No.103 - 2022: Fourth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Tuesday, 22 March 2022

# ANNOUNCEMENTS

none

# TABLINGS

none

**COMMITTEE REPORTS**

1. The Acting-Chairperson of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee, Hon. M J Kanyane, tabled the Focused Intervention Study (FIS) Report on the “Commercialisation of Black Smallholder Farmers in the Gauteng Province”, as attached:

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**Adopted Focused Intervention Study (FIS) on** **“*the* Commercialisation of black smallholder farmers in the Gauteng Province” by the Oversight Committee on Economic Development, Environment, Agriculture and Rural Development**

| **Committee Details** | | **Department Details** | | |
| --- | --- | --- | --- | --- |
| **Name of Committee** | **Economic Development, Environment, Agriculture and Rural Development** | **Name of Department** | **Department of Agriculture and Rural Development** | |
| **Which Financial Year** | **2021/22** | **Dept. Budget Vote Nr.** | **11** | |
| **Which Imperative** | **Annual Process** | **Hon. MEC** | **P Tau** | |
| **Committee Approvals** | | | | |
|  | **Name** | **Signed** | | **Date** |
| **Acting Hon. Chairperson** | **Mpapa Kanyane** |  | |  |
| **Adoption and Tabling** | | | | |
| **Date of Final Adoption by Committee** | | **Scheduled date of House Tabling** | | |
| Thursday, 17th March 2022 | | Thursday, 24th March 2022 | | |

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# ABBREVIATIONS

|  |  |
| --- | --- |
| **Abbreviation** | **Full Wording** |
| ARC | Agricultural Research Council |
| CASP | Comprehensive Agricultural Support Programme |
| EIA | Environmental Impact Assessment |
| EXCO | Executive Council |
| DALRRD | Department of Agriculture, Land Reform and Rural Development |
| GIFSS | Gauteng Integrated Food Security Strategy |
| GDARD | Gauteng Department of Agriculture and Rural Development |
| GDSD | Gauteng Department of Social Development |
| GPG | Gauteng Provincial Department |
| FAO | Food and Agriculture Organization |
| FIS | Focus Intervention Study |
| FY | Financial Year |
| LRAD | Land Redistribution for Agricultural Development |
| PLAS | Proactive Land Acquisition Strategy |
| PSOM | Public Service Oversight Model |
| NDP | National Development Plan |
| SOM | Sector Oversight Model |
| SOPA | State of the Province Address |
| TMR | Transformation, Modernisation and Re-industrialisation |

The Acting Hon. Chairperson of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee, Mr Mpapa Kanyane, tables the Portfolio Committee Focus Intervention Study Report emanating from the 21/22 Financial Year (FY) Annual process.

# EXECUTIVE SUMMARY

The Committee embarked on a Focused Intervention Study focusing on ***“the Commercialisation of black smallholder farmers in the Gauteng Province”***

Following the pronouncement made by the State President at the 2017 State of the Nation Address that the Department of Agriculture, Land Reform and Rural Development (DALRRD) would launch a commercialisation programme of 450 farmers across the country, the Department initiated the programme at provincial level and began to work towards commercialising 50 farmers. This was preceded in 2016/17 by the development of a draft Commercialisation Strategy which focused on the following commodities, livestock – including poultry and piggery, horticulture, grains and aquaculture (feasibility study). The GDARD then evaluated the database of all smallholder farmers in the province and developed a preliminary list of 50 commercial farmers that would be considered for commercialisation subject to meeting the set criteria.

The commercialisation strategy aims at increasing the number of farmers operating at large commercial scale, by improving the performance of selected value-chains and productive partnerships, through increased access to production infrastructure, inputs, finance, markets, training, and strengthened business development support to farmers and agro-entrepreneurs (GDARD, 2019). The programme further aims to support selected black smallholder farmers to be large-scale category players in the mainstream of the agriculture economy of Gauteng. The programme requires supporting farmers with infrastructure, production inputs, market access and associated logistics. The Department has staggered the commercialization of the newly revised number of 68 farmers over the course of several financial years but has not indicated when the target is to be attained. It is important for the Department to further communicate how the farmers that have been commercialised to date, have fared.

# INTRODUCTION

The Portfolio Committee embarked on a Focused Intervention Study and concentrated on ***“Contribution of homestead food gardens towards food security in the Province”.***

The purpose of the Focused Intervention Study (FIS) is to assist the Committee to be aware of concerns that are not satisfactorily addressed by the Department during the annual process for 2020/21 FY. The Portfolio Committee’s oversight role over the Executive is stipulated in the Constitution of the Republic of SA, 1996 (Act No. 108 of 1996) under Chapter 6: Provinces – Section 114, Section 115, Section 133(3) (b) and The Public Finance Management Act, 1999 Chapter 7, 65(1) (a) (Constitution of RSA. 1996). The Committee utilizes oversight visits as one of the tools over their respective votes on areas that seek in-depth consideration during the in-year monitoring system. The Executive Council (Exco) of the economic cluster committee identified the Gauteng Department of Agriculture and Rural Development (GDARD) as paramount in the execution of functions to contribute to the socio-economic development of the province through making contributions to 6 of the 10 Provincial Pillars deemed important by the Gauteng Provincial Government (GPG) for economic growth. These include amongst others the modernization of the economy and the reindustrialization of the City Region of Gauteng.

**The objectives of the FIS were as follows:**

The FIS aims at:

* Determining the number of beneficiaries that have been commercialized in Gauteng to date
* Ascertaining the selection process for commercialization beneficiaries
* Appreciating the various support packages afforded commercialization beneficiaries
* deciphering the pool of farms available for commercialization and the land rights bestowed on beneficiaries
* Getting information pertaining to period over which programme will run
* Plans on aquaculture.

**Background on the Focused Intervention Study.**

The Executive Council (Exco) of the economic cluster committee identified the Department as paramount in the execution of functions to contribute to the socio-economic development of the province through making contributions to 6 of the 10 Provincial Pillars deemed important by the Gauteng Provincial Government (GPG) for economic growth. These include amongst others a modernized and transformed agricultural sector that increases food security and caters for economic inclusion and equality. The Department - in addressing this strategy - has identified important programmes that will serve as vehicles for the attainment of the Provincial Government’s mandate.

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The commercialisation strategy aims at increasing the number of farmers operating at large commercial scale, by improving the performance of selected value-chains and productive partnerships, through increased access to production infrastructure, inputs, finance, markets, training, and strengthened business development support to farmers and agro-entrepreneurs (GDARD, 2019). The programme further aims to support selected black smallholder farmers to be large-scale category players in the mainstream of the agriculture economy of Gauteng. The programme requires supporting farmers with infrastructure, production inputs, market access and associated logistics. The Department has staggered the commercialization of the newly revised number of 68 farmers over the course of several financial years but has not indicated when the target is to be attained. It is important for the Department to further communicate how the farmers that have been commercialised to date, have fared.

# PROCESS FOLLOWED

In considering the FIS, the Committee undertook the following process:

* On the 27th August 2021, the Portfolio Committee deliberated on the FIS topic, ***“the Commercialization of black smallholder farmers in the Gauteng Province”.***
* On the 2nd September 2021, the Department presented on the successes and failures, including remedial actions which address ***“the Commercialisation of black smallholder farmers in the Gauteng Province”.***

* On the 17th March 2022, the Committee deliberated and adopted the Focused Intervention Study Report emanating from the Budget Report process for 21/22 FY. The report was submitted to the Proceedings Unit for tabling and consideration by the House.

# COMPLIANCE AND QUALITY

In relation to compliance, the Department was requested to submit and make presentations to the Committee. In addition, the Committee embarked on the Focused Intervention Study process in accordance with the Sector Oversight Model and the Gauteng Provincial Legislature Standing Rules of the Gauteng Provincial Legislature.

# OVERSIGHT ON STRATEGIC PRIORITIES

The Committee noted that the Department's focus is on harnessing and maximising the economic potential of the province's agricultural sector and ensuring food security for all. Moreover, Agriculture has been identified as one of the province's eleven key economic sectors. Nationally, the sector is set to create one million jobs by 2030. The department will ensure that the sector is involved with all interventions to radically transform, modernise and reindustrialise Gauteng. The sixth administration has further adopted a ten-pillar programme of radical transformation, modernization, and reindustrialization of Gauteng.

The Department of Agriculture and Rural development would respond to five of the programme’s nine pillars;

* Pillar 1: Radical Economic Transformation;
* Pillar 2: Decisive Spatial Transformation;
* Pillar 3: Accelerated Social Transformation;
* Pillar 6: Modernization of the Economy; and
* Pillar 7: Modernization of Human Settlements and Urban Development.

The Gauteng Provincial Legislature’s oversight methodology stipulates that when analysing the budget, the variables of the Sector Oversight Model (SOM) must be considered. Given that SOM variables are interrelated, this means that priorities, inputs (capital and current), outputs and outcomes should be considered. The Committee notes that some of the core areas of responsibility and functions of the Department remain unchanged, such as the **agricultural development and food security**. However, the strategic approach to these functions changes with more emphasis being placed on supporting and consolidating the socio-economic growth and development potential within these functional areas of responsibility.

The strategic plan will further communicate the Department’s commitment to develop and implement focused and strategic interventions that directly contribute to radical transformation, modernisation and reindustrialisation of the Gauteng’s economy; guide strategic and project related decision-making, activities and performance required of the Departments staff; ensure transparency, accountability and efficient management of resources in line with the Department’s priorities; facilitate stakeholder collaboration; and actively subscribe to the principle of continuous improvement.

# OVERSIGHT ON COMMITTEE FOCUS AREA

The intention of the FIS was to measure the inputs against the outcomes that the Department had reported. The Committee engaged with the Department on the following issues.

***“The Commercialization of black smallholder farmers in the Gauteng Province”.***

The Committee convened a meeting with the Department wherein a presentation was considered. The purpose of the presentation was to explain the project/s from conceptualization to rollout as well as the main findings drawn from the project.

The Committee noted the following outcomes from the Department;

**Challenges**

Given the high levels of urbanisation, there is limited land available for agricultural activities, with only 20% of land in Gauteng covered by irrigated and rain fed commercial agriculture. Main areas of land in Gauteng used for primary agriculture include:

* + The City of Tshwane (North-east side)
  + The Sedibeng District Municipality (South-east side)
  + The West Rand District Municipality (South-west side)

**Selection process for farmers towards commercialization**

The Department reported that in 2018, they issued a public Call for smallholder farmers to apply for inclusion into the commercialised farmers. A total of 50 Farmers and Agro-processors were identified, 20 additional agro-processors were later added to ensure achievement of the 2019 SOPA commitment. In case of mixed farming enterprise, a maximum of two key commodities were considered (e.g. livestock and grains). The point of focus on Commercialization is to target smallholder farmers with the primary focal point of empowering them in terms of infrastructure development, provision of production inputs to enhance their production, market access and linkages, training and capacity building. In order for the project to be considered for Commercialization Programme, it must already be under production and the assistance will focus mainly on the main commodity on the farm. Minimum production level per commodity should be as follows; The development objective of the Agriculture Commercialization Program is to increase the number of armers operating at large commercial scale by improving the performance of selected value-chains and productive partnerships through increased access to production infrastructure, inputs, finance, markets, training and strengthened business development support to farmers and agro-entrepreneurs.

**Mechanization support:**

* The department supports smallholder farmers with tractors, ploughs, equipment's, implements, combined harvesters.
* Both tractors and equipment were rolled through a 3-tier system as provided for by the current Mechanization Policy.
* The Mechanization Program has continued to assist farmers and efforts to improve its operations are continuously undertaken. There has been increased calls to assist farmers with more tractors for maize grain farmers.

**Interventions by the Department**

* Production inputs support
* Farmer Training and capacity building
* Extension and Advisory Services:
* Market access
* Infrastructure
* Fencing
* Vegetables tunnels
* Horticulture

Most farmers under Commercialization Programme are either on a 30 year lease through Proactive Land Acquisition Strategy (PLAS) or Land Redistribution for Agricultural Development (LRAD) or acquired land privately. The exit strategy is intended to ensure the sustainability of the project following funding withdrawal by the Department. While exit points will vary from one farmer to the next based on nature of the farming operation, these are the basic characteristics of exit:

* A minimum turnover of R1 million per annum
* Access to commercial markets
* A bankable business and plan
* Demonstrable ability to access finance (tapping into private finance) such as SAPA, SAPPO, Grain SA, NERPO, Panaar, Hygro-tech, etc.
* Full Production capacity and capability for that value chain
* Farming operations insurance
* Demonstrable Capacity to develop partnerships and local linkages
* Mandatory record keeping to record production activities, financials and basic corporate governance systems

The key focal areas in the exit strategy will include assurance to the beneficiaries that Extension Support, training and capacity building will continue . Knowledge dissemination on new and emerging technologies will continue to ensure that farmers are kept abreast of new technologies to improve their farming operations.

The Portfolio committee visited two commercialized farms, Monzai Eggs which is situated in Rosashof, Vanderbijlpark and Lutendo Farming based in Elandsfontein, in the West Rand Region. The beneficiaries are involved in different commodities such as piggery, grains, cattle, poultry or vegetables.

**Monzai Eggs**

The farm is situated in Rosashof, Vanderbijlpark. The farm is run by 5 family members that occupation the farm 2004. In 2020 the beneficiaries signed a 30years lease agreement with the National Department. In 2008 the Department of Land Reform and Rural Development introduced the commercialisation programme of farmers across the country, and when the programme was initiated at provincial level qualified. The current build in structure carries 800 layers with a sorting machine that can carry 4500 eggs. The farm supplies to hospitals (delays in payment) and private businesses around the East Rand section. Further to that, Community members are supporting as well as other Government led markets.

The Land Reform Department assisted the farm and build them bird cage with carrying capacity of 7000. The Department further assisted with a cage that carries 3500 birds, and the farmers bought a cage that carries 1500 birds. However, due to Environmental Impact Assessment (EIA) regulations, a total of 5000 or less can be prepared not exceed, if you do not have a certificate. If you have a certificate, you can exceed 15000.

The beneficiaries attended bookkeeping course and training on the management of the farm.

**Challenges**

* EIA compliance Certificate in order to operate at the required capacity as per NEMA Act
* Covid 19 affected the running of the business and distribution of inputs
* There’s minimal scale to upgrade smallholder farmers to commercial farmers
* Infrastructure (cages)
* Delays with delivery of production inputs from the Department
* Egg grading machine
* Security issues around the Community

**Lutendo Farming Primary Cooperative**

The Cooperative was founded in October 5, 2009. The farm operates in agrarian business and is 146 hectares of land. There’s a 30 years lease agreement signed with the National Department of Land Reform and Rural Development. A total 100 can be utilised for cultivation. The farm is agrarian farm, ploughs maize, Chinese cabbage and vegetable via horticulture. The farm employes 6 permanent worker 12 to 14 casual workers. The farm has 4 tunnels and a solar panel. Cattles are sold at local auctions , The farm supplies to Pretoria, Klerksdorp and Allendale though their prices are high. The main commodities is farming chiese cabbage, carrots

**Challenges**

* Electricity (Electricity issues)
* There’s need for solar system and batteries when there’s power outage
* Theres a need for a package house, as packaging is currently done in the residential house (and stored in the mobile van fridge)
* Machine for packaging is needed
* Theres a need for a tractor is 105 hectares of land needs to be ploughed
* Only 3 boreholes are operating
* Security in the farm, as theft of livestock was experienced in December 2021 (33 goats and 33 sheeps)

**Committee Observations**

**Dependency Syndrome:** There is a growing culture of over-reliance and a dependence by emerging enterprises on government support and funding, which not only reduces the long-term sustainability and economic contribution of such enterprises, but also limits the resources available to the state to support other initiatives. Support for smallholder producers should be arranged in a manner that allows producers to organise themselves, collectively supply products to meet the market demands and ensure continuity independently from government.

**Unavailability of Land** - Most farmers under Commercialization Programme are either on a 30-years lease through Proactive Land Acquisition Strategy (PLAS) or Land Redistribution for Agricultural Development (LRAD) or acquired land privately. The Department must assist farmers to access.

**Upscale farmers** - The Department needs to harness and encourage entrepreneurial flair, develop skills and upscale smallholder farmers to become commercial farmers Farmers must be trained to form collaboration with investors with the aim of developing and growing the scarce and critical skills within the farming industry.

**Environmental Impact Assessment (EIA) regulations -** The Committee observed that the EIA regulations affect future agricultural activities for both commercial and emerging farmers. Farmers are restricted from developing or expanding their farming enterprises as the high costs of EIAs can result in financial implications for these farmers. The Department must ensure that farmers are assisted with complying with the NEMA Act from inception of the project, in order to allow smallholder and commercial farmers to expand their operations.

**Solar panels -** The Department should introduce the use of solar panels, as power outages and loadshedding affect the running of operations in the farm. This will assist farmers to be independent from the energy grid. In the event of laodshedding and power outages or grid failures, then atleast they will have a reliable and inexpensive source of energy.

**Production inputs -** The Committee continues to note that the Department fails to deliver production inputs to farmers on time, which is a continuous challenge prior to COVID -19.

**Collaboration between Government and small holder farmers -** It is important to enable access to markets for land reform beneficiaries. The Committee suggests that the Department should look into ways of encouraging other Government Departments to purchase produce from smallholder farmers through government procurement in the longer term. They should also label the produce and ensure that they give farmers competitive prices. There is a burning need to create reliable and sustainable markets for land reform beneficiaries.

# FINDINGS, RECOMMENDATIONS, AND IMPLICATIONS ON LAW MAKING

**Committee Findings**

The Committee undertook the oversight engagement noting reports and all other engagements with the Department during the in-year monitoring process. The intention of the Committee was to measure the inputs against the outcomes that the Department had reported on.

**Committee Concerns**

1. Failure to implement the exit strategy for most small holder farmers
2. Farmers struggle to take part in modern agricultural value chains in the Province and the Country as a whole
3. Minimal scale to upgrade smallholder farmers to commercial farmers
4. Failure to propose methods to improve the knowledge and awareness of EIA regulations amongst farmers and extension staff by creating a better understanding regarding the EIA process

**Committee Recommendations**

**The reports should be submitted to the Committee by the 6th of May 2022.**

**The Portfolio Committee recommends the following;**

Provide the Committee with a comprehensive report that will address the Committee’s concerns. The detailed report should include;

1. Status report on how beneficiaries of Government projects are graduated appropriately after the period of their incubation, and also providing them with assistance to maintain and sustain their agribusinesses without relying on Government support and funding for survival. The report should include;
   1. Mechanisms in place on the exit strategy, that will assist small holder farmers with adequate support to help them operate sustainable Agribusinesses after exiting Government programmes. The report should include
   2. if the structures developed, organizations and individuals trained or empowered by the programme continue to function effectively
   3. Monitoring and evaluation of the programmes after inception
   4. if the relevant- agricultural activities are continued in the same or modified forma
   5. If the programme impact has been sustained, expanded or improved at the end of the intervention.
2. Plans in place to assist commercial farmers to take part in modern agricultural value chains
3. Plans to upgrade succeeding smallholder farmers to become commercial farmers.
4. Proposed methods to improve the knowledge and awareness of EIA regulations and compliance thereof
5. Provide the Committee with a comprehensive report that will assist small holder farmers to gain access to Land

# ACKNOWLEDGEMENTS

The Portfolio Committee on Economic Development, Environment, Agriculture and Rural Development wishes to thank the MEC for Economic Development and Agriculture and Rural Development, Mr Parks Tau, the Head of Department, Ms M Gasela and her team of officials. The Acting Chairperson, Mr Kanyane Mpapa further wishes to acknowledge and express his gratitude to the Honourable Members of the Portfolio Committee on Economic Development, Environment, Agriculture and Rural Development Members Ms F Hassan, Mr L Makhubela, Ms B Mncube, Mr M Gana, Ms A Cilliers, Mr A Tshitangano, Mr J Hoffman, Mr D Adams. Further appreciation goes to the alternate Members of the Committee namely Members: Mr A Alberts, Ms Du Plessis and Ms B Badenhorst. It is an honour to lead such a hard-working team. Furthermore, the Portfolio Committee would like to express appreciation for the contribution of the following support staff members: Acting Group Committee Coordinator Mr T Skosana; the Committee Researchers Mr B Mabuza, Ms M Makhubele and Dr A Malapane, Senior Committee Coordinator Mr T Skosana, Committee Coordinator Ms L Mampe, Administrative Assistants; Ms N. Mngadi and Ms V Mokubetsi, Hansard Recorder Mr S Baloyi, Senior Information officer, Ms Azwinndini Netshivhuyu, Communications Officer; Mr Takalani Ndou, Service Officer Ms Busisiwe Nhlapo, and Public Participation Officer: Mr B Dhlomo for their dedication and commitment. Furthermore, the Portfolio Committee would like to express appreciation for the contribution of the following support staff members: Group Committee Coordinator Mr T Bodibe; the Committee Researchers Mr B Mabuza, Ms M Makhubele and Dr A Malapane, Senior Committee Coordinator Mr T Skosana, Committee Coordinator Ms L Mampe, Administrative Assistants; Ms N. Mngadi and Ms V Mokubetsi, Hansard Recorder Mr S Baloyi, Senior Information officer, Ms Azwinndini Netshivhuyu, Communications Officer; Mr Takalani Ndou, Service Officer Ms Busisiwe Nhlapo, and Public Participation Officer: Mr B Dhlomo for their dedication and commitment.

# ADOPTION

After due consideration the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee unanimously adopted the FIS Report which report themed ***“the Commercialisation of black smallholder farmers in the Gauteng Province”***

In terms of Rule 117(2)(c) read together with Rule 165 the Committee presents to this House and recommends the adoption of the Committee’s Oversight FIS Report on ***“Contribution of homestead food gardens towards food security in the Province”.***