

**MINUTES OF THE MEETING OF THE PUBLIC ACCOUNTS STANDING COMMITTEE  
HELD ON MONDAY 7 FEBRUARY 2005 IN THE MAIN CHAMBER, LEGISLATURE  
COMPLEX AT 09H00**

**ATTENDANCE**

J M Downs (Chairperson)  
B F Scott  
M A Kubheka  
R M Burrows  
Dr L P H M Mtshali  
E S Mbatha  
S B Ngidi  
V C Xaba  
M A Tarr  
T Jeebodh

**AGRICULTURE PORTFOLIO COMMITTEE**

G B Bhengu

**COMMITTEE SUPPORT STAFF**

N Sukraj

**DEPARTMENT OF AGRICULTURE & ENVIRONMENTAL AFFAIRS**

P F Mahlangu (Chief Financial Officer)  
H B Strauss

**MJINDI FARMING (PTY) LTD**

F Sokhela (Chairman of the board)  
S Palframan (Auditor)  
T Khumalo

**NATAL TRUST FARMS (PTY) LTD**

F Sokhela (Chairman of the board)  
E N C Whitehead  
J Burger (Auditor)  
M J Msusi

**OFFICE OF THE AUDITOR-GENERAL**

B R Wheeler  
D Sewrathan  
C Lulwane

**APOLOGIES**

P McKay (Education summit)  
J Slabbert (Works Portfolio Committee tour)  
J Aulsebrook (Provincial Tourism Committee)  
F X Gasa (Freedom Park Trust board)  
M R Mzobe (incapacitated)  
S Thakur-Rajbansi

**Recording Secretary:** S Engelbrecht

## **1. OPENING AND WELCOME**

After an opening prayer rendered by V C Xaba at 09:07, the meeting was declared open. The Chairperson welcomed the representatives of Mjindi Farming, Natal Trust Farms and the Department of Agriculture and Environmental Affairs to the meeting. Representatives of the department and the public entities took the oath.

## **2. HEARING WITH MJINDI FARMING (PTY) LTD ON THE AUDIT OF THE 2003/2004 FINANCIAL STATEMENTS OF THIS PUBLIC ENTITY**

In response to a question from the committee, the Chairman of the board of Mjindi Farming advised that Mjindi would continue to function for another three years during which time a plan to phase out the operation of the entity would be carried out.

Discussion took place on the legal basis for the continued operation of Mjindi Farming, in view of the fact that the board of Mjindi had taken a decision to dissolve this public entity. It was explained that this decision of the board was not implemented because the Department of Agriculture and Environmental Affairs did not support the decision and rather proposed a phase out of the operations of Mjindi. This was supported by the department, the Agriculture and Finance Portfolio Committees and Executive Council. The continued operation of Mjindi was based on two main functions: capacity building for a new farmer driven entity which would be established during the phase out period and recovery of loans amounting to approximately R24 million owed by farmers to the provincial government. The intention was that staff and assets of Mjindi would be transferred to the new entity.

In response to a question about whether or not the original decision of the board was properly rescinded, the committee was advised that a decision was taken by the board to support the phase out plan and therefore the previous decision to dissolve was rescinded.

It was noted that an amount of R2,1 million was allocated to Mjindi in the current financial year to carry out above functions. An amount of R4,2 million was allocated in the 2003/2004 financial year.

The Auditor-General advised that the department must keep in mind the costs of closing the one entity and initiating another.

**The committee resolves:**

That details of the plan to phase out the operation on Mjindi Farming (Pty) Ltd, including the costs of closing down the company, be submitted to the committee by 31 March 2005.

**3. CLOSURE**

There being no further items for discussion, the hearing with Mjindi Farming (Pty) Ltd was closed. The committee adjourned for tea at 10:15 and reconvened at 10:45.

**4. HEARING WITH NATAL TRUST FARMS (PTY) LTD ON THE AUDIT OF THE 2003/2004 FINANCIAL STATEMENTS OF THIS PUBLIC ENTITY**

It was noted that Natal Trust Farms was also in a close out phase and would be closed down once all land claims had been settled and farmers were on their land. The deadline for receipt of land claims was 31 December 2005. At that stage the machinery and equipment of Natal Trust Farms would be transferred to the farmers.

Discussion took place on note 15 of the financial statements and the committee was advised that this amount was for the provision of medical aid costs for an employee of Natal Trust Farms who had come over to NTF from the former SA Development Trust. This benefit was part of his contract with the trust and was therefore inherited by NTF.

**5. CLOSURE**

There being no further items for discussion, the meeting was declared closed at 11:00.

CERTIFIED AS THE TRUE RECORD OF PROCEEDINGS

**CHAIRPERSON**

**DATE**

(Minutes confirmed at a meeting on 9 February 2005. Proposed: S B Ngidi, seconded: E S Mbatha.)