

*Farmer's Weekly's* efforts to get to the bottom of the Qamata irrigation scheme's failure to rise from the ashes, despite millions of rand being lavished on its revival, have raised more disturbing questions than answers – including why Eastern Cape MEC Gugile Nkwinti appears reluctant to heed an auditor's recommendation for a forensic probe into the scheme's finances. **Stephan Hofstätter** investigates the root of the rot.

# Qamata: how deep is the rot?



**M**YSTERIOUS DISAPPEARANCE OF FUNDS AND assets, officials indifferent to, or conniving in, financial mismanagement, protracted and tangled court battles and crippling community conflicts besetting what should be one of South Africa's top irrigation schemes, are symptomatic of what's keeping the entire eastern region of the Eastern Cape impoverished.

It also highlights the dangers facing far more ambitious plans being hatched for the economic revival of this desperately poor region.

Last month [May] Eastern Cape premier Nosimo Balindlela launched the most ambitious reconstruction plan to date for the former homelands of Transkei and Ciskei. It envisages creating 100 000ha of commercial forestry plantations in 10 years, and a giant waterworks scheme in the Umzimvubu basin aimed at creating 300 000 jobs, which will include an irrigation scheme covering much of the former Transkei to be used for large-scale grain and biofuels crop production.

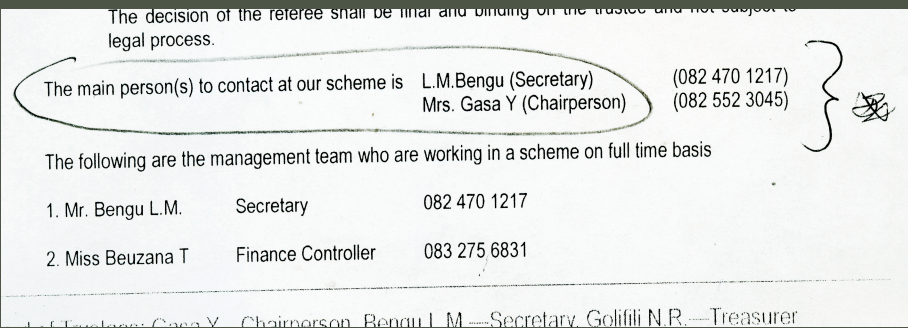
The agency that will drive this R60-billion mega-project, AsgiSA Eastern Cape, will be headed by Saki Macozoma, a close ally of President Thabo Mbeki. Pressure, and the expectation to succeed, will come from the highest levels.

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Qamata near Queenstown was slated to become the Eastern Cape's bread basket. Instead fraud, theft, corruption and political infighting have paralysed efforts to revive it.

ALL PHOTOS: STEPHAN HOFSTÄTTER





## The kingpins

ABOVE LEFT: (Farmer's Weekly *apologises for the quality of this photograph*). Prominent local businessman Lusapo Bengu is a director of government-funded Sugar Beet SA, which is planning to set up a billion-rand biofuels processing plant in the Eastern Cape. He is implicated in financial wrongdoings as secretary of Qamata trust and heads a new structure that will be used to disburse public funds to revive the scheme. LEFT: Yoliswa Gas, the chairperson of the trust that controls Qamata, was implicated in financial mismanagement. She also heads a new structure that government is backing as a replacement for the trust. TOP: A report found the scheme was effectively run by only two people as it sank in a morass of financial irregularities. This document reveals them to be Yoliswa Gas and Lusapo Bengu.

But as events at Qamata show, local elites jostling for power and control over development projects, that promise access to untold wealth in some of the poorest parts of the country, can derail the best laid plans. Ironically, Qamata is at the epicentre of liberation movement mythology. Chris Hani, who headed *Umkhonto we Sizwe* until he was assassinated by right-wingers, grew up in one of the villages surrounding the scheme. PAC stalwart Clarence Makwetu has a farm near Qamata, and a band of Poqo members were famously gunned down in the mountains above

Qamata by apartheid security forces. Senior officials in the Eastern Cape government concede communities were left in the lurch when former homeland irrigation schemes were liquidated in 1997. "We handed over the use of government assets to communities, to manage them and generate income," says Zukile Pityi, the agriculture department official in charge of reviving the schemes. "We should have trained them up. Instead we left them with assets and let them run with it without any systems in place." The immediate result was widespread asset stripping at all the schemes, including

tractors, spares and other agricultural equipment. "We never ensured there was sufficient security and things went missing in the night," Pityi concedes. At Qamata, Coopers & Lybrand were apparently appointed as liquidators and drew up a list of assets to be handed over to the community. The fate of this asset register remains a mystery. Local farmers claim the body elected to manage the scheme on behalf of the community, the Qamata Irrigation Scheme Programme Trust, were given the register but conveniently lost it when assets started disappearing. Trust chairperson and local

councillor Yoliswa Gas insists the trustees have never seen this list. Disgruntled farmers say the only major agricultural activity to take place in the first few years under the trust's management was a 500ha planting in 2003, and accuse the trustees, including Gas, of pocketing the proceeds after the crop was sold.

There are clearly political tensions at play here. Gas is an ANC councillor in the local municipality, and has apparently been able to drum up support from disaffected, jobless youth without land allotments on the scheme, who are pitted against farmers aligned to the traditional authorities.

But several farmers interviewed stressed they were ANC supporters who had no beef with the government. They simply wanted the scheme to be run competently, which had not been possible under Gas's leadership.

When confronted, Gas conceded she had been accused at public meetings of stealing R11 million but was suing her accusers for defamation. The case will be heard at the magistrate's court at the nearby village of Cofimvaba in August.

*Farmer's Weekly* was unable to find any evidence that Gas had looted money due to the community from crop sales.

However, three reports in *Farmer's Weekly's* possession point to serious concerns over the functionality and financial controls of the trust under her watch.

The first was produced by consultants Kei Business Link and Adri in 2005, appointed by the National Development Agency (NDA) to provide mentorship to the irrigation scheme to make it self-sustainable. It contains several startling findings.

### The players

The report points out only two out of the scheme's 22 trustees were effectively running its affairs. Documents in *Farmer's Weekly's* possession reveal the trustees in question are Gas and trust secretary Lusapo Bengu – a prominent local businessman and reportedly a former brigadier general of the Transkei Defence Force. The documents include a trust letter dated July 2005 to a service provider listing Bengu and Gas as the "main person(s) to contact our scheme". (See box: **The kingpins**, page 42).

The Kei Business Link report goes on to complain of "endless problems" with the trustees, and the trust's failure to comply with several requests to supply a financial report.

It makes several drastic recommendations. These include applying for a court order to compel all trustees listed on the trust deeds to attend a general meeting to elect new trustees, and to force the treasurer to submit a financial report and be relieved of his responsibilities. The report also recommends full dis-

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## The leaked report

**QAMATA IRRIGATION DEVELOPMENT DRAFT INTERNAL REVIEW REPORT**  
**PERIOD: JUNE 1999 TO NOVEMBER 2002**  
However we recommend the appointment of forensic auditors at Trust expenses to conduct the investigation, so that any person found to have mismanaged trust monies to be charged in the court of law.  
*lack of accounting procedures*

A confidential audit leaked to *Farmer's Weekly* reveals just how badly the Qamata trust's finances were run under the leadership of local councillor Yoliswa Gas and prominent businessman Lusapo Bengu – the same people in charge of new structures with which the agriculture department wants to replace the trust.

A string of irregularities include cheques issued to honour unsigned memos requesting fund transfers without supporting documentation of expenses incurred being available, and employee payments made without proof of work done. This suggests payments for invalid

*"There is [a] high possibility that the trust is paying for goods that were never delivered to it."*

expenditure are being made and salaries paid to employees who never reported for work, the report concludes.

Bengu is named in one instance as being reimbursed for travel expenses without obtaining approval from other committee members, suggesting he authorises his own expense claims.

The report also notes payments are made for goods and services without supporting invoices being supplied. "There is [a] high possibility that the trust is paying for goods that were never delivered to it," the report says, suggesting trust officials with the authority to sign for payments are intercepting "goods belonging to the trust and [using] them for their own benefit".

The list goes on. The audit report found the Tobacco & Cotton Research Institute issued the trust a cheque to pay the salaries of workers on a hemp project in terms of a service agreement. But the workers only signed for half the money due to them, suggesting the trustees pocketed the rest, the report found. No reconciliation between the trust's bank balance and cashbook balance was performed for the entire period under review, suggesting fictitious transfers could have occurred, the audit found. Payment for the erection of dams totalling R185 000 was made without supporting documents. The report found the payments could have gone through for work still outstanding.

Finally, the trustees informed the auditor their only source of income was rental from buildings it owned, but no record of this income could be found in the trust books or bank account.

Qamata: plenty of land and water, but very little farming going on.



## ■ feature



← closure of all accounts operated by the trust, full disclosure of the source and destination of all funds deposited in its accounts, and declaration of all benefits accrued or due to the trustees.

Finally, the report recommends the trust be put under administration for six months to deal with these issues, and that public money be withheld from the trust until it complies with the recommendations.

The report was apparently forwarded to senior officials in the provincial agriculture department and Chris Hani District Municipality, the district authority with jurisdiction over the scheme, but was never acted on.

Gasa later claimed the trust had submitted all relevant documentation to the agriculture department, which had issued a clean bill of health. When contacted, the department had no immediate knowledge of an audit report exonerating the trust, and Gasa was unable to supply it to *Farmer's Weekly*.

The second report, highly critical of the trust's performance was conducted by ATS Consulting Engineers in Queenstown

for Chris Hani municipality. The report assessed production performance in 2004/05 on almost 100ha under two centre pivots funded by money allocated to the council for reviving the scheme. The outcome was dismal. The average maize yield, on an irrigation scheme with proven cabability of over 6 tons/ha, was a mere 2,2 tons/ha. Production costs, including repairs to the pivots needed because of poor maintenance, consultancy fees, inputs and contract ploughing was R390 000. The harvest yielded a total of 4 184 bags of maize, worth a total of R115 000, the report shows. This represents a loss of over 70%.

### Laying on the blame

The municipality later blamed unpredictable weather and poor maize prices for the failure of the project they funded. It is unclear how weather conditions affect an irrigation scheme.

The ATS report lays the blame squarely at the door of trust management. It pointed out the board had become an

Hundreds of outraged farmers toyi-toyi against Eastern Cape agriculture MEC Gugile Nkwinti, chanting: "The black boere make us worry!" Instead of addressing their complaints of corruption at the scheme, he told them he'd come to preside over elections for a new structure to run the scheme. It later emerged the same people implicated in mismanaging the trust would run the new structure.

autonomous body with members who "in many instances do not have the benefits of the individual landowners (beneficiaries) at heart and are more interested in self-gain".

The report also suggests a possible conflict of interest for trust secretary Lusapo Bengu. (See sidebar: **With friends like these**, page 48).

Probably the most damning report on the trust is a confidential audit conducted two years earlier by a municipal financial manager. The audit, leaked to *Farmer's Weekly*, analyses internal financial controls at the trust over a three-year period by looking for discrepancies between invoices and vouchers, cheque counterfoils, receipt books and bank statements. It ends with the recommendation that a forensic investigation into trust finances be performed "so that any person found to have mismanaged trust monies

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### FROM LEFT TO RIGHT:

- Eastern Cape agriculture minister Gugile Nkwinti has shown no enthusiasm for investigating the trust's finances, despite being urged to do so by two independent reports.
- Eastern Cape agriculture official Zukile Pityi rejects accusations his department is sowing divisions.
- Gcaleka Chief Elia Ngcubo wants government assistance to be constructive.



## What happened to the missing millions?

In October 2002 transport minister Jeff Radebe, who ran Public Enterprises at the time, toured the dilapidated homeland irrigation schemes in the Eastern Cape, including Qamata.

At a press conference afterwards he reportedly said the visits had convinced him government would not be able to fight poverty if people weren't helped to plough the land. He also reportedly committed government to reviving the schemes.

What happened during Radebe's visit to Qamata is contested terrain. The Gcaleka insist the Chris Hani municipality asked them to present their business plan for reviving the scheme. Officials were desperate to have something to show the visiting dignitaries, and the Gcaleka project was the only real plan on the table.

The Gcaleka claim on the strength of this presentation Radebe pledged R6 million, to be disbursed from national Treasury through Chris Hani, to help implement their proposal. This money was never forthcoming, leading to allegations and a complaint to the auditor-general's (AG) office that municipal officials had looted the money.

Chris Hani municipality calls this version of events "a complete and malicious lie." Treasury granted the municipality an Equitable Share Allocation of R6 million for reviving the entire scheme, not to fund a single proposal, the municipality insists.

When contacted, the municipality confirmed it had spent the R6 million allocation on efforts to revive the scheme. These included installing pivots, planting maize and upgrading a nursery. But when *Farmer's Weekly* visited the scheme the pivots were not functioning, only small patches of maize were being grown and the nursery looked derelict.

In November 2006 the AG's office asked the municipality to provide copies of all vouchers and supporting documentation for the R6 million allocation to revive the scheme. The documents have not been submitted to date.

Almost six months later, in June 2007, the AG told *Farmer's Weekly* the relevant documentation was with the municipality's chief financial officer. "After receiving and evaluating this information, the AG will then decide whether to conduct an investigation on the matter or not,"

national AG spokesperson Africa Boso said.

Given the seriousness of the allegation, *Farmer's Weekly* offered to clear up the matter by travelling to Queenstown to peruse or be supplied with the documents. Following the submission of a formal request, municipal manager Mpilo Mbambisa acceded to the request.

On arrival *Farmer's Weekly* was informed by the chief clerk she had not finished adding the expenditure vouchers relating to the R6 million allocation but would supply the magazine with a formal statement once this was completed. No statement was ever received.

The municipality's chief financial officer, J Vorster, later told *Farmer's Weekly* documents at the municipality relating to the R6 million allocation only added up to "just over R4 million". The remaining supporting documents were filed in Port Elizabeth under an old accounting system, he said.

Until this mysterious documentation that could not be retrieved after over six months of fruitless efforts finally surfaces, what became of the remaining R2 million is anyone's guess.



← [be] charged in [a] court of law". The report lists a litany of financial irregularities, including trust secretary Lusapo Bengu authorising expenses for himself. (See sidebar: **The leaked report, page 43**).

When asked to comment on the allegations against him, Bengu claimed he was the victim of a smear campaign being orchestrated by agricultural service provider Crop Growers International, who initially proposed an ambitious chicory outgrowers and processing project for the scheme.

"They have persuaded the farmers to give them land for 10 years without any tendering procedures. They know I'm against that so they are making up stories because I am telling the farmers the truth," Bengu said.

*'For eight years government closed the scheme and nothing happened.'*

Bengu evaded attempts by *Farmer's Weekly* to visit him at Qamata and supply him with documents supporting allegations made against him. Crop Growers concedes it had concluded a 10-year agreement at the end of 2005 to be appointed sole developer of the entire scheme, but insists this was done with the full backing of the majority of the community, which had become disillusioned with lacklustre

efforts by the Chris Hani municipality and trust officials to revive their scheme.

Majority backing for the Crop Growers initiative is impossible to prove, but *Farmer's Weekly* witnessed widespread support at a community meeting at Qamata. "For eight years the government closed the scheme and nothing happened until Crop Growers got involved," said one farmer at the meeting, to wide agreement.

This was confirmed by a local member of the SA National Civics Organisation (Sanco), who claimed to be impartial in the dispute. He said he was "very impressed with the work of Crop Growers".

The company's principal, Yolanda van Rensburg, said Crop Growers had initially reached an agreement with the Gcaleka tribal authority, which has traditional jurisdiction over about two thirds of the 3 500ha scheme, to implement a pilot project that could be rolled out across Qamata if successful. A R2 million social development grant was secured from Eskom, with the expectation of receiving matching funds from government. Despite a written pledge in 2002 from the agriculture department to Crop Growers for R2,1 million, the money was never forthcoming. This prompted the company to guarantee a private loan to complete maize planting on 200ha. The crop is being harvested this season, with a yield of 8 tons/ha expected, says Van Rensburg.

She stresses the 2005 sole developer

agreement was supported by all three traditional groups represented at Qamata – the Gcalekas, Halas and Thembus.

Instead of providing support to this project, Chris Hani municipality disbursed R6 million on other initiatives to revive the scheme, with little to show for their efforts. (See sidebar: **What happened to the missing millions? page 45**). The council rejected the accusation that its officials had deliberately sidelined the Crop Growers/Gcaleka initiative when allocating funds because it was showing up their poor performance.

"It would be very unfair to say this without proven facts," says municipal manager Mpilo Mbambisa. "Our interests are the development of the entire community and we are bound by legislated processes [when allocating funding]."

Treasury regulations required the municipality to put contracts for hiring the services of external expertise out to tender, but Crop Growers expected all funds for reviving the scheme to be channelled through the Gcaleka's legal entity contracted to them, he said.

"It looks like they [Crop Growers] weren't prepared to compete in an open tender."

But Treasury told *Farmer's Weekly* supply chain regulations allowed municipalities to select a particular service provider without tendering "if it presents a clear advantage over competition for projects that represent a natural continuation of previous work carried out by a service provider."

In this case the Gcaleka Tribal Authority had lobbied Chris Hani municipality for more funds to extend their project, with specific technical requirements supplied by Crop Growers. Judging by Eskom's willingness to fund the Gcaleka pilot based on these requirements, it would be reasonable to assume the tender waiver would apply in this case – although the company's insistence on being appointed sole developer for the entire scheme is harder to justify.

Mbambisa also blames interference and litigation from "a certain group" – the Gcalekas and Crop Growers – for preventing the scheme's revival. "They are taking us to court and that's what's holding us up."

It is true the Gcaleka traditional authority is party to an application to interdict the Eastern Cape agriculture department and Chris Hani municipality from advertising any tenders for reviving the scheme. However, court papers show the application is clearly aimed at achieving buy-in from all parties. It requires consultation with the Gcaleka, Thembu "and other affected tribes" and "with the community and all relevant stakeholders" before decisions affecting the scheme's farmers can be taken.

Deciding which structure legitimately represents the community of farmers at Qamata – and is therefore the right conduit through which development funds must flow – lies at the heart of the dispute.

Late in 2005, in an effort to breathe life

into the moribund trust, new members were elected to its board, apparently representing diverse sections of the community. This reshuffle apparently gave farmers access for the first time to the three damning reports outlining how their scheme's finances had been misman-

*'They [Gcalekas and Crop Growers] are taking us to court and that's what's holding us up.'*

aged. The interim board demanded that their chairperson and secretary, Gasa and Bengu, provide satisfactory explanations for major irregularities identified in the reports, including why rental income was not reflected in the trust's books and several instances of unauthorised expenditure. Six months later nothing was forthcoming.

In May 2006 the board called a general meeting, attended by 132 farmers. The minutes are revealing. They show efforts to clear up financial irregularities were stymied by Bengu's failure to attend two board meetings. Gasa attended one "but nothing could be done in Bengu's absence". A board decision was taken to suspend Bengu and Gasa pending the outcome of a forensic investigation.

Rather than facilitating the investigation,

the agriculture department dissolved the entire board a week later, barred their access to the scheme's offices and made arrangements for electing a new structure to replace the discredited trust.

This came as a surprise to hundreds of farmers, who had expected the depart-

ment to back their efforts to clean up the scheme's administration, and made a personal appeal to provincial agriculture minister Gugile Nkwinti to intervene.

A month later Nkwinti arrived at Qamata, together with other senior government officials, including Pityi and Chris Hani mayor Mafuza Sigabi. The extraordinary meeting at the scheme's offices was filmed by one of the farmers present. Unedited footage was supplied to *Farmer's Weekly* (see page 44).

**The camera never lies**

To the dismay of about 300 farmers expecting their grievances over mismanagement of the scheme to be addressed, Nkwinti proceeded to inform the community he'd come to preside over elections for a new

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The grain silos at Qamata stand empty amid infighting and crippling corruption.



## How not to run a municipality

Yoliswa Gasas, the woman at the heart of the Qamata debacle, is also corporate affairs director of Intsika Yethu municipality in Cofimvaba. As such she must share responsibility for the mess the council is in.

In six years the council received no fewer than six qualified audits and two disclaimers from the attorney-general's office in Mthatha. A disclaimer ranks below an adverse opinion as the worst bill of health the AG can give a government entity.

Reasons include R440 000 in medical aid funds misappropriated by councillors in 2002, R6 million of an equitable share allocation of R18 million not reflected in financial statements in 2002, unauthorised expenditure of R27 million in 2003, and funds amounting to R6 million written off a council resolution in 2004. Subsidiary transgressions include deductions from employees not paid over to third parties in 1999 and 2000; less than a third of rates income recorded in the council's cashbook appearing in the financial statements in 2002; and payments made based on invoices, not quotations.

The municipality was also regularly found to have flouted municipal laws and regulations. These include requiring written service contracts and performance agreements for senior staff, failing to update property valuations and failing to submit VAT returns.

← structure to replace the interim trust. Video footage shows the vast majority of farmers present reacting with outrage, toyi-toying against the MEC and his officials, chanting: "No more top-down!" and "Go, go – the black boere make us worry!"

In a report on the incident published in its newsletter, the agriculture department said police had to be called in to calm the situation following a disruption "caused by the minority of the opposition side", but promised the new structure would be elected by "members of the community within them [the schemes]" a week later.

But video footage seen by *Farmer's Weekly* shows that only a small group – fewer than a dozen people – indicated by a show of hands they were supportive of electing a replacement structure. The remaining farmers refused to participate, after which the MEC's delegation left under police escort.

Chris Hani municipality responded by sending an instruction to Eskom to disconnect the electricity supply to the pivots serving the Gcaleka pilot Eskom had financed, three months before a bumper harvest was due. The instruction was apparently quietly ignored by Eskom.

Elections were duly held for members of a Producers' Assembly, the new structure the department had promised would replace the trust. Both Gasas and Bengu were once again elected to leadership positions. This led to a renewed outcry among the scheme's farmers, including a protest march held at the provincial legislature in Bisho. The list of grievances handed to premier Balindlela included complaints that the agriculture department was sowing division by endorsing the election of Gasas and Bengu after they had been impli-

cated in serious financial mismanagement. The result is an impasse. The Producers' Assembly has applied to the Master of the High Court to be registered as the legal entity managing the scheme on behalf of the farmers. At the same time the interim trust is applying to the court to ratify its board's decision to replace Gasas and Bengu.

Both processes will probably hinge on the outcome of the application to interdict the department from interfering in the trust's affairs, which includes a restraint on "appointing alternative bodies". A court date has not been set for this case.

Pityi disputes the interim trust's version of events and rejects the accusation that his department is sowing divisions by taking sides. He says the department did

*'He [Nkwinti] should try to unify the people of Qamata and not side with people accused of mismanagement.'*

endorse the election of the interim board, but later received reports that it had fired the department's finance manager seconded to the scheme, fired extension officers and impounded government computers. Later, when Pityi tried to convene a meeting with the board, they insisted a representative of Crop Growers attend and walked out when this was refused on the grounds that it was inappropriate for a private company with a commercial interest in the outcome to be there.

"Government must govern. How can

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With friends like these ...

A report assessing the performance of a council-funded 100ha irrigation project on the scheme reveals a company Cimile Construction was appointed agricultural contractor.

Some R280 000 was budgeted for contract cultivation, although only about half was paid to the company because poor performance necessitated appointing a subcontractor, the report said.

Cimile Construction is 100% owned by Khabalinjani Cimile, who also owns a 20% stake in another company, Country Cloud Trading 341, which is 20% owned in turn by irrigation scheme trust secretary Lusapo Bengu.

As a principal decision-maker in the trust, many would consider Bengu inappropriately close to the company awarded its cultivation contract. Bengu later told *Farmer's Weekly* Cimile Construction had been contracted to undertake sugar beet trials at Qamata. The plantings were paid for by a government-funded shell company Sugar Beet SA, which hopes to set up a billion-rand biofuels processing plant in the Eastern Cape bankrolled by the Industrial Development Corporation and its partners. Bengu is also a director of Sugar Beet SA.

Another document in *Farmer's Weekly's* possession suggests Bengu was being paid directly

for services rendered to the trust he controls. A bank statement dated November 2004 reflects a cheque cashed by the trust at FNB in Cofimvaba, with a signed list of names attached, including Bengu's. Trust chairperson Yoliswa Gasas confirmed the entry indicated Bengu had been paid for ploughing work done for the trust, but denied this constituted a conflict of interest. She said because there was a shortage of tractors to operate the scheme anyone with a tractor, including government extension officers, was encouraged to join a tractor association and make their services available. "He [Bengu] has many tractors," she said.

## A land invasion twist

In another twist to the Qamata saga it turns out a shadowy group called the Khulani Project, that may include members who were not alive when it was formed, is going to court to declare the successful Eskom pilot on Section 6 of the scheme a land invasion.

Khulani's lawyer Ntutuzeli Zepe argues the group, which is also known as the Ntshingeni Section Six Committee, has been ploughing and occupying Section 6 since 1968 but been effectively evicted by the Eskom project.

"They must supply us with an eviction order from the courts," said Zepe. "This amounts to taking the law into their own hands."

Last year an interim order interdicting the Eskom pilot from using the land was served inter alia on Mark van Rensburg, owner of project implementers Crop Growers International, and 12 members of the Gcaleka community whose traditional authority

apparently has jurisdiction over the land.

Gcaleka refused to stop using what they insist is their land. Court papers show the outcome of a contempt of court hearing held in January 2007 was the indefinite postponement of the interdict. The main case will be heard in August. Lawyers representing the Gcalekas and Van Rensburg will argue the constitution if Khulani shows it is a voluntary association and therefore not legally allowed to appear before a court. They say they are also able to prove many of the people listed as Khulani members are either dead or were fraudulently added to bump up numbers.

*Farmer's Weekly* has copies of two affidavits of Qamata residents whose names and identity numbers appear on the Khulani membership list stating they were fraudulently included. Many more have apparently been supplied to the court.

Despite these question marks over its legitimacy, Khulani receives funding from Chris Hani municipality, according to documents in *Farmer's Weekly's* possession.

Yoliswa Gasas, the local councillor who heads the trust that manages the scheme, also appears to be a member of Khulani. She argues the traditional authority had no right to allocate land to the Eskom project that belonged to individuals. "We didn't give them permission to use that land [Section 6]. We are very angry that they invaded it," she told *Farmer's Weekly*.

Gasas has also been elected representative of Section 6 on the Producers Assembly, the new structures endorsed by the agriculture department to replace the trust as custodian of the scheme. She denied this represented a conflict of interest. "I'm a resident at Section 6. I am one of the people who has used that land since 1968," she said.

Gasas accuses the Eskom project of invading Section 6 of the scheme. This, incidentally, is also the place where the scheme's first bumper maize crop in years is expected to be harvested.





## What the MEC refused to answer

*Farmer's Weekly* has neither found nor been furnished with any evidence that Eastern Cape agriculture MEC Gugile Nkwinti nor his senior officials are guilty of misappropriating or mismanaging funds earmarked for reviving the irrigation scheme. His officials have also made it clear that evidence of corruption at the scheme should be presented to the police or fraud investigators, as it was not the agriculture department's role to police how its funds have been used or abused.

However, there is nothing stopping the department from facilitating such a probe, especially since it was recommended by two disinterested parties – a consultancy appointed by the National Development Agency and a municipal financial manager. It remains a mystery why the department never saw fit to do so.

It remains equally unfathomable why the department chose to endorse a newly elected Producers Assembly despite being presented with documentary evidence implicating the people heading these structures in financial mismanagement. This is especially important since, by its own admission, it is through these structures that substantial amounts of taxpayers' money will be funnelled.

### These questions were put to the MEC:

1. Why does your department recognise a newly constituted community structure (Producers Assembly) despite widespread rejection of this structure by many farmers at the scheme?
2. Allegations of financial mismanagement made against prominent members of the Producers Assembly who were also senior members of the Qamata trust were deemed serious enough by auditors to warrant recommending a forensic investigation into the trust's affairs.
  - 2.1. Why has your department deemed it unnecessary to ensure such an investigation takes place, or failed to offer to facilitate the process?
  - 2.2. Your department's endorsement of the new Producers Assembly and lack of enthusiasm for a forensic investigation that could implicate their leaders has led to widespread speculation that you are protecting them or covering for them. How do you respond to this allegation?

Nkwinti's response, through spokesperson Fikile Black, was that as these matters were before the courts they were sub judice and the department was therefore not in a position to answer them.

← we invest money through a structure like this?"

He then disbanded the interim trust and set up an assembly, with members drawn from government and the farming community. The farmers were tasked with electing their own representatives to the assembly. "It was their democratic choice. Government was not involved in this."

Nkwinti declined to respond to questions put to him. (See sidebar: **What the MEC refused to answer, page 50**).

Gasa later told *Farmer's Weekly* the trust had to be replaced by the Producers' Assembly because it did not represent the interests of "thousands of families" living in the villages surrounding Qamata.

The assembly had five representatives for each of the scheme's eight sections, whereas the trust only had 16 board members. "We needed the decision-making to be broadened," she explained.

Gasa said she was elected in absentia as representative of Section 6, a 940ha portion of the scheme under Gcaleka jurisdiction currently being used for the successful Eskom pilot. This puts her at the centre of a crisis of legitimacy for the new structure.

*Farmer's Weekly* has seen over 1 280 affidavits handed to the court supporting her suspension, backing the interim board as the legal representative of farmers on the scheme, and supporting the Eskom development at Section 6. Gasa refuses to accept their authenticity but

has failed to provide counter evidence suggesting she has majority support from the farmers, such as an attendance register and minutes of the community meeting where she was elected.

Concerns about Gasa's suitability to head a community structure through which public funds to revive the scheme will be channelled are hardly unfounded. As corporate affairs director of the Intsika Yethu municipality, she shares responsibility for the financial shambles the local council is in. (See sidebar: **How**

*'Whatever [public] money is allocated, all groups will benefit. But we need assistance in a constructive manner.'*

**not to run a municipality, page 48**).

Gcaleka Chief Elia Ngobu also stressed the tribal authority wanted all strata of society to benefit from reviving the scheme, demonstrated by representation of all three tribes on the scheme's interim trust.

"Whatever [public] money is allocated, all groups will benefit," Ngobu said. "But we need assistance provided in a constructive manner."

Sanco member Nkosinathi Mhlambiso, who is also the local land affairs representative of the SA Communist Party

(SACP), believes the trouble at Qamata started when financial irregularities under Bengu and Gasa's watch were uncovered.

"Mrs Gasa and Mr Bengu weren't happy about that and tried to revive the old board," he says. "We support that these people should be suspended until a thorough investigation is complete so people can be put at ease."

Mhlambiso, who says he's canvassed a wide range of views on the ground, believes MEC Nkwinti was misinformed when he tried to introduce the Producers Assembly because he'd failed to listen to both sides. "We are saying the MEC's programme [of funding a revival of the scheme] is good, but he should communicate it to all people. He should try to unify the people of Qamata and not side with people accused of mismanagement."

The real motives behind top-level support for local leaders whose credentials remain tarnished in the eyes of many community members may never become clear.

What is obvious to anyone who visits the scheme today is that a superb piece of state-funded infrastructure has been left to rot for over a decade despite a steady stream of government funds and promises. It is equally clear that if the plans presented to authorities had been properly executed, the scheme would be capable of bringing prosperity to thousands of families left to eke out a subsistence living on some of South Africa's richest soils. |fw

## What could have been

Qamata irrigation scheme's enormous potential for large-scale commercial agriculture has never been disputed. Hundreds of kilometres of cement canals feed scores of leidams capable of irrigating almost 3 500ha of fertile soil.

Five years after the scheme was liquidated and control handed over to the local community, there was little more than flood-irrigated subsistence plot farming going on.

In 2001 the traditional authority and a private agricultural service provider, Crop Growers International, presented a plan to replace flood irrigation with centre pivots in three phases: a small pilot under two to four centre pivots, expanded to 31 centre pivots irrigating 1 850ha, eventually rising to 65 pivots.

Initially Crop Growers was in talks with investors for an integrated revival plan worth a total of R3 billion that would include building a chicory processing factory. When this fell through a revised business plan starting with the pilot and expanding to 34 pivots was pre-

sented to the local, district and provincial authorities, and parastatals. R100 million would be needed to revive the scheme for mixed cropping, including vegetables and grains.

The plan apparently addressed major local technical obstacles, such as frequent lightning, soil permeability and effective water distribution, and included management systems for soil maintenance, rotational cropping, irrigation methods and community revenue disbursement. Land had also been set aside for community members who wished to continue with garden plotting under flood irrigation.

The plan estimated the scheme would be capable of turning R90 million per year, create 600 to 700 direct jobs and fund 22 projects targeting unemployed youths, based on a survey of youth needs. Eskom supported the plan but Chris Hani municipality funded a rival project, with dismal results. A decade later the only commercial agriculture on the scheme is the Eskom pilot.

A 200ha parcel of the scheme thrives without support from government. Eskom paid for the pivots and production costs financed with a private bank loan. If the authorities had implemented business plans submitted to them the whole scheme could look like this.



Hundreds of kilometres of cement-lined canals and scores of leidams serve the scheme.

