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Partnering together to make Gift's dream come true

A number of stakeholders have committed to working together to create a sustainable farming model, not only to help Gift Mafuleka on the road to success, but also to serve as an example for future projects.

Mphiwe Siyalima is Gift Mafuleka's name for this ambitious and inspiring project where redistributed farm land has been made available in the hope that a successful, profitable farming operation can be created and sustained.

This story began when the owner of Leeuwfontein, situated near Bronkhorstspuit in the Metsweding district, agreed to sell his 342ha farm to the government as part of its Proactive Land Acquisition Strategy. At the time, the farm was being leased by McCain Foods, and Gift was working there as a crop manager.

After the government acquired the farm, plans for its future became the responsibility of the Department of Rural Development and Land Reform.

Gift followed the department's processes and submitted his first application. He was initially appointed as caretaker, and after a subsequent application for the long-term lease of the

land – accompanied by detailed business and financial plans – a lease agreement was granted and signed by the parties only six months later, in May 2010.

Making the farm into a viable business became the next challenge. Gift already had his mentor, Tim Hedges – a former McCain director – who had committed to supporting Gift in his venture and to assisting him with practical matters. Tim worked with Gift to identify potential partners and to help make Gift's dream a reality.

Although the story has by no means reached its end, the initial phase has been completed. Tim and Gift have sourced committed partners, all offering different types of support. The first crops have been planted and are flourishing. The 29ha under peas are due to be harvested in October and will be processed and packaged by McCain, after which the summer sweetcorn crop will be planted.

Farming for the future: Gift Mafuleka

Gift Mafuleka was raised in a rural area near Richards Bay. He was determined to become a farmer from an early age and unlike most young people who dread having to do chores, he would rush home from school in order to water the vegetables at home. Gift says he was inspired by his grandfather, a subsistence farmer, who also grew sugar cane and reared livestock.



Farming for the future: Gift Mafuleka

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Gift matriculated from King Bhekuzulu College at Nongoma, and proceeded to the Tshwane University of Technology where he obtained a B. Tech degree in Crop Production.

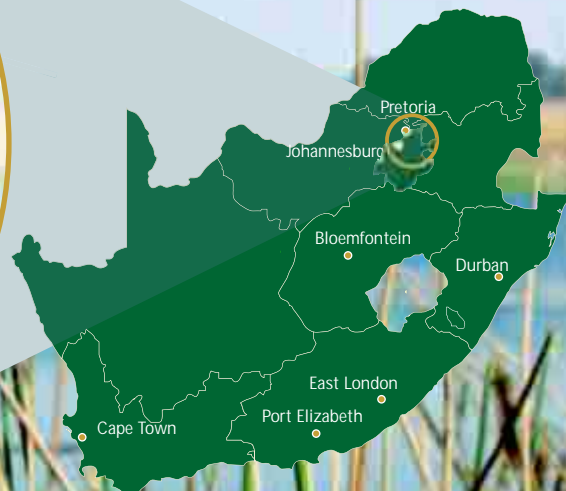
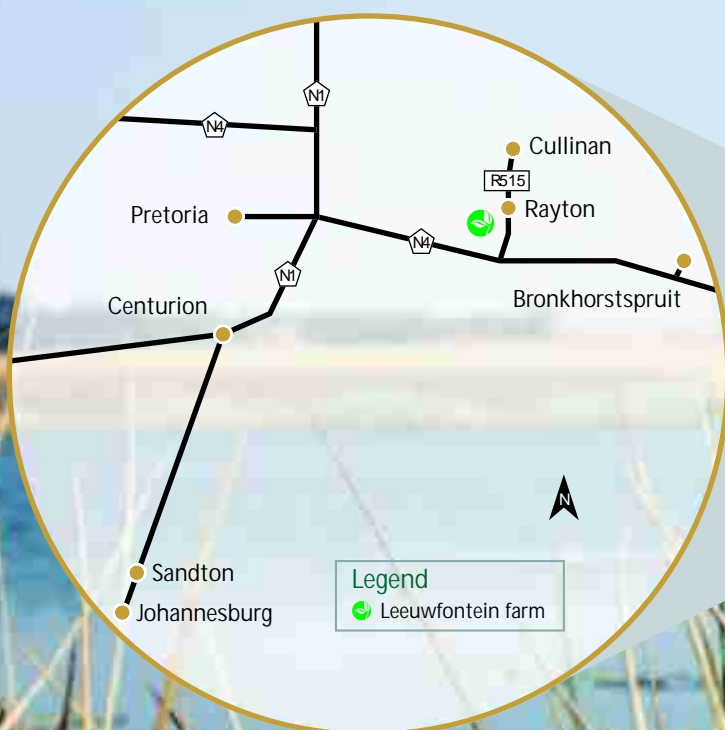
He joined McCain Foods SA (McCain) in November 2006 as a crop manager and was based at Leeuwfontein Farm. Gift's break came a few years later when he discovered the farm, situated on Rayton Road near Bronkhorstspuit, was for sale.

Determined to become a farmer, Gift approached Tim Hedges, a former colleague, to act as his mentor and advisor. Together they developed a plan that finally led to Gift being granted a long-term lease on the land from the Department of Rural Development and Land Reform.

In order to become a fully-fledged farmer, Gift had to give up the security of working for a large corporation – and the monthly pay cheque – and he resigned from McCain in November 2009. In addition, he had to use his savings and his pension money to make his dream come true. These monies have been ploughed into the project that he has named Mphiwe Siyalima, which means "using our given talents, we are farming together".

Leeuwfontein farm

Leeuwfontein farm covers an area of 342ha and is located on Rayton Road, near Bronkhorstspuit in the Metsweding district. The farm was purchased by the South African government in November 2009 and it is administered by the Department of Rural Development and Land Reform through the Gauteng provincial office. Classified as a small, mixed-farming unit, the farm has the potential for 60ha of irrigation, 70ha arable land, 7ha of intensive vegetable land and the remainder comprises grassland grazing.



Project partners

Tim realised the most effective way of developing Gift as a farmer would be to identify partners to assist and support him, thereby ensuring the long-term sustainability of the project.

All the partners signed a legally binding five-year agreement in order to formalize their commitment to the project and to clearly outline their roles and responsibilities.



petmin



SamQuarz(Pty)Ltd:

key financial strategic partner

SamQuarz, a subsidiary of Petmin Ltd, is a silica mine located in the Delmas area. The company has committed to supporting this emerging young entrepreneur – by purchasing farming equipment and machinery which is to be utilised on the farm over a five-year period. SamQuarz has committed to investing R1.3 million in capital farming equipment during the first year of the farming project, and has agreed to evaluate the capital requirements from year two to year five of the project with the potential of investing a further R2 million into the project; making the total potential commitment into the project in the region of R3.3 million over the five-year period.

A significant portion of equipment – including two tractors, a trailer, disk harrow, haymaker, compressor, water pump, welder and fire-fighting unit – has already been purchased and delivered.

Community development is a key aspect in local economic development. Skills training, entrepreneurial development and job opportunities will be a key focus of this project.

SamQuarz will provide Mphiwe Siyalima with training in project management, financial management, safety management and legal support to ensure the success of the project.



McCainFoodsSA(Pty)Ltd:

key off-take and financial strategic partner

McCain has purchased and installed a 30ha centre pivot (valued at about R450 000) for the project. This piece of irrigation equipment will be paid off (interest-free) by Mphiwe Siyalima through the income generated by the delivery of vegetables (peas and sweetcorn) to McCain's Springs factory over the next five years.

McCain has also helped facilitate the opening of an Absa production bank account for Mphiwe Siyalima. Tim Hedges and Stuart Wortley (representing McCain) will ensure that grants from the Department of Rural Development and Land Reform, and other monies, are correctly allocated and administered according to the business plan. This support will also enable Gift to build his confidence in managing the finances and other business aspects of the project, as well as establishing a good credit rating.

McCain will, in addition, make its well-developed agricultural and personal development training programmes available to Gift and his employees.





rural development
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Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



Alexander Forbes

Tim Hedges



Peulwana
AGRIFINANCIAL SERVICES

Department of Rural Development and Land Reform:
key strategic partner

The Department of Rural Development and Land Reform (Gauteng provincial office) has played an important role in getting the Mphiwe Siyalima venture off the ground. Department representatives approached McCain with the idea of a partnership, and once the model had been developed, entered into a five-year lease agreement with Mphiwe Siyalima. The department has also approved funding of over R1 million to be used to cover key production overhead expenses, most significantly the production and input costs of summer dry-land crops. An amount of R512 000 is expected before the end of September 2010 with the balance during January 2011. The department has also given Mphiwe Siyalima an option to renew the lease for a further five years.

Alexander Forbes

Alexander Forbes has arranged insurance for the farm and the equipment at significantly reduced rates, including the waiving of all commissions. The company will also assist in creating an employee trust fund, allowing permanent employees to benefit from the success of this project.

Tim Hedges

Tim Hedges is a former director of McCain Foods and he was delighted when Gift Mafuleka approached him to act as a mentor. His principal role is to assist Gift wherever necessary, and to liaise with the project partners, potential investors,

markets and suppliers. Tim visits the farm on a regular basis to assess progress and give advice. He also facilitates the preparation of the quarterly reports that are shared with the project partners.



Peulwana:

Agrifinancial services

Mrs Ntombi Msimang and Dr R Monji of Peulwana, a financing organisation, have committed to providing bridging finance for the vegetable portion of the project. An amount of R20 000 has been made available to Mphiwe Siyalima at 8% interest, repayable over three years. R60 000 has already been deposited into the project account.

Mphiwe Siyalima: corporate social responsibility and training

Gift has committed to giving back to the local community and has entered into a partnership with African Blessings, a mission station in Bronkhorstspuit. He will ensure that the knowledge he is acquiring is passed on and he will also provide other support such as access to the project's equipment; provision of seedlings; and donations of produce when available.



Milestones

The following milestones have been achieved and are certain to contribute to the success of the Mphiwe Siyalima project

- **Business projections**
These documents were required by the partners before committing to the project.
- **Lease agreement**
Mphiwe Siyalima signed a standard Department of Rural Development and Land Reform lease agreement but managed to negotiate a five-year contract instead of the usual three-year agreement. The lease agreement commenced on 1 June 2010 and expires on 31 May 2015.
- **The 30ha pivot**
In order to grow crops on a commercial scale, the provision of a 30ha centre pivot was necessary. This piece of irrigation equipment was installed in July 2010 as part of the agreement with McCain Foods and will enable Gift to plant peas in winter and sweetcorn in summer. In time, the area under crops and the range of crops may be increased.
- **Memorandum of Agreement**
An agreement was signed between the project partners: SamQuarz, McCain, Mphiwe Siyalima, Tim Hedges, Gift Mafuleka and the Department of Rural Development and Land Reform. This legal document outlines the roles and responsibilities of the various parties.
- **Farm equipment**
Gift took possession of the first tractor, workshop equipment, a haymaker and trailer in July. Further equipment, including a second tractor, boom sprayer, fertilizer spreader and a disc harrow was delivered in August. This equipment was provided by SamQuarz in terms of the agreement.
- **First crops**
The first crop of peas was planted on 13 July 2010 and it is destined for processing and packaging by McCain at its factory in Springs.



Crop production plan

In the short term, Gift will be engaged in the activities outlined in the adjacent table. This pattern of crop production is likely to be repeated from year to year over the five-year duration of the lease.

In the medium term, it is hoped that the provision of good-quality spinach and cabbage to local street vendors will stimulate employment in the area as well as boost the project's cash flow.

In the longer term, it is expected that more equipment will be acquired to ensure additional land can be irrigated and planted. In time, it is hoped that Gift's operation will be expanded to include beef production.

Crop	Planting date	Hectares	Harvesting month	Market
Peas	13 July 2010	29ha	October 2010	McCain
Sweetcorn	November 2010	29ha	January 2011	McCain
Cabbage	Summer 2010, continuous planting through winter	Maximum 1ha at a time	Continuous from November 2010	Local
Baby marrows	Summer 2010, continuous – summer months only	Maximum 1ha at a time	October 2010 onwards	JHB fresh produce market
Spinach	Summer 2010, continuous planting through winter	Maximum 0.5ha at a time	Continuous from November 2010	Local
Watermelon	Summer 2010	20ha	May 2011	AGRI and SAFEX



Contact details

GiftMafuleka
 Cell: 072 847 8402
 Email: mphiwe@siyalima.net

TimHedges
 Cell: 082 327 0166 or Tel: 011 706 6962
 Email: thedges@telkomsa.net

www.petmin.co.za
www.samquarz.co.za
www.mccain.co.za
www.ruraldevelopment.gov.za