

# STATE OF AGROPROCESSING INFRASTRUCTURE IN KZN



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# 1.BACKGROUND

- **DRDLR is spearheading the Agri Parks initiative as a model to bring Agri-investment in all District Municipalities of South Africa, hence all department under the economic cluster are required to partake and impact on the successful implementation of the Agri Parks programme.**
- **The dti therefore funded a study to conduct assessments on the dilapidated; underutilised and abandoned Agroprocessing facilities in order to link them with the Agri-Parks programme; clusters programme and other projects and programmes that the dti and other government are embarking on.**
- **Fresh thinking was appointed as a service provider (Engedza invited)**
- **Importance of cooperation and integration amongst government departments**

## 2. WHY THIS STUDY

- **To assess projects that had received government funding within the agribusiness sector**
- **Identify viable ones and those can be potentially be refurbished/revived and perhaps be utilised in the Agriparks Programme as Farmer Production Support Unit (FPSU)**
- **Develop turnaround strategies**
- **Fully explore all options to turn around these facilities.**

# HOW THE STUDY WAS CONDUCTED?

- **The study was split into 2 phases**

**PHASE 1 covered projects in the KwaZulu Natal, Free State and Eastern Cape**

**PHASE 2 covered projects in Limpopo, Mpumalanga and North West.**

### **3. List of identified Agroprocessing structures in KZN**

- a) KwaXolo Poultry Abattoir**
- b) uThungulu Fresh Produce Market**
- c) Matthews Farm Agroprocessing Centre**
- d) Jozini Value Adding Centre (JVAC)**
- e) Ilembe Tunnels**
- f) Ilembe Vineyards and Winery**
- g) Impendle Maize Mill**
- h) Ndumo B Maize Mill**
- i) Others: Bergville Fresh Produce Market and Ixobho Fresh Produce Market**

### **3. TURNAROUND STRATEGIES APPROACH**

**The proposed turn-around strategies that were formulated with an aim of establishing a sustainable business within the original business concept.**

## 4. PORTFOLIO OF AGROPROCESSING STRUCTURES IN KZN

### a) KwaXolo Poultry Abattoir

#### Background

- ❑ Situated in Margate this is a poultry abattoir and packaging facility operated for about a year.
- ❑ The poultry industry is in distress and current challenges limit the chances of success
- ❑ The current operating model is not effective; the municipality owns the land and facilitated building of structure for the benefit of the community under a cooperative structure. Since the operations shut down the cooperative is not active and the Community Development Trust and the Amakhosi remain the only stakeholders with the agenda to get the operations moving again.

#### Turnaround

- ❑ The local municipality and other government departments can support this venture by examining what subsidies and support can be provided to local broiler producers within their operations.
- ❑ No evidence of contracts or terms and conditions between partners

## **4. PORTFOLIO OF AGROPROCESSING STRUCTURES IN KZN**

### **a) uThungulu Fresh Produce Market**

#### **Background**

Located In Empangeni is operating in old building new building was under construction during a study.

Currently operating as collection and distribution point for schools nutrition feeding programme also it has no processing of vegetables.

#### **Turnaround**

Utilisation of the larger FPM as a best practice.

It is recommended that the facility being constructed for the uThungulu Fresh Produce Market (UFPM) be used as a collection and distribution centre.



# 4. PORTFOLIO OF AGROPROCESSING STRUCTURES

## c) Matthew Farm Agroprocessing Centre

### Background

- ❑ Located outside Ladysmith on leased land belonging to DRDLR owned by Municipality.
- ❑ Network of farmers exist who are heavily dependent on municipal support need for extension support.
- ❑ Facility operating few days a week, free of charge, servicing local markets
- ❑ The agro-processing facility is underutilized, and does not have effective management

### Turnaround

- ❑ A need to establish a business model that will ensure that ownership and management of the facility is in the hands of competent and entrepreneurial individuals who have technical and operations expertise and the appetite to invest and share in the risk
- ❑ Addresses all compliance regulations.

## 4. PORTFOLIO OF AGROPROCESSING STRUCTURES

### d) Jozini Value Adding Centre (JVAC)

#### Background

- ❑ The facility currently serves as a storage room only (when we conducted a study)
- ❑ LIMA had been appointed as operator.

#### Turnaround

- ❑ Clear links with local and commercial farmers necessary.
- ❑ Finding a competent operator, need to confirm current production capacity and produce quality: A development partner like LIMA Rural Development Foundation is ideal in its ability to facilitate and support farmer's development

# 4. PORTFOLIO OF AGROPROCESSING STRUCTURES

## E) Ilembe Tunnels

### Background

- ❑ Four tunnels in four local municipalities. Mandeni, Ndwedwe, KwaDukuza and Maphumulo.
- ❑ Not operational, dilapidated, not planted unable to maintain technical operators who cite huge financial losses.
- ❑ Currently looking into new operating model.

### Turnaround

- ❑ Finding a business partner/investor/strategic partner because local beneficiaries will not be able to operate these independently

## 4. PORTFOLIO OF AGROPROCESSING STRUCTURES

### f) Ilembe Vineyards and Winery

#### Background

- ❑ Intention was for all 4 local municipalities to have a vineyard with one winery. One wine yard and one winery exists.
- ❑ Three harvests from 10ha and 10 000 litres of wine bottled but not sold as yet awaiting distribution licences..

#### Turnaround

- ❑ Establish if the wine will sell.
- ❑ Develop an ownership model that aligns with beneficiary expectations.

# 4. PORTFOLIO OF AGROPROCESSING STRUCTURES

## g) Impendle Maize Mill

### Background

- ❑ Located in Impendle outside of Pietermaritzburg.
- ❑ Impendle Maize Mill is a municipal owned asset that lies idle without a strong business case

### Turnaround

- ❑ The proposed turn-around strategy is to identify a commercial operator with the municipality assuming the role of landlord.
- ❑ Explore alternative use of infrastructure (Isihlangu Sentuthuko Secondary Cooperative submitted a proposal to Impendle to utilise a structure as a livestock Feed Manufacturing Plant-negotiations ongoing)

## 4. PORTFOLIO OF AGROPROCESSING STRUCTURES

### **h) Ndumo B Maize Mill**

#### **Background**

- ❑ Located about 100km outside Jozini,
- ❑ The farmers at Ndumo are skilled vegetable producers and produce maize only as an additional crop and prefer the production of green mealies rather than maize for milling.

#### **Turnaround**

- ❑ Relationship with development agencies such as LIMA and Technoserve should be explored to ensure that they assist farmers to improve production efficiencies and assist them to secure lucrative marketing contracts with a reasonable return.
- ❑ To operate the mill the farmers will have to be convinced of the profitability of maize milling relative to the sale of green mealies.

# 4. PORTFOLIO OF AGROPROCESSING STRUCTURES

## **Bergville FPM**

### **Turnaround Strategy**

- ❑ The municipality should pursue the initiatives to engage the commercial vegetable producer to use the facility as a pack house
- ❑ Vegetables can also be sold through an informal market outside the building.

## **Ixopo FPM**

- ❑ No clear understanding of the purpose of the building, current use and future direction.
- ❑ Acting CEO of Agency was unavailable to meet with us and share information on the facility.
- ❑ We did not assess this project because we didn't get access to the management team at the time of doing the assessments: Better placed to be a farmer support centre

## 5. IMPORTANT POINTS AND CHALLENGES

- Complexity with the turnaround strategies is that majority of the projects lacked viability with respect to their original business concept
- Socio-economic objectives is a public sector responsibility which comes at a cost and not directly linked to income generation.
- Agri entrepreneurs: project owners and stakeholders do not possess the technical expertise to advise or give input to possible alternative viable business models that can be employed when the original business concepts have failed
- Need to distinguish what will make money/income and what will cost money.
- Entity must be built on viable business model
- Community preference for wage employment/self-employment



## 5. IMPORTANT TO NOTE

- Proposed strategies are not likely to be easily implemented by the project owners and stakeholders because they will need further investigation so that they build own understanding of the proposed possibly changes to these facilities
- Project Owners and stakeholders might require more support and engagement in terms of investigating or getting buy-in into the strategies proposed because they are in many ways the strategies require a change in focus or direction for the facilities

# MILLING PLANT MACHINERIES



# MAIZE FARM OWNED BY UMNOTHOPHANSI COOPERATIVE



**THANK YOU**