



Dear Sirs,

**RE: COMPLAINT REGARDING THE FAILURE IN IMPLEMENTATION OF FARM EQUITY SCHEMES BY THE
DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT**

1. The above matter refers.
2. Corruption Watch (CW) is a non-profit civil society organisation that opened its doors to the public in January 2012. It is independent, and it has no political or business alignment. CW intends to ensure that custodians of public resources act responsibly to advance the interests of the public.
3. Its ultimate objectives include fighting the rising tide of corruption, the abuse of public funds, particularly for private gain, and promoting transparency and accountability to protect the beneficiaries of public goods and services.
4. In furthering these objectives, CW has received various reports from community-based organisations pertaining to the failure of Farm Worker Equity Schemes in achieving their objective, which is to contribute to land reform. These are government initiatives intended to economically empower farm workers by providing them equity in their farming enterprise. These schemes have largely failed to achieve this, with common issues under the (then) Department of Agriculture, Land Reform and Rural Development (DALRRD) relating *inter alia* to:
 - 4.1. An abuse of power and an undue delay in resolving the complaints of the beneficiaries;
 - 4.2. Maladministration of the Farm Worker Equity Schemes and the disbursement process;
 - 4.3. Dishonesty or improper dealing with respect to public money;
 - 4.4. The outstanding grant payments in terms of the Farm Worker Equity Schemes;
 - 4.5. The lack of information, especially with respect to the financial affairs of the Farm Worker Equity Schemes such as shareholding and the dividends due, and paid out, to beneficiaries;

4.6. The lack of information provided to beneficiaries in relation to the respective trusts and other corporate vehicles; and

4.7. The lack of oversight and regulation by the DALRRD.

5. Correspondence has been exchanged with the DALRRD in an attempt to raise these issues. However, this has not led to any substantive progress. Kindly find attached hereto the correspondence with the DALRRD on:

5.1. 21 May 2019, a response from Ms ZB Makina of the Department of Rural Development and Agrarian Reform (Eastern Cape) to the request by Mr S Dada of Khanyisa Educational and Development Trust for legal support for Farm Worker Equity Scheme beneficiaries, attached as annexure "A";

5.2. 26 June 2019, Mr S Dada addressed correspondence to Ms ZB Makina highlighting issues of the Kangela Trust, attached as annexure "B";

5.3. 31 July 2019, Mr S Dada addressed correspondence to the MEC of the Eastern Cape Department of Rural Development and Land Reform, requesting urgent intervention in three Farm Worker Equity Scheme projects, attached as annexure "C"; and

5.4. 22 July 2023, Ms O Xolo of the Legal Resources Centre addressed correspondence to Mr M Ramasodi of the Eastern Cape DALRRD on behalf of a group of concerned beneficiaries of several Farm Worker Equity Scheme Trusts, requesting access to information, attached as annexure "D".

6. We further attach, as annexure "E", the executive summary of the *Synopsis of the Review of 89 Farm Worker Equity Schemes* prepared by Zalo Capital (Pty) Ltd on behalf of the (then) Department of Rural Development and Land Reform in 2013. You will note that the following key recommendations were made and that these have not been implemented:

6.1. Centralisation of the function of approval of new farm equity schemes;

6.2. Ascertainment by the DALRRD of the number of existing farm equity schemes and review of the reasons for the selling, discontinuation, and liquidation of schemes;

6.3. Zalo should complete the review of 48 remaining known schemes where grants estimated at R200,000,000 (TWO HUNDRED MILLION RAND) were involved;

6.4. Establishment of a Governance and Support Unit within the DALRRD for the ongoing monitoring and provision of support to farm equity schemes;

6.5. Establishment of a Management Oversight Committee responsible for managing the effectiveness of the Governance and Support Unit;

6.6. Improved co-ordination between the Department of Human Settlements and local government for the provision of housing to beneficiaries; and

6.7. Ensuring a standard process for assessment of all new farm equity scheme applications, as well as a system of monitoring and evaluation of farm equity schemes.

7. As you know, the Public Protector is empowered under section 182 of the Constitution to investigate, report, and remedy improper conduct in state affairs. In light of the abovementioned issues, we kindly request that you conduct an investigation into the Farm Worker Equity Schemes implemented through the DALRRD and make an appropriate recommendation for remedial action as the complaint deals with the intersection between various departments as well as vehicles established for redress using public funds and in concert with the private sector.
8. The testimonies of the relevant individuals cannot adequately be addressed on correspondence. We therefore request that we schedule an appointment to discuss the information we have provided and for the relevant individuals to be interviewed so that they may more fully advise of the complaint as well as the measures they have undertaken with the DALRRD for redress.
9. We are aware that a complaint must ordinarily be reported to the Public Protector within two years from the date of the occurrence of the incident. However, the issue of Farm Worker Equity Schemes does not have a fixed start and end date; rather, it is a continuing and systemic problem that remains unresolved and ongoing to this day. Another reason for only bringing this matter to the attention of your office now is that the affected beneficiaries, along with the organisations assisting them, have been diligently attempting to exhaust all available avenues and remedies before approaching your office. This is clearly demonstrated by the extensive correspondence and attempts at resolution outlined in paragraph five of this letter. This complaint is therefore submitted in good faith and in the interest of justice, given the persistent nature of the issues at hand.
10. We look forward to hearing from you and kindly request that you direct further queries to Mr Melusi Ncala via e-mail to: melusin@corruptionwatch.org.za or via telephone to 011 242 3900.

Yours faithfully,

Mr Melusi Ncala

CORRUPTION WATCH (RF) NPC



**rural development
& agrarian reform**

Department:
Rural Development & Agrarian Reform
PROVINCE OF THE EASTERN CAPE

OFFICE OF THE HOD

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· www.drdar.gov.za

21 May 2019

Mr S. Dada
Director: Khanyisa Educational and Development Trust
PO Box 71634
Port Elizabeth
6000

khanyisaproject@telkomsa.net

Dear Mr Dada

REQUEST FOR LEGAL SUPPORT TO KANGELA BENEFICIARIES

The above matter and your communique dated 12 April 2019 refers.

Kindly be advised that the institutional arrangements of Khangela are currently subjected to legal processes which are being dealt with by the State Attorneys.

As such your request to provide Khangela beneficiaries with legal assistance will be held in abeyance until the legal processes regarding the institutional arrangements have been finalized.

Trusting this to be in order.

Kind regards

MS Z.B. MAKINA

ACTING HEAD OF DEPARTMENT
RURAL DEVELOPMENT & AGRARIAN REFORM

DATE:

21/5/2019





KHANYISA EDUCATIONAL AND DEVELOPMENT TRUST
IT 761/2004

12 Cuyler Street, Central, Port Elizabeth, South Africa
P O Box 23241, Port Elizabeth, 6000, South Africa
Tel: 27 41 5823506/Fax: 27 866795364
Email: khanyisaproject@telkomsa.net

26 June 2019

Office of the HOD

Ms Z.B. Makina

Department of Rural Development and Agrarian Reform

Bisho

Zoleka.makina@drdar.gov.za/chera-lee.Oliver@drdar.gov.za

Dear MS Makina

Re: Request for legal support to Kangela Beneficiaries

The above matter refers.

On behalf of beneficiaries of Kangela Trust, we would like to thank you for your letter dated 21 May 2019 which was responding to beneficiary's request dated 12 April 2019.

On 23 June 2019, through their representatives, the beneficiaries deliberated on the response you offered. They understand the matter you are raising, but respectfully believe that the institutional arrangements you are referring to is a separate matter altogether. Beneficiaries are asking for legal assistance to effect their resolution, i.e. removing trustees who are no longer

serving the interests of beneficiaries but for themselves. This is an expression of beneficiary rights as contained in the trust deed.

Beneficiaries believe that the continued holding of position of trusteeship by current trustees not only violates their rights of beneficiaries but also undermines the sustainability and viability of the project.

It is in this context that beneficiaries wished the matter to receive urgent attention.

Should you wish to directly hear the voice of beneficiaries on this matter, please feel free to contact one of the leadership. They are Mr Sibongile Lolwana @071 091 4844 or Mr Neil Hendricks @ 081 063 6434

Kind regards,

A handwritten signature in black ink, appearing to read 'SD', with a stylized flourish extending from the bottom right.

Simphiwe Dada, Director, Khanyisa Education and Development Trust.



KHANYISA EDUCATIONAL AND DEVELOPMENT TRUST
IT 761/2004

12 Cuyler Street, Central, Port Elizabeth, South Africa

P O Box 23241, Port Elizabeth, 6000, South Africa

Tel: 27 41 5823506/Fax: 27 866795364

Email: khanyisaproject@telkomsa.net

31 July 2019

THE MEMBER OF EXECUTIVE COUNCIL

Eastern department of rural development and land reform

Bisho

Dear MEC

RE: FOLLOW UP PREVIOUS ENGAGEMENT REGARDING THE PLIGHT OF FARM WORKERS IN FARM SHARE EQUITY SCHEMES

Based in Port Elizabeth, Khanyisa Education and Development Trust is a land rights non-governmental organisation working with farm workers and dwellers who work and stay in the Sundays River and Kouga municipality farming areas.

This letter focuses on one particular group of farm workers which we support, i.e. those who benefitted from government land reform programme - have become shareholders in farm share equity schemes.

When beneficiaries/workers started to challenge the fact that they are not benefiting in these schemes; unfairly excluded; lack of financial transparency and mismanagement; unaccountable and corrupt trustees in these schemes the management/shareholder response has been to kick them out of the business and get court interdict against them.

We had several engagements with state departments and entities and engagements with other stakeholders – and one of these was a presentation to ANC Provincial land summit in East London 19-21 August 2018. Attached, please receive the presentation.

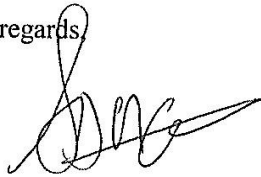
The outcomes of the ANC Land Summit was an engagement with former MEC for Rural Development and Land Reform, Mr Nqatha. At the meeting with Mr Nqatha in Port Elizabeth at the end of March 2019, he advised the beneficiaries to submit to him resolution that calls for his assistance/intervention. Attached are resolutions. The process was disrupted by the 2019 general elections.

The list of all these projects need attention, but the following: KANGELA in Addo, BLAAUWKRAANTZ in Uitenhage and ENDULINI in Patensie/Sunland need urgent intervention as disagreements between parties [beneficiaries and commercial farmers/Trustees] involves court interdicts/legal processes by commercial farmers or Trustees against beneficiaries.

This is to ask the Department to provide support as a matter of urgency to beneficiaries of above projects, the strategy to support other beneficiaries can follow.

We are looking forward to your support.

Kind regards,

A handwritten signature in black ink, appearing to be 'SD', with a long horizontal stroke extending to the right.

Simphiwe Dada, Director, Khanyisa Education and Development Trust.

ANNEXURE D (8 pages)

LEGAL RESOURCES CENTRE SOUTH AFRICA (RF) NPC

Makhanda Office

116 High Street • Makhanda • 6139 • South Africa

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REGISTRATION No. 2022/410419/08

PBO No. 930077643

NPO No. 290-199



Our Ref: ON Xolo/FWES

25 July 2023

Office of Director-General

Mr Mooketsa Ramasodi

Director-General

20 Steve Biko Street, Agriculture Place

Per email: ea.dg@dalrrd.gov.za / AliciaS@dalrrd.gov.za

Per email: Debbie.Khan@dalrrd.gov.za

CC Leon Coetzee
Bhisho Head Office
DDG Agriculture Development
leon.coetzee@drdar.gov.za
snazo.melane@drdar.gov.za

Dear Mr Ramasodi,

RE: APPLICATION TO ACCESS INFORMATION: A RESOLUTION, ENABLING LEGISLATION, OR AGREEMENT WITH RECOMMENDATIONS BETWEEN THE DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT AND FARMWORKER EQUITY SCHEMES

1. We write on behalf of the Concerned beneficiaries of Farm Worker Equity Schemes ("Concerned beneficiaries") who have instructed the Legal Resources Centre (LRC), a public interest law centre for legal assistance with filing an application to access information regarding the above matter.
2. The Concerned beneficiaries have resolved to initiate an access to information application to the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the relevant DALRRD departments of the National and Provincial Governments of the Republic of South Africa. The resolution of the Concerned beneficiaries of Farm Worker Equity Schemes is attached as LRC1.
3. The purpose of this letter is to set out in more detail the information that we request in terms of section 18 of the Promotion of Access to Information Act 2 of 2002 ("PAIA"). The completed Form A is attached hereto as LRC2.

BACKGROUND

4. Farmworker Equity Schemes (FWES) were introduced in the 1990s by the then Department of Land Affairs now known as the Department of Agriculture, Rural Development, and Land Reform (DALRRD). One of the objectives of FWES was providing farm workers with fair treatment and an opportunity to participate in farming operations. It was intended to be part of the land reform program, contributing to equitable land distribution.
5. In FWES, farm workers and farm owners become partners by establishing a trust or cooperative. This entity holds the beneficiaries' interests in the farming business, enabling farm workers to have a stake in the operations. When the business generates profits, the farm workers, as beneficiaries of the trust, receive dividends. The objective of FWES is to empower farm workers and ensure equitable treatment and fairness on the farms.
6. We are advised that the Concerned beneficiaries, who are beneficiaries in several trusts, that these trusts were established to purchase farmland or shares in companies owning farmland, with funds provided by the then National Department of Land Affairs. The trusts were intended to facilitate the development and improvement of such farmlands, as well as the upliftment, empowerment, and financial benefit of the beneficiaries. Regrettably, none of the Concerned beneficiaries have had the opportunity to purchase farmland or receive any significant empowerment, apart from occasional dividends received sporadically from the FWES trustees. We have been advised that the FWES trusts' objectives have not materialized as envisioned due to the lack of access to the necessary resolutions, decisions, or recommendations made by the former Minister Gugile Nkwinti, who was responsible for the establishment of FWES.
7. Furthermore, we have been advised that the trustees of the FWES trusts, who some are also the Concerned beneficiaries, rely on the recommendations of the DALRRD when conducting their business for the benefit of the FWES beneficiaries (the Concerned beneficiaries). However, the Concerned beneficiaries are not aware of the specific recommendations on which the trustees base their actions.
8. Despite being beneficiaries of the FWES and partners in the entity, the Concerned beneficiaries have not been provided with clear information regarding the legal obligations of all parties involved. Therefore, the Concerned beneficiaries seek a comprehensive understanding of the terms of the partnership/agreement, the recommendations made by the Department regarding the administration of these schemes and or the enabling legislation or policy, as well as the trustees' duties and entitlements, in order to make informed decisions.

INFORMATION SOUGHT

9. In light of the background provided above, we kindly request any and all relevant documentation between the DALRRD and the Farm Worker Equity Schemes entered into by the Concerned beneficiaries of FWES. Specifically, we are interested in obtaining the resolution or legal agreement that highlights the following:

- 9.1. The recommendations made by the Department of Agriculture, Land Reform and Rural Development in relation to the procedures to be followed by the trustees of Farm Worker Equity Schemes;
- 9.2. The enabling legislation/policy that outlines the legal obligations of the DALRRD and the trustees of Farm Worker Equity Schemes;
- 9.3. The rights and duties agreed upon by the Concerned beneficiaries pertaining to the project aims and objectives of the Farm Worker Equity Schemes, as intended by the Department of Agriculture, Land Reform and Rural Development.

10. We kindly remind you of the following prescription timeframes in accordance with PAIA:

- 10.1. If no decision is received after 30-days, section 27 provides for a 'deemed refusal';
- 10.2. Section 25(1) of the PAIA states that a decision must be taken within 30 days after the request was received by the Information Officers;
- 10.3. A deemed refusal may be appealed in terms of section 74 of the Act;
- 10.4. An internal appeal must be lodged within 60-days after access was refused, or 60-days after the deemed refusal in terms of section 75(a)(i).

11. Considering section 25(1) of PAIA, we kindly request that the requested information be provided by 25 August 2023.

12. Kindly contact Ona Xolo at ona@lrc.org.za, should you require any further information.

We look forward to your prompt response in this regard.

Yours faithfully,



LEGAL RESOURCES CENTRE
Per: **Ms. ONA XOLO**

RESOLUTION OF THE CONCERNED BENEFICIARIES OF FARM WORKER EQUITY SCHEMES

The Concerned beneficiaries of Farm Worker Equity Schemes in the Nelson Mandela Bay Metropolitan Municipality ("Concerned beneficiaries") have resolved to instruct the Legal Resources Centre (LRC), to initiate an access to information application to the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the relevant DALRRD departments of the National and Provincial Governments of the Republic of South Africa.

The application for access to information arises out of the Concerned beneficiaries not being provided with clear information regarding the administration of their Farm Worker Equity Schemes particularly, the legal obligations of all parties involved in the establishment of Farmworker Equity Schemes (FWES), the rights and duties of the various parties involved, the enabling legislation in running FWES and any other recommendations or resolutions taken by DALRRD in regard to FWES.

The purpose of the application to access information is for the Concerned beneficiaries to understand the terms of the partnership/agreement, as well as the trustees' duties and entitlements, in order to make informed decisions.

It is further resolved that Ester Buyelwa Kata, as chairperson of the Concerned beneficiaries, is authorised by the members to sign all necessary documents which would be required.

Thus, done and signed at P.E on 22 day of July 2023.

Name: Ester Buyelwa Kata

Position: Chairperson

Signature: EKata



REPUBLIC OF SOUTH AFRICA

FORM A
REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY
 (Section 18(1) of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000))
 [Regulation 6]

FOR DEPARTMENTAL USE	
Request received by	Reference number:
..... (state rank, name and surname of information officer/deputy information officer) on	
..... (date) at	
..... (place).	
Request fee (if any): R	
Deposit (if any): R	
Access fee: R	
.....	
SIGNATURE OF INFORMATION OFFICER/DEPUTY INFORMATION OFFICER	

A. Particulars of public body

The Information Officer/Deputy Information Officer:

Office of Director-General
 Mr Mooketsa Ramasodi
 Director-General
 20 Steve Biko Street, Agriculture Place
 Per email: ea.dg@dalrrd.gov.za / AliciaS@dalrrd.gov.za
 Per email: Debbie.Khan@dalrrd.gov.za

Andries.mokocna@dalrrd.gov.za

Gerrit.VanRensburg@dalrrd.gov.za

FORM A: REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY

B. Particulars of person requesting access to the record

- (a) The particulars of the person who requests access to the record must be given below.
 (b) The address and/or fax number in the Republic to which the information is to be sent, must be given.
 (c) Proof of the capacity in which the request is made, if applicable, must be attached.

Full names and surname: ONA NOMVELISO XOLO

Identity number:

9	1	1	2	2	1	0	7	4	4	0	8	6
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Postal address:

116 HIGH STREET

Telephone number:

(046) 622 9230

Fax number:

(.....)

E-mail address:

ona@lrc.org.za

Capacity in which request is made, when made on behalf of another person:

Request made in capacity as an attorney at the Legal Resources Centre, a public interest law centre.

C. Particulars of person on whose behalf request is made

This section must be completed ONLY if a request for information is made on behalf of another person.

Full names and surname: Ester Buyclwa Kota

Identity number:

7	8	1	2	2	8	1	3	1	2	0	8	3
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D. Particulars of record

- (a) Provide full particulars of the record to which access is requested, including the reference number if that is known to you, to enable the record to be located.
 (b) If the provided space is inadequate, please continue on a separate folio and attach it to this form. The requester must sign all the additional folios.

1. Description of record or relevant part of the record:

a) The recommendations made by the Department of Agriculture, Land Reform and Rural Development in relation to the administration and procedures to be followed by the trustees of Farm Worker Equity Schemes

FORM A: REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY

2. Reference number, if available: N/A

3. Any further particulars of record:

See cover letter attached

The rights and duties agreed upon by the Concerned beneficiaries pertaining to the project aims and objectives of the Farm Worker Equity Schemes, as intended by the Department of Agriculture, Land Reform and Rural Development.

The enabling legislation/policy that outlines the legal obligations of DALRRD and the trustees of Farm Worker Equity Schemes.

E. Fees

- (a) A request for access to a record, other than a record containing personal information about yourself, will be processed only after a request fee has been paid.
- (b) You will be notified of the amount required to be paid as the request fee.
- (c) The fee payable for access to a record depends on the form in which access is required and the reasonable time required to search for and prepare a record.
- (d) If you qualify for exemption of the payment of any fee, please state the reason for exemption.

Reason for exemption from payment of fees:

THE LEGAL RESOURCES CENTRE IS AN NPO WITH NPO NUMBER: 290-199

F. Form of access to record

If you are prevented by a disability to read, view or listen to the record in the form of access provided for in 1 to 4 below, state your disability and indicate in which form the record is required.

<p>Disability: NO</p> <p>Mark the appropriate box with an X.</p> <p>NOTES:</p> <p>(a) Compliance with your request for access in the specified form may depend on the form in which the record is available.</p> <p>(b) Access in the form requested may be refused in certain circumstances. In such a case you will be informed if access will be granted in another form.</p> <p>(c) The fee payable for access to the record, if any, will be determined partly by the form in which access is requested.</p>	<p>Form in which record is required:</p> <p>WRITTEN</p>
---	---

1. If the record is in written or printed form:				
X	copy of record*		inspection of record	
2. If record consists of visual images - (this includes photographs, slides, video recordings, computer-generated images, sketches, etc.):				
	view the images		copy of the images*	
			X	transcription of the

FORM A: REQUEST FOR ACCESS TO RECORD OF PUBLIC BODY

				images*	
3. If record consists of recorded words or information which can be reproduced in sound:					
	listen to the soundtrack (audio cassette)	X	transcription of soundtrack* (written or printed document)		
4. If record is held on computer or in an electronic or machine-readable form:					
	printed copy of record*		printed copy of information derived from the record*	X	copy in computer readable form* (stiffy or compact disc)
*If you requested a copy or transcription of a record (above), do you wish the copy or transcription to be posted to you? Postage is payable.				YES	X
Note that if the record is not available in the language you prefer, access may be granted in the language in which the record is available.				NO	
In which language would you prefer the record? ENGLISH					

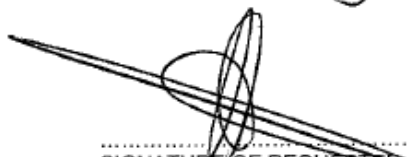
G. Notice of decision regarding request for access

You will be notified in writing whether your request has been approved / denied. If you wish to be informed in another manner, please specify the manner and provide the necessary particulars to enable compliance with your request.

How would you prefer to be informed of the decision regarding your request for access to the record?

By email at ona@lrc.org.za

Signed at MAKHANDBA this day 25th of July year 2023



SIGNATURE OF REQUESTER
PERSON ON WHOSE BEHALF REQUEST IS MADE

January 2013

SYNOPSIS OF THE REVIEW OF 89 FARM EQUITY SCHEMES



PREPARED BY:



ON BEHALF OF:



**rural development
& land reform**

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

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ABBREVIATIONS AND DEFINITIONS USED

DRDLR: Department of Rural Development and Land Reform

ZALO: ZALO Capital (Pty) Ltd

FES Committee Farm Equity Scheme Steering Committee

Scheme means a scheme to provide an opportunity primarily to farm employees to purchase equity in the form of shares in existing farming enterprises or a land based agro-processing farming enterprises.

PGC memo means Provincial Grants memorandum

ANNEXURES

- Annexure A: Listing of farm equity schemes
- Annexure B: Grant payments per province
- Annexure C: Farm locations
- Annexure D: List of Schemes requiring recapitalisation
- Annexure E: Number of Beneficiaries
- Annexure F: Draft FES Policy

1 EXECUTIVE SUMMARY

1.1 PURPOSE

The purpose of this report is twofold:

- Firstly, to present a summary of the key findings emanating from the reviews conducted on 89 farm equity schemes; and
- Secondly, to make recommendations on a strategy to be followed by the DRDLR for the implementation and on-going management of farm equity schemes.

1.2 BACKGROUND

ZALO was engaged by the DRDLR during February 2011 to review 88 farms equity schemes. In total, 89 schemes were reviewed from a listing of 137 known scheme names supplied by the DRDLR. The process adopted in reviewing the Schemes was as follows:

- An FES (Farm Equity Scheme) Steering Committee was established and a constitution outlining the powers and responsibilities, operation, representation of members and meetings of the Committee was agreed to on 29 March 2011;
- The FES Committee provided ZALO with requirements and guidelines on the methodology to be applied in conducting the reviews, which included the approval of questionnaires as well as guidelines on how information required was to be obtained and standards to be applied; and
- ZALO reported to the FES committee each month on the Schemes reviewed and the review reports were submitted to the Deputy Director General for approval after they had been discussed by the FES committee.

The purpose and objectives of the reviews were:

- Review, evaluate and diagnose the schemes;
- Establish whether, from the inception of the FES, there has been value add to the quality of life of the beneficiaries;
- Establish whether there is a good working relationship between the beneficiaries and the shareholders;
- Establish whether the intended beneficiaries are still part of the schemes;
- Report on any irregularities identified.
- Advise on policy, best practices and financial model going forward; and

- Advise the DRDLR with regard to the overall actions to be taken to rehabilitate these schemes.

1.3 FINDINGS

Many of the findings in this review are unsurprising as numerous studies and reviews have been conducted on farm equity schemes, albeit with varying focus areas. However, it is the first time that a review has been undertaken covering 89 schemes as well as providing a more detailed review of the wellbeing of these schemes.

Key Findings from the reviews

<ul style="list-style-type: none"> • Total size of the land that has been distributed to beneficiaries is 50 607 hectares; • Grants of R682 million paid with most paid between 2005 and 2008; • Majority of the schemes located in Western Cape(61%) and Eastern Cape(24%); • Over R30 million paid to consultants as planning grants; • 26% of the beneficiaries indicated that a poor relationship existed between them and commercial farmer; • Beneficiaries often signed contracts without understanding implications thereof; • Several consultants who assisted in design of schemes and application for LRAD funds former employees of the DRDLR. 	<ul style="list-style-type: none"> • Oversights, shortcomings and problems due to inadequate system of appraisal and approval of schemes; • Inadequate systems in place for recapitalisation, monitoring and development of schemes after approval; • Many schemes not complying with own contribution requirements of the LRAD policy; • Some schemes had complex structures where beneficiaries not able to articulate the shareholding and functioning; • Shareholding of some beneficiaries reduced without their receiving adequate advice; • Segregated housing arrangements between African and Coloured beneficiaries in a few schemes.
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1.4 RECOMMENDATIONS

ZALO have made recommendations to the DRDLR for the on-going management of existing farm equity schemes as well as the management of new farm equity schemes. These recommendations are articulated in a draft farm equity scheme policy submitted to the DRDLR during October 2012 and attached hereto as *Annexure F*. It must be reiterated that this document is a draft, requiring further consultation and engagement with the DRDLR.

Recommendations are based on findings from the reviews, inputs from FES beneficiaries and commercial partners during reviews, inputs from stakeholders during National Working Group meetings, inputs from DRDLR officials, best practice and literature reviews, and the National Development Plan vision 2030 which has been embraced by the 53rd National Conference of the African National Conference.

The National Development Plan proposes a land reform model based on the principles of ensuring sustainable production on transferred land by making sure that human capabilities precede land transfer through incubators, learnerships, apprenticeships, mentoring and accelerated training in agricultural sciences. The Plan also supports the creation of non-agriculture value chain opportunities to develop local economies.

The draft policy document proposes the establishment of a Governance and Support Unit within DRDLR responsible for worker shareholder training, FES Recapitalisation, Monitoring and Development, Trust Management and Governance services and an FES Mentor database and market links. This database would consist of local accountants, lawyers, agricultural economists, etc. and create non-agricultural opportunities as envisaged in the National Development Plan.

The key recommendations are:

- *Centralisation of the function of approval of new farm equity schemes;*
- Ascertainment by the DRDLR of the number of existing farm equity schemes and review of the reasons for the selling, discontinuation and liquidation of schemes. ZALO should complete the review of 48 remaining known schemes where grants estimated at R 200 million were involved;

- *Establishment of a Governance and Support Unit(GSU) within the DRDLR for the on-going monitoring and provision of support to farm equity schemes;*
- Establishment of a Management Oversight Committee(MOC) responsible for managing the effectiveness of the Governance and Support Unit;
- *Improved co-ordination between the Department of Agriculture Forestry and Fisheries(DAFF), the DRDL, the Department of Human Settlements and local government for the provision of housing to beneficiaries;*
- Putting into place a system of performance measurement of staff of the DRDLR which is linked to support and monitoring of farm equity schemes; and
- *Putting into place a standard process for assessment of all new farm equity scheme applications, as well as a system of monitoring and evaluation of farm equity schemes.*

In reading this review it must be taken into account that scheme names used have been abbreviated and that full scheme names are contained in *Annexure A* hereto. Furthermore in reading this review, although the utmost care was taken to ensure accuracy, this is not an audit report and it must be borne in mind that information collated from some of the participants may have been incorrect, misstated or misrepresented and that ZALO Capital (Pty) Ltd cannot be held responsible for information that was reasonably deemed to be accurate.

