

5. Report of the Portfolio Committee on Agriculture, Forestry and Fisheries on an Oversight Visit to Free State Province from 13 – 17 August 2018, Dated 27 November 2018

The Portfolio Committee on Agriculture, Forestry and Fisheries having undertaken an oversight visit to Free State Province from 13 – 17 August 2018, report as follows:

1. INTRODUCTION

As per Parliament's constitutional mandate, the Portfolio Committee on Agriculture, Forestry and Fisheries undertook an oversight visit to Free State Province from 13 – 17 August 2018, to oversee the implementation of concurrent activities, policy mandates and service delivery progress in respect of agricultural and fisheries (i.e. aquaculture) development.

1.1 Delegation

The delegation composed of the following Committee Members:

Portfolio Committee on Agriculture, Forestry and Fisheries: ANC: Ms MR Semenya - Chairperson and leader of the delegation, Mr PDN Maloyi, Mr N Capa, Ms P Chueu; **DA:** Mrs A Steyn; **NFP:** Mr SC Mncwabe and **AIC:** Mr LM Ntshayisa.

1.1.1 Committee Support Officials:

The delegation was supported by Ms A Kakaza – Committee Secretary, Ms N Mgxashe – Content Advisor, Mr N Ginindza – Committee Researcher (Fisheries), Ms N Qwabe – Committee Researcher (Agriculture), Ms N Diya - Committee Assistant and Ms S Govender – Communication Officer.

1.2 In attendance

The following were in attendance: Chairperson and Members of the Free State Provincial Portfolio Committee on Agricultural and Rural Development; the Member of the Executive Council (MEC) for Free State Department of Agricultural and Rural Development; Executive Mayors from Lejweleputswa District and Thabo Mafutsanyana Setsoto Local Municipalities; officials from the National Department of Agriculture, Forestry and Fisheries; officials from the Free State Provincial Department of Agricultural and Rural Development and Traditional Leader from Thaba Nchu.

During site visits, the delegation was joined by project managers and project beneficiaries.

2. TERMS OF REFERENCE

2.1 Background

The agricultural sector is faced with a number of natural disasters as a result of changes in climate. These include among others, the drought that hit the country in 2015 and is still continuing in some provinces. Free State Province is one of the grain producing regions of the country and the Committee planned to determine through the Oversight Visit, how drought relief has been disbursed to farmers, how the province recovered from the drought and the state of readiness for the current and coming planting seasons.

Notwithstanding the drought, the agricultural sector has been hit hard by disease outbreaks, which include fall armyworm that attacks grain crops, the deadly avian influenza that affects poultry and ostriches and most recently, listeriosis that is caused by *Listeria* bacteria that can originate from the soil, water, dairy, vegetables and meat. Disease outbreaks threaten the sustainability of the sector including employment as they lead to bans of

South African exports. In this regard, the Committee also planned to determine the availability and state of veterinary services in the Free State Province.

2.2 Objectives of the Oversight Visit

The purpose of the oversight visit was to oversee:

- a) The implementation of the Fetsa Tlala Food Production Initiative and status of projects that have been funded through conditional grants such as the Comprehensive Agriculture Support Programme (CASP), which is also used to fund Fetsa Tlala; as well as Ilima/Letsema;
- b) The implementation of the Agricultural Policy Action Plan (APAP) through the development of commodity value chains;
- c) The development of inland aquaculture in Free State;
- d) The development and status of irrigation schemes;
- e) Progress regarding the development of Agri-Parks and implementation of projects that are linked to Agri-Parks;
- f) Support that is provided to smallholder producers and land reform beneficiaries; and
- g) Availability and status of mobile veterinary clinics in the Province.

3. COMMITTEE OVERSIGHT FINDINGS

3.1 Briefing by the Free State Provincial Department of Agriculture and Rural Development (DARD)

3.1.1 Overview of Agriculture in the Free State Province

The delegation was welcomed by the Chief Whip of the Free State Legislature, Mr Van Rooyen. The Member of the Executive (MEC) for the Free State Department of Agriculture and Rural Development (DARD), Dr B Malakoane, did an introduction and opening remarks. He highlighted that

the Acting Head of Department (HOD), Ms G Brown, has been with the Provincial Department for only 2 weeks as she is the HOD for the Provincial Public Works Department. He also mentioned that Ms Brown, whose focus will be on governance issues, was the third Acting HOD since May 2018. Therefore, Dr TJ Masiteng, the Deputy Director-General (DDG) from the Provincial Department and other relevant officials will do the detailed presentation.

The MEC highlighted that he has been in the provincial Department for 4 months and has seen very little success on projects that have been funded through conditional grants. He reported that a preliminary analysis of all projects has already been done and the Provincial Department will be re-visiting all projects within districts in order to develop a turn-around strategy. Dr Malakoane mentioned that the Provincial Department has been operating through implementing agents and he is doing away with that. He also reported that a process is underway to re-align the Provincial Department's structure to ensure that it lives up to its mandate. The MEC commented that the few successful developing commercial farmers in the Province have seen success through the efforts of the private sector (e.g. organised agriculture commodity groups).

Dr Masiteng and other officials presented a brief overview of the agricultural profile of the Province, alignment of the Provincial Department's plans with the National Development Plan (NDP) including the 2018/19 state of readiness for the planting season for each District Municipality. It was reported that the overall population of the province is estimated at 2 757 924 (Stats SA) and approximately 603 523 (21.9%) of the people still has inadequate access to food. Agriculture dominates the Free State landscape with arable land covering about 3.2 million hectares (ha), whilst natural veld and grazing cover about 8.7 million ha. It was reported that the province, with more than 30 000 farms, produces over 70% of the country's grain and field crops yield almost two-thirds of the gross agricultural income of the province.

In terms of mechanisation support the Province has a total of 72 tractors that were received from the national Department. The tractors are allocated to the different districts within the Province to support 5 cooperatives. Of the 5 cooperatives, only 2 are doing well. In terms of the development of Agri-Parks, it was reported that the Province has identified 5 sites, namely, Parys, Wesselsbron, Tshiame, Thaba Nchu and Springfontein. Not much is taking place in the Agri-Parks but there are projects that are linked to the areas. The province has a total of 115 Extension Officers and 15 Veterinary officials. The provincial Department provides support to smallholder farmers in the areas of technical, financial, marketing, mentorship, engineering, business development, training, financial management, research and development and veterinary services. The Province also briefly presented the state of readiness for the 2018/19 planting season. However, due to time constraints, the delegation suggested that the presentation be done at a later stage.

3.2 SITE VISITS

During the oversight visit, the delegation met with the Free State Provincial Legislature and visited several agricultural including aquaculture projects (13 – 17 August 2018). The following projects were visited:

Lejweleputswa District Municipality

3.2.1 Balemi Farmers Primary Agricultural Cooperative (Masilonyana Local Municipality)

The Balemi Farmers Primary Agricultural Cooperative consists of six members 5 males and 1 female which were elected from five farms i.e. (3 Land Redistribution for Agricultural Development (LRAD), 1 Communal Property Association (CPA) and 1 Proactive Land Acquisition Scheme (PLAS) Farms). The cooperative was established in 2009 and has since then been operating informally until a committee was elected to lead the cooperative. Monthly meetings were held, joining fees and monthly

contributions were paid by the members in order to support the success of their initiatives. The cooperative (coop), which is not in partnership with anyone, operates on five farms with a total area of 1764.9 hectares (ha) of which 1414.9 ha is grazing land and 350 ha is arable land. The area is good for dryland farming and the main activities are beef and crop production. Balemi Farmers Coop identifies itself as semi-commercial. The coop has 81 Bonsmara heifers and 4 bulls that are utilised for beef production. Unproductive cows are culled and sold. In terms of crop production, maize, sunflower and soya bean are the main crops. The average yield for maize in the last harvest was 2 tons/ha. Sunflower and soya bean will be planted in the 2018/19 production year.

In 2013, the coop used its savings to buy a second hand combine harvester from a commercial farmer in the Botshabelo area. In 2014 the Department of Agriculture and Rural Development (DARD) supported the cooperative with a four rows new conventional planter and in 2015, with a new boom sprayer. The support given by DARD motivated the members to be more active and willing to take the cooperative to the next level. With assistance from DARD, the coop was successfully registered to operate as a formal business entity on 05 November 2014.

The harvested maize crop is marketed at SENWES silo in Brandfort, which is approximately 40 km from Verkeerdevlei; while weaners and culled cows are sold in Bainsvlei (Vleissentraal Auction in Bloemfontein). The coop members are permanently employed by the cooperative. During the maize crop harvesting period in 2016, eight temporary workers, of which six were females and two males, were employed. The coop members receive technical advice on a monthly basis including training and information sessions/workshops through extension services. The cooperative is also registered with Grain SA, which provides training and support on crop production through the Farmer Skills Development Programme. The cooperative reported the following challenges:

- Drought: The recent drought had a severe impact on the farming business and there has been no drought relief assistance from government.

- Inadequate access to credit facilities limits expansion and the current available resources (mechanisation) are not sufficient to improve productivity. With the two tractors the coop has, the farmers are managing to plant 120 ha of the total 350 ha of arable land.
- Land: The members are currently utilising land that belongs to the family trust and would like the cooperative to own a farm that will be registered under its name.
- Fence: The condition of the fence (border and subdivision) in all the farms is very poor and limits proper breeding management and veld management.

In terms of drought mitigation measures, the cooperative suggested that Government should ensure a speedy and immediate response in the provision of assistance to affected farmers. The coop members also highlighted the need for availability of more credit facilities that are tailor-made for emerging farmers with the assistance of government. Future plans are to put more effort in improving livestock, increasing yields and putting more land under sunflower and soya bean production. The cooperative also plans to have pigs and sheep; and to also motivate and encourage members' children to be part of the cooperative.

The cooperative was supported financially by DARD as follows:

Financial year	Amount spent	Purpose
2016/17	R106 676	Purchase of 4 Bonsmara bulls.
2017/18	R1 297 513	Purchase of 81 Bonsmara heifers.
2017/18	R294 439	Purchase of mobile livestock handling and veterinary equipment

A total amount of approximately **R1.7 million** has been invested at Balemi Cooperative from 2016/17 to 2017/18.

Mangaung Metropolitan Municipality

3.2.2 Khumo Farm (Mangaung Metropolitan Municipality)

The Khumo farm is situated on a homogeneous agricultural area number 4054 north of Thaba Nchu town in the Mangaung Metro in the Free State Province, approximately 21 km from the Excelsior town, east of Bloemfontein. The area itself is characterised with marginal production potential. The farm was bought by Mr Thekiso through the Land Bank in 1998 and is now paid up. Mr Thekiso identifies himself as semi-commercial. The farm extent is 669 ha of which 437 ha is natural grazing, 231 ha is arable land and the remaining 1 ha comprises of the homestead, waste and road. Mr Thekiso lives with his family permanently on the farm and manages the farm with his son. He employs three full-time workers.

The farm is fully fenced and the grazing area is subdivided into 18 grazing camps all with stock watering points. Most of the water is sourced through windmills and earthen dams. The project was assisted over several years with funding by the Department Agriculture and Rural Development (DARD), which also provides advisory services (Extension Support and Animal Health Services). The farm beneficiaries also attend training sessions and farmers' days. The main enterprise on the farm is livestock in the form of cattle, sheep and pigs. Mr Thekiso is a member of African Farmers Association of South Africa (AFASA), Bonsmara Association and the local Beef Study Group.

Mr Thekiso is farming with a well-established Bonsmara herd consisting of 7 Bonsmara bulls, 140 breeding cows and 40 heifers; 3 rams, 58 ewes and 26 lambs; as well as a piggery with 21 pigs for additional source of income. He has planted pastures and an on-farm feedlot and therefore, has grassfed and grainfed cattle. He reported that the feedlot was fully operational during the previous seasons and currently has 69 animals in the feedlot. They also planted 95 ha of maize to use as feed in the feedlot and 35 ha of *Eragrostis* grass species was also baled for use as roughage in the feedlot. The maize was being harvested at the time of visit at an average of 2.3 tons per ha.

The main markets for the feedlot animals is Sky Country and Free State Meat. The maize and sunflower are normally sold to OVK Cooperative in Tweespruit and at auctions in Thaba Nchu and Bloemfontein. Livestock is also sold at informal markets.

Achievements:

- Hosting of the Agri-TV Broadcast programme, “growing tomorrow”.
- ARC- Animal Improvement Scheme – Best Developing Farmer in South Africa Award.
- Farmers Weekly publication about the farm in the year 2014.
- Mentorship – Mr Thekiso was also part of the Department’s Mentorship Programme in the past two years where he mentored one of the beef projects in the District with success.

The main challenges reported were:

- Livestock theft.
- High weaner prices.
- Feed costs that have a negative impact on the profit margins of the feedlot.
- Animal health in the feedlot and poor growth performance of some animals – general feedlot management.

Mr Thekiso reported that he patrols the farm in the evenings to curb stock theft and also plans to organise the neighbours to form a forum to patrol the farms. In addition, he highlighted the need for proper training in feedlot management.

Future plans are to:

- Process his own grain on the farm for animal feed for the feedlot;
- Expand the feedlot to a full capacity of 700 animals per term with own weaners;
- Purchasing of quality breeds and registration as a Stud Breeder; and
- Having a butchery to explore the full value chain.

The project was supported financially by DARD as follows:

Financial year	Amount spent	Purpose
2013/14	R495 000	Purchase of 40 breeding cows and 2 bulls.
2013/14	R500 000	Water reticulation installation (2 new windmills, 2 windmill repairs, 1 new cement dam with pipes).
2013/14	R150 000	Fencing for 37 km including labour; and laying of pipes
2014/15	R363 901	Handling facility.
2014/15	R125 608	Pasture establishment.
2015/16	R724 158	Construction and establishment of feedlot; new cement dam; solar pump and pipes; borehole cleaning and testing.
2015/16	R347 000	Purchase of 24 breeding cows, 33 weaners and 1 bull.
2015/16	R394 055	Feedlot mixer.
2015/16	R385 119	Feeds and medicine.
2016/17	R627 000	Purchase of weaners.
2016/17	R530 000	Feed and medication.
2016/17	R430 920	Mechanisation.
2016/17	R316 572	Solar system installation.
2017/18	R1 358 758	Truck for animals and feed transportation (including branding and guarantee).

A total amount of **R6.74 million** has been invested in Khumo Farm over the 5-year period from 2013/14 to 2017/18.

3.2.3 Woodbridge Irrigation Scheme (Mangaung Metropolitan Municipality)

Woodbridge Irrigation scheme is found in the southern part approximately 30 km from Thaba Nchu town. The village where the Scheme is located

comprises of residential area, grazing area and irrigation lands. The Woodbridge Irrigation beneficiaries comprises of three (3) broad groups, namely

- Plot-holders of allotments on irrigated community gardens
- Plot-holders on smallholder irrigation schemes
- Backyard garden irrigators who water their crops on residential sites using manual ways and Infield Rain-water Harvesting (IRWH).

The Woodbridge Scheme is still held by traditional laws under a communal tenure system. The community is very poor and many people remain dependent on old-age pension, disability grants, child support grants, food hand-outs and other sources of income rather than farming. The household income is generally not enough to sustain families hence the income and expenditure levels are far below the national poverty line. The project nomination for beneficiation of this communal project include all members of the community represented by the household heads of each family per existing house in the village.

The production scale is very low due to the historically defunct irrigation activities. Some individual farmers are currently doing the work for themselves on the smaller plots (between 1.2 and 1.3 ha) that was allocated to them by the former Bophuthatswana government under the stewardship of Barolong Tribal Authority.

The irrigation scheme was supported by the Department of Agriculture and Rural Development (DARD) from 2015/16 for social facilitation and detail planning. During the intervention, establishment of seven cooperatives were proposed to the village in order to create jobs at the irrigated lands of approximately 121 ha and in the backyard gardens of between 0.6 and 1.5 ha. The proposed cooperatives will operate collectively within the community to produce enough for consumption and sell to formal markets.

In 2016/17, DARD reportedly assisted the project with the canal replacement, dam wall rehabilitation, dam wall outlet repair (not

completed), canal and dam fence (not completed), production inputs (not completed), general store and ablution. For 2017/18 financial year, an additional budget was allocated to the project for fence erection, water reticulation, building storage facilities, road construction, land preparation, production inputs (seeds and diesel), outsourcing engineering (supervision), irrigation designs, soil sampling, mechanisation procurement and equipment acquisition, production inputs and livestock infrastructure. The scheme's production focus is vegetables, lucerne and cash crops such as maize.

The project was supported financially by DARD as follows:

Financial year	Amount spent	Purpose
2015/16	R1 500 000	Social facilitation and detail planning.
2016/17	R6 500 000	Canal replacement; dam wall rehabilitation; dam wall outlet repair; canal & dam fence; production inputs; general store and ablution facility.
2017/18	R23 261 000	Fence erection; water reticulation; building storage facilities; road construction, land preparation; production inputs (seeds and diesel); outsourcing engineering (supervision); irrigation designs; soil sampling; mechanisation.

A total of **R31.2 million** has been spent on the Irrigation scheme over the 3-year period from 2015/16 to 2017/18.

The Committee delegation's engagement with the beneficiaries of the project revealed serious dissatisfaction and a number of challenges with the rehabilitation of the irrigation scheme.

The main challenges that have been raised by beneficiaries are:

- DARD did not engage the community on the work that was going to be done and there is no feedback on what has been done or will be done on the project.
- The Implementing Agent that has been appointed by DARD without the beneficiaries' involvement controls the project and all its processes. It does not communicate or engage with the community.
- The community has not benefited from the interventions taking place at the scheme. Only a few local people are employed by the Implementing Agent as labourers and none are involved in the management of the project.
- Departmental specifications on the work that needed to be done in the irrigation scheme have been altered by the Implementing Agent and were not done according to the agreement.
- Beneficiaries highlighted that the fencing for the scheme cuts across their grazing lands.
- Registration of established cooperatives is not incorporated in the implementation by the Implementing Agent as previously agreed with DARD.
- Delayed affiliation to Water Users Association due to non-registration of cooperatives that should be making the application.
- Registration of assets that have been bought for the project such as tractors, trailers and other implements is difficult as they are not owned by registered cooperatives.
- Dissatisfaction with the quality of the work that has been done by the Implementing Agent.

3.2.4 Tsokolibane Trust (Matjhabeng Local Municipality)

The farm is owned by 10 members of the Tsokolibane family together with their close relatives. The leader of the project, Mr Jacob Tsokolibane, had been a member of Thabong Farmers Association from 1997 where he acquired more experience on livestock and crop production. He also had some of his cattle grazing in a commonage in Thabong since the farm could not accommodate all the members of association's cattle. In 2007 Mr

Tsokolibane, with his family and close relatives approached the Department of Land Affairs to acquire a farm so that they can expand their operations. They were given the Merino Farm that is located in Odendaalsrus Magisterial District through the Land Redistribution for Agricultural Development (LRAD) grant. The farm extent is 1 056 ha, of which 756 ha is veld/grazing land and 300 ha is arable. The area receives rainfall of approximately 500 mm per annum.

The main farming activities are beef production and cash crops, mainly, sunflower and maize. The farm has a carrying capacity of 6 hectares per large stock unit (ha/LSU). On the farm there is a herd of 74 cattle that are owned by individual beneficiaries. The average yield for crops is 3 tons /ha for maize and a 1.5 tons/ha for sunflower. Crops are marketed through to the SENWES Odendaalsrus Silo while cattle are sold at the auction in Kroonstad.

The farm used to employ 6 permanent workers. However, due to the drought in 2014/15, 4 workers had to be retrenched and the farm now employs 2 workers. The farmers were able to fix 3 boreholes by themselves, managed to install a fence around the farm and also to plant fodder for their animals. Mr Tsokolibane serves in the National Emergent Red Meat Producers' Organisation (NERPO) as a district executive member. He is also a member of African Farmers Association of South Africa (AFASA) where he serves as a member for provincial safety and security.

The Trust was supported financially by DARD as follows:

Financial year	Amount spent	Purpose
2014/15	R4 394 500	Production inputs for 120 ha of sunflower (the support was for the 10 Grain and Livestock farmers); 3 tractors and implements; 53 Bonsmara cows and 1 bull; mobile handling facility.

2016/17	R924 000	Production inputs for 102 ha of maize.
2017/18	R570 000	Production inputs for 50 ha of maize (delayed due to drought) and 100 ha of sunflower

A total of **R5.88 million** was invested in the Trust for the 3-year period from 2014/15 to 2017/18.

The challenges facing the Trust include:

- Drought including relief. The recent drought had a severe impact on the farming business and lack of drought relief assistance from government made matters worse.
- Inadequate access to credit facilities limits expansion.
- Stock theft is a major issue as the farm is located next to Odendaalsrus town and on the way to Wesselsbron.
- Unavailability of safe drinking water on the farm as it is also located next to the mines, which led to underground water contamination. When the farm including others around were purchased, the mine promised to supply the farms with clean water for life but has since gone back on its word. Currently water for human consumption is fetched from the location.
- Group dynamics as there are usually different opinions on how to run the farm, which sometimes lead to poor decision making or loss of opportunities.

The beneficiaries suggested that Government should:

- Provide timeous relief assistance to farmers affected by drought.
- Ensure that financial institutions, with the assistance of government, avail more credit facilities that are tailor-made for emerging farmers.

- Ensure that the mine constructs desalination plants on farms affected by contamination through its activities to improve water quality for humans and livestock.
- Ensure that project beneficiaries are trained on group dynamics.

Mr Jacob Tsokolibane's future plans are to work independently as a commercial farmer producing pork, mutton and beef; and to plant maize and sunflower. To achieve this dream, he plans to apply for a Proactive Land Acquisition Strategy (PLAS) farm at the Department of Rural Development and Land Reform.

3.2.5 Zeebruggie Farm (Matjhabeng Local Municipality)

The Zeebruggie farm consists of 2 beneficiaries (1 male and 1 female). The farm was purchased by the DRDLR through PLAS in 2011. The farmer reported that there is a problem with his lease, which has expired but he continues to pay the annual rental of R500 000 to DRDLR. The farm is approximately 485 ha, which comprises of 250 ha arable land and 100 ha grazing. The beneficiaries are involved in crop production and keep a few livestock. The farm has some best soils in the area and is linked with the Sandvet Irrigation Scheme canal which supplies the area with adequate irrigation water. However, the farmer has water rights for only 50 ha.

The farmer has erected a fence for 12 km and was assisted by the Provincial Department of Agriculture and Rural Development with maize production inputs during 2015/16 worth R800 000. However, the produce was severely affected by drought. In 2017/18, the farm was assisted with maize production inputs for 50 ha amounting to R570 000. At the time of visit, maize was planted on 100 ha but its condition was poor due to lack of rain. Potatoes were also planted on 5 ha. Farm produce is sold at SENWES in Wesselsbron. The farmer is a member of NERPO and Potato South Africa. The main challenges that were raised were theft and drought, which is compounded by lack of timeous drought relief assistance.

The project was supported by DARD as follows:

Financial year	Amount spent	Purpose
2015/16	R800 000	Production inputs for 100 ha of maize.
2017/18	R570 000	Production inputs for 50 ha of maize.

A total amount of **R1.3 million** was invested in the project over the 2-year period of funding.

Thabo Mofutsanyana District Municipality

3.2.6 Wilhelmina - Kabelo Primary Cooperative (Setsoto Local Municipality)

The Wilhelmina Kabelo Primary Cooperative is situated 10 km from Ficksburg in Thabo Mofutsanyana District. There is a total of 13 beneficiaries of whom 10 are female and 3 are male. They worked for the previous farm owner and have lived and worked on the farm most of their lives. There are no people with disabilities in the group. The farm was purchased for R5.6 million by the Department of Rural Development and Land Reform (DRDLR) for the workers of Wilhelmina farm in the beginning of 2009. The farm was purchased under the Proactive Land Acquisition Strategy (PLAS) and is 343 ha in extent. The lease expired in 2013 but beneficiaries continuing paying the annual rental of R60 000 to the DRDLR.

The main farming activities are apple, cherry and peach production. The peach enterprise is the largest on 35.8 ha (Golden Ember, Safari and Flavor Press Cultivator) whilst cherries are on 8.5 ha of open fields and 1 ha under nets. The project was supported with 25 dairy cattle by the Provincial Department of Agriculture in 2010. Fresh milk is sold in the Meqheleng township. Apples were introduced in 2011 to diversify the farm's product range and to have a longer production season. During 2017/18, vegetable production was introduced and 15 000 cabbage seedlings were planted.

The project has 13 beneficiaries that are employed permanently and do all the work themselves except during harvesting when they hire casual labour (18 people) to assist with the increased work load. During the harvesting season that corresponded with the Committee's visit, the children of the project owners participated in harvesting. The main challenges that were reported at Wilhelmina farm is the availability of water, hail damage, expired lease and poor mentorship. A hydrological study was done during 2017, which recommended that 2 boreholes be drilled and a 173 000 litre reservoir be constructed. The activities to address water shortage are still in progress.

The cooperative was supported by DARD as follows:

Financial year	Amount spent	Purpose
2009/10	R849 052	Purchase of 25 dairy cows; tractor and farming equipment; production inputs.
2011/12	R994 000	Establishment of cherry orchards in 1 ha and of apples in 2 ha – both under nets; mechanical repairs to conveyor belts.
2012/13	R2 500 000	Mechanical fruit dryer, chemicals and packing materials; additional 2 ha of apples under nets; installation of irrigation system for apple trees.
2013/14	R2 000 000	Production maintenance inputs: Fertilisers, diesel and chemicals for fruit tree treatment; chemicals and materials for fruit drying; packing material for cherries and peaches; funding for additional labour for harvesting; servicing and repair of packing machines and implements; repair of earth dam wall.
2013/14	R12 968 782	Construction of access road; installation of street and flood lighting; solar power and water supply; construction of 14 houses (50m ²) and purchase of 8-ton truck.
2015/16	R1 800 000	Provision of diesel; clearing and preparing of land for new peach trees (in progress).
2016/17	R5 500 000	Rehabilitation of fountain and water pipes repair; nets repair on 1 ha of cherries and 4 ha of apples; planting of 3 000 apple trees; removal and replanting of 4 ha of peaches; trade-in of old and purchase of new LDV; salary payments for 5 months; production inputs.

A total of **R26.61 million** has been invested in the cooperative over a period of 7 years.

3.2.7 Black Survival Organisation Primary Cooperative (Maluti a Phofung Local Municipality)

The Black Survival Organisation (BSO) was established in 2001, as a non-profit organisation (NPO) with a group of initially 700 beneficiaries whose purpose was to train, develop and prepare the community members for the workforce. The beneficiaries were also involved in home-based gardens. In 2002 the beneficiaries came up with an idea of initiating a fish breeding and growing project. In October 2008, the beneficiaries received permission to use the water purification site that was previously owned by Sedibeng Water for fish farming. The site is at the Phuthaditjhaba industrial area which is \pm 5 km from Setsing Business Centre, in the Maluti a Phofung Local Municipality. The organisation, which is now called the BSO Aquaculture and Tourism Primary Cooperative Limited sourced fish breeding stock from Xhariep. The project used the deep tanks to grow the fish, which was then harvested and sold locally.

The District Manager from DARD highlighted that the officials that are responsible for the project including the Extension Officer, do not have Aquaculture background and expertise and therefore, rely on the Implementing Agent, who also has other contracts with the Department (e.g. Wilhemina project in Ficksburg). However, after experiencing a number of challenges with the work that has been done including a faulty pump that was tripping electricity, the Department further consulted other Aquaculture experts including Dr Fouche from Cape Town to look at the work. Dr Fouche raised matters of concern with some of the work and made suggestions. It was reported that a total amount of R6.5 million has been used on the project to date. The money was used for electricity, general repairs and painting of the facility, aerators, pumps, power generators, a bakkie and training for beneficiaries at Xhariep.

The project also has two earthen fish dams/ponds, which it was reported, do not fill up due to water loss as they are not covered. At the time of visit there was no production taking place in the project as the facility is keeping warm water species; and there was also a challenge that was raised by an expert on water quality, which has since been resolved and water is tested regularly. The District Manager reported that due to capacity and biosecurity challenges, the project will source fish from Xhariep that is near-market size and grow it for two months before they sell it.

The beneficiaries, who are also not specialists in Aquaculture, communicated contrasting views to the Committee delegation. While they initially reported that they were happy with the Department's assistance and work done, on further questioning by Committee Members, the beneficiaries reported that:

- They were dissatisfied with the Implementing Agent as it does not consult them on anything; and there is no report given to them as beneficiaries.
- They could not give responses on the budget as it was never discussed with them. They only get told when money is finished.
- They are employed as labourers by the Implementing Agent when there is a need and get paid for the work they have done.
- Their lives have not improved through the project and were of the opinion that they are working for nothing.

Members of the Committee made the following observations:

- They were not convinced that the reported expenses amounted to R6 million, based on what they have seen and observed in the facility. For the amount, the project should have been operational with fish in the dams.
- The two earthen dams were supposed to be cemented or covered with bentonite to avoid water loss.
- As officials responsible have admitted their lack of knowledge on aquaculture, the costs of aerators were inflated.

The project was supported by DARD as follows:

Financial year	Amount spent	Purpose
2016/17	R1 200 000	Upgrading of security infrastructure (fence and guard house); procurement of processing equipment; production inputs.
2017/18	R6 450 000	The initial plan to reticulate treated water from the main purification plant to the BSO was changed because of the high toxin content before water is released back into the Namahadi River. Water will be taken directly from the Namahadi River at a point before the water purification plant is released back into the River. The activity to pump water from the river into a reservoir is completed. Completion of earth dams with nets was delayed by rain.

A total amount of **R6.65 million** has been spent on the project for the 2 financial years.

Fezile Dabi District Municipality

3.2.8 Mpembe Cypress Grove Farm (Ngwathe Local Municipality)

The farm, Cypress Grove, which is located in Heilbron, was purchased by Mr Mpembe through the Land Bank in 2009. It has three beneficiaries, one male and two females. The Land Bank loan has been paid up and the farm, which is 532 ha in extent, started to be operational in 2010. Mr Mpembe is a businessman (transport business) operating from Vereeniging; and does not live in the farm. The farm was previously managed by his father but due to health challenges, he visits the farm twice a week. Two permanent employees live in the farm and are responsible for its day to day activities 7 days a week. It is envisaged that one of Mr Mpembe's daughters, who is also one of the beneficiaries, will be responsible for the farm after she finishes her studies.

Mr Mpembe farms with livestock and crops (soya beans and sunflower). He has a herd of 165 Bonsmara cattle and sells weaners at VKB Auction. He reported that he previously had sheep in the farm but they were stolen. The farm has 3 boreholes and the grazing camps have no dams but water troughs. The farm produces on average 4 tons/ha of soya bean under dry land, which is sold at SENWES in Frankfort. The farm previously had 4 employees but is now left with 2 as the other 2 could not be registered as they did not have identity documents. people are permanently employed.

The main challenges reported was late planting due to dependence on other people for mechanisation; water licence and fencing. Mr Mpembe's future plans are to establish a feedlot in the farm, keeping sheep again and producing vegetables (targeting KOO and McCain) for which he will need an irrigation system.

The project was supported by DARD as follows:

Financial year	Amount spent	Purpose
2016/17	R1 045 000	Planting of 100 ha of soya bean at R7 500 per ha; purchase of production inputs and hiring of mechanisation; purchase of 20 Bonsmara heifers and 1 bull.
2017/18	R1 000 000	Planting of soya bean.

A total amount of **R2 million** has been spent on the project over the 2-year period.

3.2.9 Fezile Dabi (FD) Fish Farming Project (Metsimaholo Local Municipality)

The farm is located on state land approximately 10 km from the town of Orangeville. The project was conceptualised in 2015 following a visit by the then Premier of Free State. The beneficiaries of the project are mainly unemployed youth who have applied for registration as a cooperative. It is envisaged that 10 permanent jobs will be created once production starts.

The DARD started funding the project in 2017/18. Funds that have been invested in the project to date, amount to **R30 million** for the enhancement of the fish farm (planning, feasibility study, designs, earth works, fencing, electricity connection, boreholes, 2 fish grower units, production inputs, office space).

However, during the time of the Committee visit, there was nothing that has been initiated in the project except fencing of the project site. It was reported that the delay was due to an Environmental Impact Assessment (EIA) as no construction can take place without the Environmental Authorisation. The Environmental Authorisation has since been issued on 29 March 2018.

The Committee delegation was not happy with the status quo given the amount of money that has been reportedly used for the project (R30 million) whilst there was nothing to show; and the responsible official could not provide a proper explanation. In addition, the Committee Members were also seriously concerned with the contrasting information that was entailed in the project profile that was sent to the Committee.

3.2.10 Motsumi Meadows Farm (Moqhaka Local Municipality)

The farm was acquired in 2015 by Mrs Dikeledi Motsumi's family through their own resources. One of the beneficiaries, who is young, is studying for his Agricultural qualification at Glen Agricultural College. The farm, whose operations started in September 2015, farms with vegetables, which are spinach, beetroot, cabbage, onions, peppers and tomatoes grown in tunnels. Water is accessed through 9 boreholes.

The DARD first assisted the project in 2016/17 with the planning and construction of 2 poly-carbon tunnels and again in 2017/18 with 2 additional poly-carbon tunnels and production inputs. The Department reported that the tunnels, which are made in Germany and cost approximately R250 000 each, are of high quality and more resistant to climatic elements than the plastic ones that are generally used in the country.

Mrs Motsumi reported that the main challenge is lack of a formal market as they currently sell to the local school, crèche and the community. Other challenges include electricity supply, which affects the running of the irrigation system as well as lack of a store room and cold storage to keep produce.

Future plans include putting up an additional tunnel for cucumbers and exploring the possibility of planting soya beans in the rest of the land.

The project was financially supported with a total amount of **R1.39 million** as follows:

Financial year	Amount spent	Purpose
2016/17	R700 000	Construction of 2 poly-carbon vegetable tunnels and production inputs.
2017/18	R690 000	Construction of 2 additional poly-carbon vegetable tunnels; equipping of borehole and production inputs.

3.2.11 Vrede Dairy Project (Phumelela Local Municipality)

The Vrede Dairy Project is a dairy project that was established in 2012 on Krynaauwlust Farm near the town of Vrede in Free State. The dairy was established as a public-private partnership with Estina, a BEE company, as part of the Free State Government's Provincial Agricultural project, *Mohoma-Mobung*. The farm has a state-of-the-art milking infrastructure with a capacity for milking 1 400 cows per day but, at the time of visit it was reported that 104 cows were being milked while 152 were dry. The Project also had a Processing Plant which has never been operational as it failed all standardised and quality tests for a dairy processing plant.

The Free State Provincial Government handed over the management of the farm to a company called Free State Development Corporation (FDC), which has been responsible for the farm since 2014. The management of FDC reported to the Committee delegation that they have no expertise in dairy farming and have therefore, outsourced the operations of the Dairy Farm to a management company, which is responsible for the day to day

running of the farm. The Free State DARD reported that no funds were being transferred to the project until the outcome of the National Prosecution Authority (NPA) investigations on the Project. However, there is an amount of R20 million that is being transferred by DARD to FDC annually for running the Project in addition to what the Project is supposed to be making from milk sales.

The Free State DARD also reported to the Committee delegation that there is a dispute about the actual beneficiaries of the Project. When the delegation questioned the FDC, it responded that it was not mandated to deal with beneficiation but managing the Project on behalf of DARD. Both the FDC and the Management Team were unable to provide proper responses and breakdown of monies to some of the questions that were raised by Committee Members.

3.3 Reflection and way forward

On the last day of the oversight visit the delegation was supposed to meet with the Free State Member of the Executive Council (MEC) for Agriculture and Rural Development, Free State Provincial Department of Agriculture and Rural Development, the National Department of Agriculture, Forestry and Fisheries and the representatives from the Local Economic Development (LED) Units. However, as both the MEC and the Acting HOD were new in the Department and have highlighted their challenges in the briefing meeting, the Portfolio Committee on Agriculture, Forestry and Fisheries took a resolution to postpone the reflection meeting until further notice.

4. COMMITTEE OBSERVATIONS AND FINDINGS

The delegation of the Portfolio Committee, having interacted with the Free State Provincial Department of Agriculture and Rural Development (DARD) including the MEC, the projects management teams and the beneficiaries of the different projects, made the following observations:

- 4.1 Inadequate intergovernmental relations (IGR) between the Provincial DARD, other provincial departments and national departments such as the DRDLR and the Department of Water and Sanitation (DWS), as well as poor stakeholder engagement. Due to lack of IGR, lease and post-settlement challenges in land reform projects (LRAD and PLAS) could not be addressed; despite availability of water in the Province, progress in most projects was constrained by lack of water rights; and implementation of an aquaculture project was delayed by finalisation of an EIA. Lack of IGR is an ongoing challenge that has also been observed at national level and in other provinces that have been visited by the Committee.
- 4.2 The utilisation of implementing agents, over whom the Provincial DARD has no control in most projects, and without consultation with project beneficiaries. This has led to overpricing particularly in aquaculture projects and unaccountability with respect to reporting and project funding. In some cases, beneficiaries could not even say the name of the implementing agent.
- 4.3 Poor capacity building and skills development of beneficiaries to ensure that they are fully capable of managing all aspects of their projects/businesses without dependence on Government or implementing agents and are able to work collectively in groups. For most projects, reports were done by Department officials instead of project beneficiaries, some of whom were treated as labourers.
- 4.4 Lack of project monitoring and evaluation (M &E) and quality assurance by both DAFF and Free State DARD to ensure that value for money is received for grant funding (CASP & Ilima/Letsema) that has been transferred to projects; and knowledge is imparted to beneficiaries. At Woodbridge Irrigation Scheme, the Implementing Agents were doing as they please to the extent of changing specifications without consulting the Department.

4.5 Access to formal markets remains a major challenge for most projects.

In addition to markets, access to water, insufficient or lack of mechanisation, lack of storage facilities and stock theft were also challenges across projects.

4.6 The high costs of production inputs and electricity (including lack of it for some) were impeding farmers' progress and expansion.

4.7 Most projects that showed promise were those that were initiated by farmers from their own resources without prior Government assistance. Such projects should have been advanced by now but due to limited support from Government in some, progress is slow.

4.8 There were no clear time frames for project completion and none of the Government-supported projects, which were mostly run and managed by implementing agents, had Exit Strategies.

4.9 The Provincial DARD's District personnel responsible for the BSO Aquaculture Project in Phuthaditjhaba indicated their lack of expertise with respect to Aquaculture, which is a sub-programme of DAFF's Fisheries Management Programme. However, there was no indication of the involvement of DAFF or its collaboration with the Province on Aquaculture projects as DAFF has personnel with Aquaculture expertise.

5. RECOMMENDATIONS

After interacting with the Free State Department of Agriculture and Rural Development (DARD) and the Department of Agriculture, Forestry and Fisheries (DAFF), the Committee makes the following recommendations to the National Assembly for the attention of the Minister of Agriculture, Forestry and Fisheries. The Minister should ensure that:

5.1 DAFF and the Free State DARD submit to Parliament by the end of November 2018, an Action Plan on resolving challenges that were

identified in all the projects that were visited by the Portfolio Committee in the Free State Province. In addition, the Action Plan should comprehensively detail how the projects will be assisted; and must have time frames and an Exit Strategy for each project.

5.2 The Free State DARD submit a comprehensive report on all Implementing Agents that have been used by the Department to implement and manage projects in the Province. The report should include the terms of contract with the Department, the Agents' responsibilities and all funds that have been disbursed to them including the breakdown on the utilisation of such funds. The report should be submitted to Parliament before the end of November 2018.

5.3 The Free State DARD submit a report in Parliament on how the agricultural mandate and activities in particular, are coordinated in the rural development space within the Province. Submit report before the end of November 2018.

5.4 DAFF send its Monitoring and Evaluation as well as the Quality Assurance teams to investigate work that has been done at Woodbridge Irrigation Scheme. In addition, DAFF and the Free State Provincial Department of Agriculture and Rural Development should submit to Parliament detailed reports with financial breakdown on Woodbridge Irrigation Scheme by the end of November 2018.

5.5 DAFF and the Free State DARD submit to Parliament detailed reports with financial breakdown on Fezile Dabi Fisheries Project and Black Survival Organisation Primary Cooperative before the end of November 2018.

5.6 The Free State DARD submit to Parliament the Concept Document for the establishment of the Vrede Dairy Project, the Beneficiation Model and a comprehensive report with financial breakdown; as well as a Turn-around Strategy for the Vrede Dairy Project before the end of November 2018.

- 5.7 The Free State DARD submit a report before the end of November 2018 on the PLAS farms including the status of leases and rental amounts that beneficiaries pay to DRDLR.
- 5.8 The Agricultural Research Council (ARC) visits Motsumi Meadows to do a soil analysis for the suitability of the farm for soya bean production. DAFF should provide feedback to Parliament by the end of November 2018.
- 5.9 DAFF and the Free State DARD monitor and evaluate the working conditions of employees in the semi-commercial farms that are supported by Government to assess whether labour laws are being followed and adhered to. Report on this by the end of November 2018.
- 5.10 DAFF submits to Parliament an Action Plan on how Aquaculture projects including those that form part of Operation Phakisa, are coordinated between DAFF and provinces. The Plan should also outline specific activities and resources with which DAFF assists provinces particularly in those areas without expertise in Aquaculture. The Action Plan should be submitted before the end of November 2018.

Report to be considered.

Ms MR Semanya, MP

Chairperson of the PC on Agriculture, Forestry and Fisheries

Date