**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION 1028 / NW1121E**

**MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES:**

**MR N PAULSEN (EFF) ASKED TO THE MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES**

**QUESTION:**

1. With reference to his reply to question 263 on 20 march 20 march 2018, what is the specific role of the Amathole forestry company in the operations of the Lower Zingcuka Agricultural Cooperative;
2. Whether he will launch an investigation into the role of the specified company in (a)

the operations of the specified agricultural cooperative and (b) stifling the community-based agricultural initiatives around the Wolf River; if not, why not; if so (i) on what date will the investigation commence and (ii) what will be its terms of reference?

**REPLY:**

**Sub-question (1)**

Amathole Forestry Company (Pty) Ltd (“AFC”) was created by government to house state forestry assets in the East Cape South package (Stutterheim and Hogsback region). Amathole Forestry Company owns the plantations and leases the plantations land from the state. In 2005, the Rance Group of Companies through Amathole Timber Holdings (The Holding Company) and its Black Economic Empowerment partners successfully won a public tender and acquired 84% stake in AFC from the state owned parastatal, SAFCOL.

To advance transformation in the sector and achieve Socio economic development as one of the elements of empowerment in terms of the Broad Based Black Economic Empowerment legislation by the Rance Group of Companies, Rance Rural Development Agency (RRDA) was created to provide support to rural communities along the Wolf River. AFC through Rance Rural Development Agency is currently supporting 83 rural communities along the Wolf River and Lower Zingcuka Agricultural Cooperative was among the beneficiaries. Predominantly, these rural communities are involved in chillies production as well as vegetables and maize with support from RRDA.

AFC through RRDA entered into a partnership with Lower Zingcuka Agricultural Cooperative Limited in 2012 in which the cooperative was to produce chillies on its land while AFC provide technical support, inputs, operational costs and markets. The product was delivered to a processing plant in Grahamstown that processes the chillies into spice. The facility (Plant) is owned by the Rance Group.

However, the partnership between AFC and the cooperative lasted for two years (2012 & 2013), after which it was terminated. The reasons for termination were cited as poor and declining yields as a result of viral infection in the soil. The cooperative indicated that they received no money from this partnership as AFC claimed to have made no profits owing to poor yields. Currently the cooperative produces vegetables and maize with support from the Office of the Premier which provided a tractor, fencing and production inputs.

**Sub-question (2)**

At this stage, there is no relationship between AFC and the cooperative as the partnership ended in 2013 and AFC plays no role in the operations of the cooperative. Consequently, DAFF will not be launching any investigation into the role of AFC into the operations of the cooperative.