markets for products
- Skills levels of cooperative members
- Community dynamics and members in conflict
- Feeds prices too high to remain in business
- Theft of stock like goats and diseases affect the food security
- Lack of commitment from cooperative members.

#### **4.2. The following issues were raised by farmers:**

- a. A concern was raised that the agro-processing facility is still not functioning since it was constructed in 1994.
- b. Farmers requested to be provided with fencing and boreholes as the municipality has water challenges.
- c. A concern was raised that tractors and diesel were not provided on time by the department.
- d. The re-opening of the Marapyane Farmer Training Centre was appreciated
- e. Farmers in the local municipality raised a concern on the delay by the department to complete the Dr. JS Moroka Agri-hub.
- f. Farmers requested the department to conduct a research on how farmers can acquire seed producing seeds.
- g. Grazing land was reportedly not sufficient.
- h. Farmers raised a concern that stock theft was high in the local municipality.
- i. The department was requested to ensure that there is a market for the farmers in the local municipality.
- j. Farmers raised a concern that when they sell their produce they are offered less than the market price.
- k. The department was requested to clear dams that are full of sand in the municipality.
- l. A concern was raised that land is handed over to CPAs but does not benefit local communities.

#### **4.3. Recommendations emanating from the stakeholders engagement**

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

- a. The department must construct and or repair dams and boreholes in the local municipality to ensure that the water challenge in the municipality is addressed.
- b. The department must provide fencing and /impliments to farmers in the municipality.
- c. The department must play a role in coordinating all stakeholders involved in farming and agriculture activities for the benefit of the farmers in the local municipality.
- d. The department must address all the challenges raised by stakeholders as reflected in **4.2.** above.

## 5. OVERSIGHT ON GOVERNMENT FUNDED PROJECTS

### 5.1. DR. JS MOROKA AGRI-HUB

#### 5.1.1. Project background

The Dr. JS Moroka Agri-hub is located at Kemeelrivier, Ward 19. The development of the Agri-hub started in the year 2013 where the municipality realised a dire need to address market challenges facing farmers in the area in particular small holder producers in the municipality. In the year 2014, the department entered into a Memorandum of Understanding (MOU) with the municipality to collaborate in the implementation of the market. After the pronouncement of the Agripark concept by then President Jacob Zuma, an agreement was reached that the market should be converted into an Agri-hub, which is a wing of the Agripark. The department together with the Department of Rural Development and Land Reform (DRDLR), Mpumalanga Economic Growth Agency (MEGA), Nkangala District Municipality and the DR. JS Moroka Local Municipality were the key stakeholders driving the project.

The Agrihub is intended to bridge the market gap facing farmers in the municipality and surrounding communities. The Agrihub will also serve as a market intelligent for farmers in the district and primary source of supply for the Mpumalanga International Fresh Produce Market.

#### 5.1.2. Project Profile

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

|                   |  |
|-------------------|--|
| Location/ Ward    | Vaalbank / Ward 19                                   |
| Coordinates       | S 25° 08.746 E 028° 56.280'                          |
| Form of ownership | DARDLEA  |
| Number of Hectors | 2  |
| Type of Project   | Packaging facility for the Nkangala District Farmers |
| Date of inception | 2013   |

### 5.1.3. Financial Information

- a. Since inception, the project has been allocated an amount of **R22 019 213.87** and the current commitment for the project is **R8 052 612.19**.
- b. The total project value is anticipated to be **R30 071 826.06**.
- c. Funding Sources:
  - DARDLEA: **R6 179 339.09**
  - MEGA: **R2 251 275.00**
  - MIG: **R13 588 599.79**
  - Council: **R8 052 612.19**
- d. The first contractor was appointed in the year 2010 but only started working in 2013 due to land ownership disputes. The contractor was appointed for **R6 422 279.95**. An amount of **R6 404 944.92** was paid before terminating the contract due to poor performance.
- e. The second contractor was appointed from 1 April 2015 for an amount of **R16 449 878.26**. An amount of **R14 359 305.98** was paid to the contractor before termination due to poor performance. Consultant cost amounts to **R1 448 455.48**.
- f. The third contractor is appointed for an amount of **R6 927 892.00**.

### 5.1.4. Farmer Support Production Units (FSPU)

- a. According to the Agripark Master Plan, nine (9) Farmer Support Production Units will be provided in the district. Of the 9 FSPU, four (4) are already in development phases:
  - Kraanspoort (Vegetable production)
  - Kameirevier (Hydroponics for vegetable production)
  - Doornkop (Feed mill for livestock production)
  - Sybrandskraal (Grain production).
- b. The FSPU will serve the following core functions:
  - Agricultural input supplies
  - Mechanisation support
  - Extension Support
  - Local Logistics Support

- Primary produce collection
- Through-put to Agri-hubs
- Limited sorting
- Packaging
- Storage
- Some processing for local markets
- Packaging of products for the local market
- Small retail outlets and the Fresh Produce Market
- Transportation of produce destined for processing directly from the farm.
- Auctioning of produce where applicable.

#### **5.1.5. Status of the project as at the day of the Committee visit**

- a. The project was reported to be 95% complete and the anticipated completion date is 02 November 2018.
- b. The project was left unattended for some time which resulted in vandalism and theft of equipment and materials.

#### **5.1.6. Deliberations during the TLP Oversight visit**

- a. The Executive Mayor reported that the structure was not completed on time due to the vandalism and stealing of materials by local people.
- b. The department reported that eighty three (83) farmers will supply the agri-hub. Furthermore, the department reported that it is in a process of capacitating the farmers.
- c. The Department of Rural Development and Land Reform reported that an amount of **R22 000 000.00** has been committed to expand and equip the Agri-hub to become a fully-fledged facility.
- d. The Committee raised a concern that the project should have been completed a long time ago so it can be ready to supply the International Mpumalanga Fresh Produce Market (MIFPM).
- e. The Committee requested the Department of Economic Development and Tourism to revitalise LED sections in all municipalities.
- f. A concern was raised by the Committee that it took the department eight (8) years to complete the project. The Committee was of the view that the department and all



stakeholders involved in the project should take responsibility on the vandalism of the project.

- g. The Committee raised a concern that the Agri-hub is not strategically located and that the board on the project is confusing as it reflects that the project is funded through the Municipal Infrastructure Grant (MIG).
- h. A concern was raised that an operational plan for the project was not developed.
- i. The Committee noted with concern that the department changed contractors two times in the project due to poor performance.
- j. The Committee requested the department and the municipality to address the water challenge in the project.
- k. The department was requested to submit a database of all SMMEs, Cooperatives and farmers that will supply the Agri-hub indicating their state of development.

#### **5.1.7. Findings**

The Committee made the following findings:

- a. The department is still in a process of finalising the operational plan for the Agri-hub.
- b. The project is 95% complete and the anticipated completion date is 02 November 2018.
- c. The project cost escalated due to contractor's contracts being terminated due to poor performance.
- d. The Agri-hub still has a number of challenges that need to be rectified before the Agri-hub can meet the Food Grade Standards.
- e. The Department of Rural Development and Land Reform committed that there is a budget of **R22 000 000.00** committed to expand and equip the Agri-hub.

#### **5.1.8. Recommendations**

The Committee recommends that:

- a. The department must finalize the operational plan for the Agri-hub and ensure that all stakeholders are involved in the project.
- b. The department must ensure that the project is completed on the anticipated date.

- c. The department must brief the Committee on whether the amounts paid to the contractors whose contracts were terminated due to poor performance have been recovered.
- d. The department must attend to all the challenges raised on the infrastructure assessment report to ensure that the Agri-hub meets the Food Grade Standards.
- e. The department must liaise with DRDLR and ensure that the committed of **R22 000 000.00** is utilized for the intended activities in the Agrihub.

## **5.2. RETLOSHOMA CO-OPERATIVE LIMITED CO-OPERATIVE**

### **5.2.1. Project Background**

The project was established in the 2015/16 financial year as part of the initiative of the department to commercialise some farms within the province to benefit unemployed youth interested in farming. Due to site identification issues, the cooperative was operating from the Kwaggafontein Fortune-40 project for the first two (2) years until September 2017. In October 2017, the project beneficiaries were relocated to Marapyane College to continue with their project. They started farming with vegetables in a small scale where they are producing cabbage, spinach, lettuce and onions. The project will also focus on livestock production once the livestock handling facilities have been fully renovated.

### **5.2.2. Financial Information**

The following information was reported by the department:

| <b>Year Support</b> | <b>Budget</b> | <b>Activity</b>  |
|---------------------|---------------|--|
| 2017/18             | R2 448 000.00 | Revitalisation of vegetable tunnels and 2 x boreholes and hostel renovated   |
| 2018/19             | R1 100 000.00 | Refurbishment of small livestock handling facility, installation of electricity and reticulation of water to the small livestock handling facility and completion offices and ablution facility. |

### 5.2.3. Deliberations during the TLP visit

- a. The Chairperson of the cooperative appreciated the support by the department. He requested for a tractor to be provided for the cooperative.
- b. The research report detailed a number of challenges at the project. The department was given a chance to respond to those challenges. The department reported that:
  - Insufficient working equipment: the department reported that hand tools have been provided to the project.
  - Transport not provided: the department reported that two (2) bicycles will be provided.
  - Contract expiring in September 2018: the department reported that the contract has been extended to January 2019.
  - Hostel furniture very old: the department reported that quotations new furniture will be provided by the end of November 2018.
- c. The Committee enquired whether the training that has been provided to the beneficiaries was accredited. The department confirmed that the beneficiaries received accredited training.
- d. During the in-loco inspection, the Committee noted that pest control was not properly done at the project.

### 5.2.4. Findings

The Committee made the following findings:

- a. The department is taking long to complete the refurbishment of the sheep and goat handling facilities. These facilities have not been completed for the two previous financial years.
- b. The project beneficiaries have not yet produced any crop in the renovated vegetable tunnels.
- c. Pest control was not properly done at the project.

### 5.2.5. Recommendations

The Committee therefore recommends that:

- a. The department must complete the refurbishment of the sheep and goat handling facilities before the end of the third quarter.
- b. The department must ensure that the renovated vegetable tunnels are fully utilized by the project beneficiaries.
- c. The department must do pest control at the project to ensure that the produce is of good quality.

### **5.3. PUBLIC HEARING**

#### **5.3.1. Report back Session by Government Departments**

The Leader of Government Business reported the following concerning the department:

- a. The department is engaging the Department of Rural Development and Land Reform in order to address the issue of land scarcity in the municipality.
- b. The department will fix the broken tractors so farmers can have access to tractors.
- c. The department will provide fencing of about hundred (100) kilometers in the Dr. JS Moroka Local Municipality.
- d. The department will construct 10 boreholes in the municipality during the 2018/19 financial year.
- e. Regarding the Sunflower Farming Project, the department has engaged the Department of Rural Development and Land Reform to assist the project.
- f. The department will strengthen its working relationship with the Department of Rural Development and Land Reform to ensure that farmers receive the assistance they need.

#### **5.3.2. Issues raised during the public hearing**

The following issues relating to the department were raised during the public hearing:

- a. The scarcity of water in the local municipality was raised as a serious concern for farmers.
- b. A concern was raised that land appropriated to CPAs do not benefit all members of the community. An allegation was made that some members of CPAs steal money from the CPAs.

- c. A concern was raised that there is a borehole in ward 14 that is still not completed, since 2012.

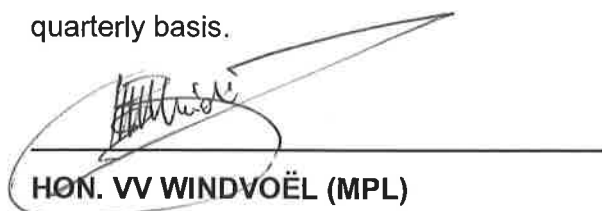
## 6. CROSS-CUTTING RECOMMENDATIONS

- a. The department must ensure that the 100km fencing is provided to farmers in the municipality as committed.
- b. The department must ensure that the Fortune-40 projects in the municipality reach production capacity during the current financial year.
- c. The department must strengthen its support to farmers in the municipality and ensure that implements are provided to farmers on time.
- d. The department must construct and complete the ten (10) boreholes in the municipality during the 2018/19 financial year.

## 7. CONCLUSION

The Acting Chairperson of the Portfolio Committee, Hon VV Windvoël, extends his appreciation to Members of the Committee, the MEC and departmental officials, all stakeholders and the support staff of the Legislature for their participation during this oversight visit to the community of the Dr. JS Moroka 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 relevant Portfolio Committee by **23 November 2018** and thereafter on quarterly basis.

  
 HON. VV WINDVOËL (MPL)

17/10/2018  
 DATE

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

*Appointed in terms of Rule 114 of the Rules and Orders of the Mpumalanga Provincial Legislature.*

