

COMMUNITY QUESTIONS ABOUT THE MEMORANDUM APPLYING FOR THE APPROVAL OF THE PURCHASE OF IMMOVABLE PROPERTY IN TERMS OF THE LAND REFORM: PROVISION OF LAND AND ASSISTANCE ACT, 1993 Reference: PE 6/3/9/T7/5

These questions come from the Thornhill Development Forum which discussed the memorandum on 25th October, and a hastily convened community meeting in Thornhill on 27th October 2011. (Attendance Register attached). We are soon to meet with representatives of the Loerie community and will forward additional questions if they raise new issues.

A: ASSETS TO BE PURCHASED BY THE DEPARTMENT AS PART OF COMMUNITY 49% EQUITY TO BE HELD BY THE COMMUNITY TRUST AT A TOTAL VALUE OF R36,637 MILLION

Page 1:

1.1 : What is the purpose of the communities of Ward 7 (Kouga Municipality) owning 49% of these 11 erven (total of 194,2248 ha in extent) on a private lifestyle estate? What is the intended land use of these erven? The cost of this acquisition in our name is R 28 million (see 7.3.1 on p 7 for budget).

Page 2:

1.2 : To acquire 49% of 250 dairy cows belonging to Crossways Farm Stud. The cost of this is R6 million. We have emerging farmers in our community who are cattle owners and have been trying to access land under LRAD since 2003 with no success. We were never offered the opportunity to become shareholders in this herd. Who decides on how the community should exercise their right to acquire the 49% - we could have come to some agreement where the emerging livestock owners of Ward 7 decide on what percentage they would like to own, particularly those who have never benefited from LRAD or other land reform programmes, and part of the 49% could be directly held by them, and their experience of cattle and dairy could be used to assist the community to manage the 49% .

1.3.: To acquire 49% equity share in the Milking Parlour (measuring 1.0549 ha). The cost of this is R2,637 million. Is this just a share in the physical land on which the dairy will operate, or include the buildings and equipment? Could mere land cost R2,6 million for 1 ha?

On page 4, under 5.2.3, it states "secure an interest in the dairy land as well as the dairy herd. This includes the milking parlour complex. It has been indicated that the CFV (Crossways Farm Village) proposed management structure will look after the interests of the Department".

The R6 million for the cows and R2,637 million for the milking parlour are stated to be 49% equity to be owned by the Community Trust, yet the CFV proposed management structure will look after the interests of the Department. Is the Community Trust just a front to be owned and managed from somewhere unknown to us, or are we supposed to be actual empowered stakeholders who actively participate in assets which are held in our name? And if the "interests of the Department" are to be looked after in this regard, why does the Department not just hold these assets?

B: ASSETS TO BE PURCHASED OUTRIGHT BY THE DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM FOR A TOTAL VALUE OF R28,299 MILLION

Page 2:

We understand the following 3 items to be for a **NARYSEC Training Centre** to be located on the Crossways Village Estate.

We do know that it is the Department's right to locate training centres wherever they wish, but we have some concerns about existing facilities which may have been overlooked. It seems quite expensive just for land- more than R 5 million. We are attaching (Annexure 3) the advertisement for the sale of our local Thornhill Hotel, which was on the market for a few years, on 3,7 ha of land right in the middle of Thornhill, with a 200 seat dining room, accommodation for 23 people, and other buildings, at a total cost of R4,95 million, and possibly could have been negotiated for less. We heard it has recently been sold, but in terms for value for money in the local market it does give a measure for comparison.

1.4 0,3099 hectares for a Regional Training Centre at a value of R 1,859 million

1.5 0,3094 hectares for Student Accommodation at a cost of R2,43 million

1.6 0,1384 hectares for Lecturer Accommodation at a cost of R1,24 million

School site:

1.7 Acquisition of a site for a school measuring 1,0290 hectares at a cost of R2,1 million.

We have 2 primary schools at Thornhill, and a site for a high school at Phase 3 where we are expecting new RDP houses to be built next year. We have been told by the Education Department for the past decade that our 2 primary schools need to merge before we can get a high school. The schools have begun earnest talks in this regard. In August 2011 we met with the Education Department and one of the schools, and were told that Mr Tom from DOE Infrastructure Department had visited them about the merger and building the new high school. In addition, Woodridge College is on our doorstep for those who can afford it. We don't understand why the Department is purchasing land for another school on the Crossways Village Estate?

Agro-industry sites:

1.8 The Department will be purchasing Agro-Industry sites measuring 1,5530 ha in extent, at a total cost of R7,535 million. We are not sure who the intended beneficiaries or ultimate developers of those sites will be, and why the Department has to own them to secure them for future use. Does this mean that the Department will help local residents to establish agro-industry type businesses, because government ownership usually means some kind of preferred beneficiary.

Page 3:

Hotel Site:

1.9 The Department will be acquiring a site measuring 3,9770 ha for a hotel at a cost of R10,9 million. We are not sure why the government is buying a site for a hotel on a private estate. Is the Department going to develop the hotel at some future date? Are the Training Centre lecturers going to be permanent residents of Crossways Farm Village (land for their accommodation under 1.6 at R1,2 million). If they are not going to be permanent residents, maybe they could stay at the hotel for a discounted rate when there are courses.

As mentioned above, there is a well established , functional hotel at Thornhill on 3,7 hectares with all of the improvements and infrastructure (200 person dining room and accommodation for 23), and the asking price was just under R 5 million. Your 3,9 ha site is more than double that at R10,9 million for just the land. We don't understand why all of the government investment is going into the boundaries of Crossways Farm Village (a lifestyle estate), when the target community is Ward 7, and the poor people live in Thornhill and Loerie settlements. It is like we are starting a new community from scratch and ignoring what we already have – can't you also improve what exists – why can't the lecturers live in Thornhill, or the Hotel be in Thornhill. Our few local businesses are closing – the latest was the Coffee Shop at the end of July 2011. If all of these facilities are located at Crossways, our local existing economy will be threatened even more. Is the government not planning to help us keep what we have and build on that, or must we be wiped out and start afresh to fit in with Crossways.

GENERAL:

On page 4 of the memorandum:

5.2.3 Relocation of the Bellingham and Smith cricket bat factory to one of the Agro-Industry sites at Crossways, at a cost of R2,235 million. This is a well established, highly regarded business. Why does it have to move? It is close to the community and we have jobs there. This move is not motivated by any increase in the number of jobs, just appears to be a straight relocation. Why must the government spend R2,235 million just for a move. Can't you use that money to attract new investors to start new businesses and create new jobs? And does any new business that you support have to be based inside Crossways Farm Village, or will the Department consider investing in businesses at Thornhill or Loerie? We are already working with the Department of Economic Affairs to try to find investors to start things where we are, but now we are worried that if we find some interested parties, your Department will steer them towards being located at Crossways.

Double or Triple Benefits:

The Dairy Enterprise ownership: $\frac{1}{3}$ by the Manager, $\frac{1}{3}$ by the current workforce (10 people), and $\frac{1}{3}$ by the Crossways Farm Village Homeowners Association. We support the shareholding of the workforce, but then have to question p 7, 8.1 where these 10 people" are also by implication members of the Community Trust" ie. another 49%, and as they will be living as residents of CFV, they will also presumably be members of the Homeowners Association, the other 51%. This raises the question of the definition of beneficiaries of the Community Trust – by race, by economic status, by residential area? What about the Ward 7 farmworkers who don't live in settlements?

WE WANT TO MAKE IT CLEAR THAT WE HAVE NO PROBLEM WITH THE CROSSWAYS DEVELOPMENT ON OUR DOOR STEP, WE WELCOMED IT BECAUSE WE WERE TOLD IT WOULD CREATE 3000 PERMANENT JOBS.

Our concerns are how it is being done, and particularly the role of the Department of Land Reform and Rural Development. We thought that the Community Trust to be set up – was like a social responsibility trust. We did not realise that the government was a partner in this development and all of this money for rural development at Ward 7 would be spent within the boundaries of Crossways. The opportunities to become shareholders have not been explored with us.

We don't understand the R28 million for us to own 49% of the land – how would this help us. Our own emerging farmers are not being helped by the Department to get farms, you could have bought the hotel for us and we could be running it now, even if it is not used as a hotel after the Crossways Hotel is built, we could turn it into a community centre and have workshops and offices for community organisations, revive the Coffee Shop etc to be real shareholders in the local economy. The Thornhill Hotel backs onto the railway station, so if the Apple Express and other rail services are revived, we have potential to benefit from those opportunities.

P 5: Participation and Roleplayer Consultation:

6.1 “Department of Agriculture has requested a draft report, in particular on the agricultural component of the project, but this is still forthcoming.” Has this been received and is it indicating good potential?

6.2 The project was submitted to the District Screening Committee on 08/08/2011, again on 08/09/2011. The Committee did not support it citing lack of information. 13/09/2011 project was discussed with DDGs. Again submitted to District Screening Committee 26/09/2011.

Clearly people in the Screening Committee were uncomfortable with the lack of information. We have heard that the District Screening Committee has indeed approved this, but we do not know when. We also see that the author of the memorandum added a disclaimer.

6.3 Kouga Local Municipality is in support of the Project through Cllr Stuurman. An official council resolution had not yet been obtained according to this version of the memorandum.

6.4 The local communities of Loerie and Thornhill as well as the local Chief of the Gamkwa Khoi has all been addressed in terms of the development and its principles and given their support. Public meetings were convened and included Kouga Municipality councillors, Chief Williams, DRDLR Officials (Director Land Reform, as well as Deputy Directors: STRIF,RID and SPI).

We note that this says communities were “addressed”, which means that someone told us what would happen. At least this document is accurate because it does not try to pretend that we were consulted or that we had in anyway given input or participated. Is it right that all of this money should be spent in our name when we have only been addressed very broadly on this development, told about a Community Trust and the 3000 jobs to be created? No one asked us about our priorities for the development of Ward 7 broadly or our ideas about our shareholding etc, and we did not have a problem with that because we thought Crossways was a private development with community benefits, not a basket for R64 million of government money in the name of Ward 7.

THE COMMUNITY TRUST:

P 5: 7.1.1

“The idea is for the government to purchase 49% interest in this on behalf of a Community Trust that has already been established and represents the communities in Ward 7 – Kouga Municipality. “.....

P7: 8.2

“.....The trust is already worth a substantial amount of money”..... “ The management of the Trust is still being resolved with the involvement of STRIF, RID, LR and SPI from East London DRDLR.”

We know nothing about this Trust. We have been addressed in meetings and told that we will have to elect Trustees from our communities. We have never been informed of the existence of a Trust Deed, the aims and objectives of the Trust, how benefits will be obtained, how fair distributions will be ensured between the various beneficiary communities, how often the Trustees will be required to report back to us, how the Trustees will participate in managing the assets on our behalf etc. Will there be advisory committees or sub-committees allowing for broader based participation?

In order to elect the right people to look after our interests, we need to know these things, and in fact, for us to understand our rights and obligations around this Trust, it would be best if we and Loerie communities participated in the finalisation of some of these issues.

Our business/entrepreneurial members would also like to explore how to become stakeholders either within or beyond the Community Trust. We don't just want jobs, we want to be part of the economy.

At Thornhill we have a Development Forum and a Youth Development Organisation, and we are not sure about all of Loerie organisations, but we do know they have a Business Forum. None of these have ever been invited to meetings or consultations about these matters affecting our communities. We are not sure what your representatives from Pretoria and East London do when they come to our areas about Crossways. How many meetings have they held here (in the whole of Ward 7, including one-on-one meetings with Crossways people)? What was the purpose of these meetings, and how much money has been spent on travel and accommodation on the Crossways project by the Department?

Was “community participation” and /or “identifying what exists in the community” an objective of any of these missions? We wanted to go to the launch last year in November because we were trying to get hold of Minister Nkwinti about our land issues and he was right in our backyard. We were however told that attending the launch of Crossways was “by invitation only”, now we are set to own 49% of a substantial portion of this, and we could not attend the launch.

THE BIG QUESTIONS:

If the Community Trust does indeed exist, we would like to get a copy of the Trust Deed, be informed who the Trustees are and how and where they were elected, and get a copy of the bank statements. If there have been any withdrawals we would like to be informed of how the money was spent.

Much of the information in this memorandum was a surprise to us, but the existence of the Community Trust is the biggest shock since we were always told that we would be electing our Trustees and have been waiting to hear more about this process.

We respectfully request an urgent intervention before this expenditure is approved nationally. We need the issues which are surprising and confusing to us to be clarified. It would be good if a small delegation from your committee could come and explain this in person so that the community accept the explanation and the way forward as genuine and legitimate.

We would not wish this to drag into the Christmas holidays and only be resolved next year because now that people know about it, there will be rumours and speculation, which will complicate matters further.

Trusting that you will help us

The Thornhill Development Forum,

and the Residents who attended the meeting on 27th October 2011

(Attendance Register is Attached)