

## **Report of the Select Committee on Land Reform, Environment, Minerals and Energy Resources on the oversight visit to Pretoria, dated 19 November 2019**

The Select Committee on Land Reform, Environment, Minerals and Energy Resources, having conducted oversight in Pretoria from 21 – 25 October 2019 reports as follows:

### **1. Oversight Approach**

The Committee has prioritised oversight over the performance of Agri-park developments since the second half of the 5<sup>th</sup> Parliament. The reasoning behind this is that a significant amount of financial resources had been diverted from other Departmental programmes in order to fast-track the establishment of Agri-Parks.

The success of Agri-parks is vital for the revitalisation of rural provincial economies. The Department's stated goal of the industrialisation of the rural economy, and the creation of vibrant, equitable and sustainable rural communities that is food secure, depends of efficient financial allocation and monitoring of outcomes. Linked to Agri-Parks is the One Household, One Hectare programme, which is claimed to promote food security and improve rural livelihoods by allocating land to selected beneficiaries for subsistence farming. R2.8 billion over the MTEF period is allocated for this programme. This constitutes 9 per cent of the department's budget.

During the latter half of the 5<sup>th</sup> Parliament, and continuing to the present, members of the committee had highlighted information coming from their constituencies indicating that the development of Agri-Parks are behind schedule. It is therefore necessary for the committee to be briefed on the performance of a selected Agri-park and to visit the park in order to determine whether there is a risk that the stated objectives of the development will not be met in the prescribed time.

Many of the dates for targeted outcomes are very close to being reached (2019 and 2020), and it is therefore important to visit some of these Agri-parks and determine the extent to which Departmental objectives have been realised.

The Committee therefore resolved, during its NCOP strategic planning sessions of the 6<sup>th</sup> Parliament to focus amongst other things on Agri-parks with oversight visits focusing and determining;

- Whether the expenditure on developments has been in line with the financial commitments that has been made at the onset of the development, and is sufficient to deliver the services it is stated to be developed for; and
- To determine what value for money the investments are providing the agriculture community it is supposed to be serving.

There is general interest in determining the degree of functionality of Agri-parks after their announcement in 2015. Due to the centralization of resources in order to complete and operationalize these support zones, there is the risk that any failure to achieve the operational targets they were designed for could impact on a wide scale. The centralization of farmer support essentially develops an “all or nothing” risk, where the services previously offered in a decentralized farmer support model may become totally unavailable to farmers within an agri-park catchment if the agri-parks do not function as intended.

Additionally, there are questions about the coverage capacity of Agri-parks. Any focus on high priority areas can inadvertently lead to the dilution of services outside of focus areas. Agri-parks not functioning according to plan could therefore also impact on services outside of its area of service.

### **1.1 Expected Developments in Gauteng**

The investments in developing Agri-parks have been made since 2015/16, but some delays in implementation could be expected as a result of the large degree of collaboration needed between various Departments, as well as spheres of government. The original plan for each district is summarized below:

An Agri-park is a networked innovation system of agro-production, processing, logistics, marketing, training and extension services, located in a District Municipality. As a network it enables a market-driven combination and integration of various agricultural activities and rural transformation services. The Agri-park comprises three distinct but interrelated basic components:

- **The Farmer Production Support Unit (FPSU)** - a rural small-holder farmer outreach and capacity building unit that links farmers with markets. The FPSU does primary collection; provides some storage, some processing for the local market, and extension services including mechanization.
- **The Agri-hub (AH)** - a production, equipment hire, processing, packaging, logistics, innovation and training unit.
- **The Rural Urban Market Centre (RUMC).** The RUMC has three main purposes;
  - i. Linking and contracting rural, urban and international markets through contracts.
  - ii. Acting as a holding-facility; releasing produce to urban markets, based on seasonal trends.
  - iii. Providing market intelligence and information feedback, to the AH and FPSU, using the latest Information and communication technologies.

It is expected that at least some of these phases would be operational by now. The Committee will get greater insights as to the progress made with implementation during the Departmental briefing.

## **2. Background and Introduction**

The evolution of the Agri-park concept can be seen as an exercise of lumping existing theory and practice of farmer support into a centralized model. A brief review of the rapid development of the concept since 2015, together with the modification of existing performance indicators in Annual Reports of the Department highlights the close ties between Agri-parks and the Comprehensive Rural Development Programme (CRDP). Where the Department of Agriculture, Forestry and Fisheries (DAFF), as well as the Department of Rural Development

and Land Reform (DRDLR) had funded agri-processing and production support on an individual basis up to the 2015 announcement, the post-SONA focus was to develop a centralized model of farmer support and agri-processing infrastructure.

The announcement, made during the 2015 SONA, was as follows:

*“Agriculture is a catalyst for growth and food security. We are working with the private sector to develop an Agricultural Policy Action Plan which will bring one million ha of under-utilised land into full production over the next three years.*

*Among key interventions this year, we will promote the establishment of agri-parks or cooperatives and clusters in each of the 27 poorest district municipalities to transform rural economies. An initial funding of R2 billion has been made available for the agri-park initiative.”<sup>1</sup>*

Since 2015, financial resources were allocated to the development of business plans and infrastructure for Agri-parks, and reported in Annual Reports. The Committee has been supplied with examples of Business Plans for the Gauteng Province agri-parks. The current oversight visit to the province has the following objectives, also communicated to the Department and Provincial legislature:

**2.1. Funding:**

- a. How much money has been allocated for each site during planning, and which Departmental programmes are supplying the funds?
- b. How much of the allocated budget for each site has been utilised? If there has been cost-overruns, these should be highlighted.
- c. Budget expenditure can be broken down further to include costs associated with design consultants or partners versus actual expenditure on capital expenditure.

**2.2. Progress:** Each site was described in the master plan to be responsible for a specific role in farmer support. In many instances, timelines for completion were provided. Can the Department please contrast current states of completion and operation with master-plan information.

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<sup>1</sup> SONA address, 2015, as presented by former President Jacob Zuma in 2015.

- a. Where developments are behind schedule, a revised timeline for completion is required
  - b. What is the cause of delays?
- 2.3. Service delivery:** What is the current service delivery capacity of each site, and how does that compare to the original master plan. The Department should please also highlight what services are offered at each facility.
  - 2.4. Production:** The Department should highlight how it measures the outputs obtained from each site. What records are being kept about the support offered to farmers, and what production figures are captured as proof of targets being reached or production being improved.
  - 2.5. Market access:** The Department should highlight which markets are being supplied by farmers supported. If agro-processing or value-adding agreements have been reached with any company, this should also be highlighted.
  - 2.6. Beneficiaries:** The number of beneficiaries being supported by each site should be unpacked in terms of numbers, type of activity (small scale, commercial), and type of beneficiary (CPA, Co-operative, individual farmer).

The delegation consisted of the following Members of Parliament, Ms TC Modise (Chairperson, ANC), Mr TB Matibe (ANC), Ms LC Bebee (ANC), Ms W Ngwenya (ANC), Mr AJ Nyambi (ANC), Mr MA Nhanha (DA), Mr CFB Smit (DA), Ms C Labuschagne (DA), Mr AB Cloete (FF+), Mr A Arnolds (EFF), Ms M Mokaue (EFF) and Parliamentary support staff, Mr AA Bawa (Committee Secretary), Mr J Jooste (Content Adviser), and Ms A Zindlani (Committee Assistant).

### **3. Aims and Objectives of the Committee**

The agri-parks initiative was designed to support rural enterprises, develop rural industries and facilitate the efficient movement of rural produce to markets. This is to be achieved through the development of networked systems of agro-production,

processing, logistics, marketing, training and extension services in district municipalities and developments on underused land. The support offered to farmers at each agri-park include:

- capacity building, mentorship,
- farm infrastructure,
- extension services, and
- production and mechanisation inputs.

From the above targets, it does not appear as if the Department specifically monitors the effectiveness of these services. Their monitoring of the impact of agri-parks need to be determined. As one of the targets of the APP is “numbers of jobs created in rural development initiatives”, it is expected that the Department will be able to verify exactly how many sustainable jobs were created in each province.

The Department estimated that Agri-parks will develop 300 000 new small-scale farmers and the create 145 000 agro processing jobs by 2019. Again, it is expected that the Department has detailed results of the impact of the parks by now. If it is not provided, it should be requested. The Departmental references to impact of the Agri-parks to date is not always worded in the same manner as their statements highlighting the expected benefits of the initiative. In the latest Estimate of National Expenditure budget vote for the Department, it states that since the inception of the initiative in 2015/16, the Department estimates that approximately 10 566 smallholder farmers have “benefited” from Agri-parks. That leaves a requirement of nearly 290 000 small scale farmers to be incorporated from now until the end of 2019. It does not appear realistic at present that this target will be reached. Over the medium term, R2.9 billion is allocated for the Rural Infrastructure Development subprogramme of the Rural Development programme, which constitutes 9.2 per cent of the department’s budget. The Department should clarify whether it thinks that this is sufficient funding for it to achieve its goals.

#### **4. Meeting with the National and the Gauteng Provincial Department of rural Development and Land Reform – 23 October 2019**

The briefing session consisted of a National department overview of the Agri-park concept, original objectives and progress with implementation, followed by the Provincial department

(Gauteng Department of Agriculture and Rural Development, GDARD). The presentations appear to convey a strikingly different perspective of achievements to date. While the presentation received from the National Department reflected a state of non-functionality in the Agri-parks of the entire country, the provincial perspective was one of partial attainment of objectives.

While the message conveyed by the two presentations were not inaccurate – Most Gauteng sites were not fully operational – the committee nonetheless felt that there is no synergy between the presentations received from National and Provincial sources. The difference in approach would appear to lie with the very narrow interpretation of functionality from the National Department. The latter defines fully functional as an entirely completed Agri-park FPSU capable of providing all the services required of it.

The argument put forward by the Provincial department was that Agri-parks were a phased approach, and therefore could be operationalized with some margin of success while some aspects of the Agri-park is yet to be completed.

The Committee, after receiving both presentations, deliberated on the way forward regarding questions put to the Department by members as well as the planned site visits. It was resolved that no questions will be put to any departmental official or structure that presented to the committee, but that the following day's site visits will take place. The following sites were selected:

- Bekkerdal (West Rand)
- Innovation Hub (Pretoria)

#### **4.1. Highlights from National and GDARD presentations**

##### **4.1.1. National Department presentation**

The first point worth highlighting is the Department's own description of the components that make up an Agri-park. The reason why this needs to be emphasized is that provinces implemented Agri-park stages based on this model, but that the present-day interpretation on functionality of individual Agri-park components have changed.

**a. The Farmer Production Support Unit (FPSU)**

A rural small-holder farmer **outreach and capacity building unit** that links farmers with markets. The FPSU **does primary collection, some storage, provides some processing** for the local market, **and extension services** including mechanisation.

**b. The Agri-hub (AH)**

A production, equipment hire, **processing, packaging, logistics, innovation and training unit.**

**c. The Rural Urban Market Centre (RUMC)**

The RUMC has three main purposes;

- Linking and contracting rural, urban and international **markets** through contracts.
- Acts as a **holding-facility**, releasing produce to urban markets based on seasonal trends.
- **Provides market intelligence** and information feedback, to the AH and FPSU, using latest Information and communication technologies.

The reason why the functions of each stage of Agri-parks were highlighted is to underline the fact that FPSUs were never designed to handle all of the processing, packaging and marketing aspects of the farmers. This argument becomes important when the differences in opinion regarding functionality of FPSUs are discussed.

The Department further highlighted the policy priorities that informed the development of the Agri-park concept. The following breakdown was supplied

**NDP**

- 1 million additional jobs in the agricultural sector by 2030;
- 1 million hectares under production

**NGP**

- 145,000 new jobs in agro-processing by 2020;
- 300 000 new smallholders

### **MTSF**

- 1 million new jobs in rural economy by 2030;
- Reduction of rural unemployment from 49% to less than 40% by 2030

The targets presented in national policies are often not accompanied by details regarding the departmental actions that will be implemented to attain these. The Agri-parks concept was to contribute towards small-scale farming production and the expansion of the agriculture and agri-processing value chain, but was not the only intervention funded. The attainment of actual employment figures by Gauteng FPSUs can therefore not be directly compared to National targets, but the performance of these projects and the employment they have created can be discussed in terms of the likelihood of national objectives being reached through such contributions. Targets obtained are also to be contrasted with the financial commitment that had been made during implementation.

When highlighting the initial guiding principles for the establishment of Agri-parks, the following points stood out:

- Agri-Parks should facilitate partnerships between government and private sector to developing existing and create new markets to strengthen and expand value-chains in-line with APAP.
- Agri-Parks should benefit existing state land, communal land and commonages with high value agricultural land (high production capability).
- Agri-Parks should capitalise on existing agro-processing, bulk and logistics infrastructure, including having availability of water, energy and roads.
- Support growing-towns and revitalisation of rural towns, in terms of high economic growth, high population growth over past 10 years and promote rural urban linkages

Comments about the relative failure of these principles to be incorporated in SOME of the developments observed will be made at a later stage. The discussion will also highlight the

relative unobtainability of some of these guidelines. It is not likely that the poorest rural districts would have the existing infrastructure required to support Agri-parks.

The presentation further highlighted how successful Agri-parks would assist in creating employment and fight urbanization.

The National Department then focused on budget constraints, even though the announcement of the Agri-park development in 2015 came with a Presidential commitment of R2 billion a year over 10 years. Of the 44 Agri-parks initiated (up from the initial 27 planned at the launch of the concept), ONLY the following are prioritized for completion:

- EC – Chris Hani District – Ncora – partially operational
- FS – Thabo Mofutsanyane - Tsiamé – in SEZ not started
- Mpumalanga – Nkomazi District – Bushbuckridge (Mkhulu) – partially operational
- North West – Ngaka Modiri Molema District – Springbokpan - partially operational
- Western Cape - Cape Winelands District – Witzenberg - partially operational

Apart from these 5 sites, the Department further highlighted the following FPSUs for completion in 2019/20. The presentation stated that the 27 FPSUs would be made fully operational by 31 March 2019/20. It is assumed that the actual implied date is 31 March 2020. Note that the Department is now focusing on FPSUs without making mention of the Agri-hubs and RUMC originally required to complete the support infrastructure.

1. Qamata-Bilatye - FPSU (EC)
2. Emalahleni – FPSU (EC)
3. Makholokoeng – FPSU (FS)
4. Sediba FPSU (Mangaung, FS)
5. Tarlton – FPSU (GP)
6. Bekkerdals - (GP)
7. Ndumo FPSU (KZN)
8. Makhatini FPSU (KZN)
9. Nsuze FPSU (KZN)
10. St Paul FPSU (KZN)
11. Mapela FPSU (LP)

12. Nwanedi FPSU (LP)
13. Tshiombo (LP)
14. Huntington FPSU (MP)
15. Dundonald FPSU (MP)
16. Sybrandskraal FPSU (MP)
17. Heuningsvlei FPSU (NC)
18. Eksteenskuil FPSU (NC)
19. Taung FPSU (NW)
20. Ebenaeser FPSU (WC)
21. Napier FPSU (WC)
22. Suurbraak FPSU (WC)
23. Haarlem FPSU (WC)

The implications for the national as well as provincial Agri-park investment will be discussed later in the document. Finally, the Department also produced a comprehensive list of what it now considers to be critical for the functioning of a FPSU. The differences between this new interpretation of an FPSU compared to the original design brief that provincial offices would have used when developing Agri-parks after its announcement in 2015 will also be highlighted.

#### **4.1.1. Current minimum requirements for a functional FPSU, as stated by the National Department**

##### **a. Administrative Infrastructure**

- Administrative offices aligned to the Human Resource contingent
- Ablution facilities
- Accommodation for FPSU Manager

##### **c. Security Infrastructure**

- Fencing
- Security Office
- Security Lighting

## d. Human Resources

- FPSU Manager
- Extension Officer(s)
- Veterinary support
- Soil Specialist(s)
- General Workers (facilities and stores)
- Qualified Mechanic (2x apprentices)
- Caretaker/Groundmen/Artisan
- Security Officers
- Secondary Coop Manager and support staff

## e. Mechanisation, in support of FPSU catchment commodities

- Tractors
- Planters and or required equipment to support farmers
- Repair and Maintenance (Workshop Tools)

## f. Production Infrastructure, dependent on commodities supported from the FPSU

- Pack-house
- Cold storage
- Storerooms
- Dipping and Handling Facilities
- Etc.

## g. Services Infrastructure

- Water
- Sanitation
- Energy/Electricity
- Access Roads
- Paving

#### h. Office Furniture, Equipment and Supplies, Communication Infrastructure

- Tables
- Chairs
- Tables

#### i. Production Inputs. Linked to production plans

- Seed
- Fertilizer
- Tools

#### 4.1.2. The presentation by GDARD:

The presentation showed progress made to date with implementing the Agri-parks concept, and highlighted challenges experienced. What was interesting about the different (National and Provincial departments) were the differences in emphasis on key aspects of the development.

The first matter highlighted by GDARD also exposed a fundamental challenge with the implementation of the Agri-parks concept, which is post-operational funding. The initial launch of the Agri-parks concept highlighted that it would be funded by DRDLR Programme 3 funding. This allocation is primarily designed to provide infrastructure funding. It is obvious from the presentation, and later sight visits, that there have been almost no operational expense budget allocations made available to GDARD by the DRDLR. This is a major challenge. At what stage would operational budgets have been provided to the FPSUs, and which programme funding source would have been used, since non-infrastructure support typically resides with DAFF.

The second clear difference between the GDARD and National department presentation was the focus of and services provided by FPSUs. The GDARD presentation highlighted that the FPSU is designed to:

- Primary collection;
- Some storage;

- Some processing for the local market;
- Extension services, including mechanization.

Clearly this operational plan is identical to initial plan of the National department launched late in 2015 but nowhere near as detailed as the revised criteria for FPSU's released by the National department and highlighted in the first presentation. The question that needs to be answered at this stage, is at what stage of project implementation was this change made in National FPSU design and operational criteria? It is not a straightforward exercise to implement such as project at provincial level, and a late stage comprehensive design change could have severe negative impacts on the operationalization of projects.

Another area of the presentation that stood out was the 5 prioritised value chains highlighted by GDARD. The value chains were for fresh vegetables, then separately maize, followed by poultry, pork and red meat value chains. The FPSUs currently being established appear to focus solely on vegetables. There was no further clarification given as to when other value chains would be integrated into FPSUs.

In its description of FPSUs under development, the department highlighted phases completed and outstanding construction and operational matters. The important message coming from the conclusion was that the major challenges faced by many of the FPSUs are related to incubation services, aggregation, logistics and distribution services and market access. As highlighted before, these services should have been built into the planning phase at the beginning of implementation, and the correct funding channels identified.

The presentation also highlighted that after the initial decision to develop 27 Agri-parks nationally was expanded to 44, the financial allocation available to develop Agri-parks were over-stretched. GDARD therefore reduced the focus of FPSUs to 12. This raises more questions:

- What guidance had been given by the National DRDLR regarding the funding that will be made available for Agri-park developments, who made the decision to expand the focus to 44 (and was budget expanded for this increase), and then to reduce the number of FPSU again?

- What is going to become of the half-developed FPSUs now not prioritized, and how will the funding already allocated and spent classified to audit processes?

In terms of employment figures resulting from Agri-park investment to date, the GDARD presentation highlighted challenges reaching the original estimates of 2015/16. At present, the investment in Agri-parks have resulted, according to departmental figures, 135 beneficiaries, with a total of 167 job opportunities. The Department stated in 2016 that Agri-parks will develop an estimated 300 000 new small-scale farmers and the create 145 000 agro processing jobs by 2019. At the end of 2019, using the Gauteng figures as an average for all provinces, Agri-parks may have created just over 1500 jobs countrywide.

The presentation also highlighted the challenge of storm damage and vandalism, and delays in getting production systems operational again. This was addressed during the Bekkersdal site visit as well.

## **5. Site Visits – 24 October 2019**

During the committee briefing with the National and the Gauteng Provincial Department of rural Development and Land Reform, the committee agreed on visiting two projects. The two projects decided on were the RandWest Farmers Production Support Unit (FPSU) situated in Bekkersdal and the Innovation Hub Agri-park / FPSU.

### **5.1. Randwest Farmers Production Support Unit (FPSU)**

#### **5.1.1. Background**

The Research & Technology Development Services (RTDS), a component within the Agriculture Branch of the Gauteng Department of Agriculture and Rural Development (GDARD) was mandated to establish Farmers Production Support Unit (FPSU) within the Gauteng Province. The FPSU is a rural small-holder farmer outreach and capacity building unit that links farmers with markets that does primary collection, some storage, provides some processing for the local market, and extension services including mechanisation.

An Agri-Park is defined as an agri-infrastructure facility which provides for: intensive production of a specific agricultural commodity, large emphasis on agro-processing within a shared infrastructure, facilities for access to inputs and value adding and marketing within the boundaries of a single geographical farm or an agricultural holding. RandWest Agri Parks in the RandWest City Local Municipality (RWCLM) was developed to be one of the Agri-Parks which caters for township development.

### **5.1.2. Overview of the Project**

The RandWest Farmers Production Support Unit (FPSU) is one of the identified areas to develop FPSU in partnership with West Rand District Municipality and RandWest City Local Municipality. The area was identified as part of Township Revitalisation which forms part of Transformation, Modernisation and Re-industrialisation (TMR). This was done with the consultation and the involvement of the District and Local Municipality. The aim of the FPSU was to intensify production of a specific agricultural commodity emphasis of agro-processing within a shared infrastructure, facilities for access to inputs and value adding and marketing within the boundaries of single geographical farm or an agricultural holding.

The Randwest FPSU is situated in the Bekkersdal site under RandWest City Local Municipality in the West Rand District Municipality. The site location is portion 34 of farm Gemspost, with a total size of the site is 66 Ha with another 10 Ha was allocated for the Randwest FPSU.

The FPSU currently comprises of the following infrastructure:

- 1200m of Clearvu fence
- Pack house (Size of the packing shed 150 m<sup>2</sup>(10m X 15m) (2 x cooling room complete with cooler unit; packing tables; 2 wrapping machines, hand type)
- 20 tunnels and providing a total of 10 800m<sup>2</sup> (20 tunnel x 300m<sup>2</sup> each) for production under protection
- one Equipped borehole
- irrigation system with 4 x 10 000L water tanks
- office block with a mini - workshop to a size of 100m<sup>2</sup>
- Ablution Facility

- 6000sqm Shade net Structure with irrigation
- Vertical Growth Farming infrastructure/ Hydroclimaponics (30m X 10m X 6m High) with the capacity to plant 16128 crops.
- 7 net tunnels (5 x 10m) by Klein Karoo (which were established through Sibanye Gold Mining)
- Mechanisation warehouse (under construction)
- DRDLR also is in the process of acquiring services for the construction of 20 additional tunnels

The FPSU currently houses co-operatives together with entrepreneurs that occupies different infrastructures within the FPSU. The following beneficiaries occupy some part of the infrastructure as outline in the table below:

No	Name	Surname	Gender	Company Name	Infrastructure Occupied
1	Donald	Majola	Male	Balemi Ba Borwa Co-operative Limited	7 net tunnels (5 x 10m)
2	Aubrey Herold	Thebe	Male		
3	Shadrack	Mogole	Male		
4	Moses Mosh	Majola	Male		
5	Annaa	Mogole	Female		
6	Jacob	Mothupi	Male		
7	Puleng	Mothupi	Female		
8	Ntlhalefeng Lucas	Letsholo	Male	Boo-rra-Letsholo	300m2 Tunnels X 10
9	Kabo Joseph Fabian	Letsholo	Male	Diversified Farming (PTY) LTD	
10	Charmaine Boitumelo	Marumolwa	Female		
11	Nkagiseng Nathan Alpheus	Letsholo	Male		
12	Felicitas Audry	Letsholo	Female		
13	Matebogo Mouwane	Victoria	Female	Voice out Deaf	300m2 Tunnels X 10
14	Melumzi, Eric	Matinise	Male	Seeds of change	
15	Robert, Anam	Mjikwa	Male	Agricultural	

16	Paballo	Maselwane	Male	Primary Co-operative Limited	Vertical Chamber Farming
17	Lerato	Rakatana	Male		
18	Lwazi	Mtuntum	Male		
19	Francis Thabo	Mopeli	Male	City Harvest Agricultural Primary Co-operative Limited	6000m2 Shadenet Structure
20	Ntombizanele	Nkomo	Female		
21	Lebohang	Motleleng	Female		
22	Motlatsi	Mopeli	Male		
23	Lebuajoang	Motleleng	Male		
24	Nkoloseng	Mopeli	Female		
25	Mmapalesa Alice	Mopeli	Female		

### 5.1.3. Interaction with project members and observation by delegation

During the tour of the facility and interaction with the beneficiaries, the delegation was satisfied that the aim of the project sought to address the needs of the people in the region. However, the delegation was concerned about the day to day operations and maintenance of the facility, especially with the Vertical Growth Farming Hydroclimaponics structure that has been out of operation for a while due to mechanical failure.

The representative for the Voice of Deaf community expressed frustration with the communication barrier between beneficiaries and potential customers and even the departmental officials. She explained that this barrier discourages the deaf from participating in the project and that a sign language interpreter would cost R 350 an hour, money they could not afford. It was for this reason why she took it upon herself to train one of the department officials at the project to do basic sign language so that she and other project members in her group are able to communicate with others and ultimately sell their produce. Further observation from the delegation during their interaction was the:

- **Lack of Transport** – The Bekkersdal site does not have dedicated transport to market, and there are no fresh produce markets in the West Rand. Project members

do not have the ability to transport their good to potential customers, resulting in excess crops not being harvested and therefore going to waste.

- **Lack of proper storage facilities and pack house** – project members have raised concerns about the current pack house, as it is situated close to the toilets, creating a potential health risk. The issue of a larger refrigerated storage unit in the pack house was also raised so that everybody's produce can be stored.
- **Lack of basic infrastructure supplies** – project members raised concerns about the timeframe of the department's procurement processes when infrastructure needed to be repaired after vandalism, storm damage or mechanical breakdown. This results in either the loss of crops or protracted periods of production loss. Project members were requesting that such supplies be purchased and kept on site in order to effect repairs timeously.
- **Lack of equipment and storage facilities** – project members requested more farming equipment and proper storage facilities for the equipment.
- **Lack of space for expansion of the project** – project members, especially the Voice of Deaf community expressed interest in expanding their plot of land as they want to attract more people with hearing impairments to their project so that they could also become self-sufficient.
- **Lack of crop diversity and cheaper crops** – members of the delegation raised the issue of growing a diversity of crops with the department. That way the market is not saturated with one type of crop and people at the FPSU stand a better chance of selling their crops to a bigger market base. Most of the production appear to be focused on lower-value crops, with farmers themselves researching market trends and planning to invest in the production of more valuable crops. This extension service should be offered by the department.

The delegation requested the department, as a matter urgency, to ensure the speedy completion of the incomplete structure that is supposed to be the new pack house, while also ensuring that the required changes are made to the cold storage unit and process center in order to make these

compliant with health and safety regulations. The department was also asked to assist the representative from the Voice of Deaf community by possibly furthering the training of the official she has taught so that he can further assist this group.

## **5.2. The Innovation Hub Agri-park (FPSU)**

### **5.2.1. Background**

The Gauteng Provincial Government (GPG) identified agro-processing as a key economic driver for supporting the objectives of job creation through emerging agro-food entrepreneurs as well as optimising the value created along the agri-food supply chain. The Gauteng Department of Agriculture and Rural Development (GDARD), in partnership with the Innovation Hub Management Company (TIHMC) established an Agri-Park / FPSU linked to the BioPark@Gauteng at the Innovation Hub, Pretoria to support agro-processing. The development is referred to as the Innovation Hub Agri-park / FPSU.

The broader objective was to contribute towards the training in packaging & advanced processing, feeding the increasing population of Gauteng with a sustainable, secure supply of safe, nutritious, and affordable high-quality food using less land, with lower inputs. Furthermore, utilizing hydroponics technology was to ensure that they mitigate the continuing effects of climate change and other environmental changes as well as declining availability of the natural resources needed for traditional farming methods. Aspirant farmers would be trained in hydroponics production focusing on cover system & structure, growth media, crops, fertigation & irrigation, sanitation, scouting, pest & disease management, harvesting & grading, production planning/ planting program and seeding production. The farmers who are aspirant food processors will be trained on food processing, preservation, food cutting, packing and labelling as well as the regulations governing the food processing.

### **5.2.2. Overview of the Project**

The Innovation Hub Agri-park / FPSU is situated at City of Tshwane Region 6, Ward 46. Region 6 is located in the south east of the City. It includes developed urban areas in the north-west and rural areas in the remainder of the region. The Tshwane Fresh Produce Market is located within the 20km radius of the agri-park with Rooiwal Agri-park in close proximity.

Gauflora is currently operating at the Agri-park / FPSU after an open tender was issued through a call for an operator by The Innovation Hub in January 2017. Several companies responded to the call. An evaluation criterion was developed by both The Innovation Hub and the Gauteng Department of Agriculture and Rural Development. Short-listed companies were invited to present their proposals.

The following infrastructure have been established at the Agri-park / P

- 5 000m<sup>2</sup> multispans greenhouse closed classic structure with circulation fans, sun saver plastic, roll up sides, a climate control wet wall system and fully automated screens, pump house
- 130 000 litres water reservoir
- Pack house
- 130 Kva diesel generator

The high-tech automated multispans greenhouse is 9.6 m (nine point six metres) high, closed classic structure, with 10 (ten) bays, 50 m (fifty metres) in length, entrance cabins, circulation fans, sun saver plastic, roll up sides, a climate control wet wall system and fully automated screens. This greenhouse protects crops against temperatures (low & high), wind, rain, hail, birds and insects and promote plant growth and increase production and quality and allow modern work routines and logistics. Cooling of greenhouse air is done by pad and fan. Climate control is regulated by a computer system.

An automated generator serves as a backup for electricity in the event of power failure. This will minimize loss of produce that happened during the power failure which is common during the load shedding periods. A moveable structure was also constructed at the Agri-park / FPSU which incorporates the pack house, and also houses offices, ablution facilities, two cold rooms, boardroom, storage room and the packing area.

### **5.2.3. Interaction with project members and observation by the Delegation**

The delegation was impressed and pleased with what they saw at the Innovation Hub, especially with the moveable structure that houses the pack house, and also houses offices,

ablution facilities, two cold rooms, boardroom, storage room and the packing area. It was the request of the delegation that the Innovation Hub assist the FPSU in Bekkersdal also in order for them to reach self-sustainability.

### **5.3. Recommendations by the Delegation**

1. The DRDLR pledged R2 billion per year, over a 10-year period, for the development of Agri-parks, following the initial announcement of the Agri-park concept in the 2015 SONA speech of then Pres. Jacob Zuma. The funding was to be released from Programme 3, Rural Development, involving RID and REID funding. It is clear that there never was a R2 billion increase in treasury allocation to this programme. The Committee requires clarity regarding the following:
  - What is the total amount of budget released for the development of Agri-parks to date?
  - If RID and REID funding was re-directed to Agri-parks development, what was the impact on programme 3 expenditure to the rest of the country?
  - What is the potential for viability of Agri-parks moving forward? The Department appears to have changed their target number of Agri-Parks from 44 back down to 27. As significant amounts of resources have already been committed in provinces, what will the impact be on Agri-parks that are currently not prioritized?
  
2. The National department announced that it was reducing the number of FPSUs prioritized for completion AFTER funds were committed to developing all 44 Agri-parks called for. Coupled with this decision is a change in focus on what the National Department considers a viable and functional FPSU should contain. This draws into question the planning support from National DRDLR offered to provincial offices during the development and implementation of the Agri-parks concept. The Committee requires that the following questions are answered by the Department:
  - Was the Agri-park model developed centrally and supplied to provincial offices for implementation, or was each provincial office directed to develop its own design criteria for Agri-parks?

3. While RID and REID budgets were used to develop infrastructure at Agri-Parks, large sums of money are still required to ensure the functionality of each site. In the case of many of the Gauteng FSPUs, these funds cannot be obtained from RID or REID budgets as it is not infrastructure-related. The Committee requires clarity from the Department regarding:
  - Was the operationalization of Agri-parks ever properly budgeted for?
  - What implementing budget and department would have moved completed Agri-parks into operation, and which budget would have been responsible for the running costs of Agri-Parks/FSPUs?
  
4. The site visits to Gauteng highlighted the good work that has been taking place at many FPSUs. The Department's assertion that all FPSUs are not fully functional, and its desire to scale back the finalization of Agri-Park developments raises concern. This move could erode the gains made at sites such as Bekkersdal, and risks ending opportunities for many farmers that have committed to working hard towards producing crops at FPSUs. Clarity is needed about the following:
  - What commitments have the Department made to ensure that operational funding is released to FPSUs where farming is taking place, in order to ensure that the momentum is not lost at these production sites?
  - What commitment is the National Department making to ensure that FPSUs are upgraded to the new standards for functional FPSUs as published nationally?
  
5. It does not appear as if the Department had done enough to support farmers in producing high value crops, and to ensure that markets for these crops are secured. The Committee needs clarity on what the department is planning to do to improve the situation?
  
6. It is not clear whether municipalities, including district municipalities can apply<sup>2</sup> for the establishment of Agri-parks. If so, there need to clear guidelines regarding the

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<sup>2</sup> (Explanatory note: It has come to my attention that Mangaung Metro Municipality requested for the development of an Agripark in Thaba Nchu. If I am not mistaken, either Free State or the national Department reported accordingly)

establishments of mentioned parks as well as clear funding models between the National department, Provincial departments and municipalities.

7. It should also be considered that there are numerous universities in Gauteng that could assist in the development of the Agri-parks. Students who need to gain practical experience can utilize infrastructure such as the hydroponic system at Bekkersdal that were not being used. This will ensure that the system is utilized to its full capacity. The establishment of partnership with tertiary institutions will ensure that the systems are being used (value for money) as well as technical and scientific information is shared.
8. The establishment of various markets should be thoroughly considered. The department need to develop particular strategies for different markets. It should be considered that there are big companies that provide to retailers such as Pick n Pay, Checkers, Spar and OK. In the meantime, there are governmental feeding programs (schools, etc) where Agripark farmers can provide food. The departments thus need to give market related guidance on crops for demand.

**Report to be considered.**