



**APPLICATION FOR A LICENCE FOR THE TAKING AND STORAGE OF WATER  
IN TERMS OF SECTION 41 OF THE NATIONAL WATER ACT, 1998 (ACT 36 OF  
1998)**

**BREEDE-GOURITZ WATER MANAGEMENT AREA**

**Applicant:** Vacation Station (Pty) Ltd

**Property:** Portion 7 of Farm No. 466, Division Caledon

**Submitted to:** Breede-Gouritz Catchment Management Agency, Republic of  
South Africa

31 July 2017

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## Contents

Executive Summary .....	3
1. The Application and Technical Detail .....	4
1.1 The Applicant.....	4
1.2 Property on which water use is intended.....	4
1.3 Details of proposed water use and intended cultivation .....	5
2. Considerations and Assessment Criteria .....	5
2.1 Existing lawful water use [Section 27(1)(a)].....	5
2.2 Redressing past racial and gender discrimination [Section 27(1)(b)].....	6
2.3 Efficient and beneficial use of water in the public interest [Section 27(1)(c)] .....	7
2.4 Contribution to socio-economic development [Section 27(1)(d)] .....	7
2.5 Catchment management strategy [Section 27(1)(e)] .....	8
2.6 The likely effect of the water use on the water resource and other water users [Section 27(1)(f)] .....	9
2.7 The class and resource quality objectives of the water resource [Section 27(1)(g)] .....	9
2.8 Investments made / to be made by the applicant [Section 27(1)(h)] .....	10
2.9 The strategic importance of the water to be allocated [Section 27(1)(i)].....	10
2.10 Quality of water for reserve and international obligations [Section 27(1)(j)].....	10
2.11 The period for which the license is to be issued [Section 27(1)(k)] .....	10
2.12 The potential impact on the environment [Section 41(3)].....	10
3. Comments from other role players [Sections 41(4), 45 and 46] .....	11
4. Concluding remarks .....	11
5. Annexures.....	12



## Executive Summary

This document constitutes and accompanies an application by Vacation Station (Pty) Ltd in terms of Section 21(a) of the National Water Act, Act 36 of 1998 (NWA). Vacation Station (Pty) Ltd is 51% black-owned, as defined in the Broad-Based Black Economic Empowerment Act, Act No. 53 of 2003. One third (33.3%) of Vacation Station is owned by the Two-a-Day Farmworkers Trust, while the balance of black ownership is made up out of black equity within the Two-a-Day Group.

Vacation Station is the owner of Portion 7 of Farm 466, Division Caledon. There is an existing dam on the property with a capacity of 700 000 m<sup>3</sup>. The applicant is however only entitled to 198 576 m<sup>3</sup>/a from the dam, which is used to irrigate 31 ha of apples and pears at 6500 m<sup>3</sup>/ha/a. This application is for the taking of an additional 126 750 m<sup>3</sup>/a from the dam, which would enable the applicant to irrigate a further 19.5 ha of apples at 6500 m<sup>3</sup>/ha/a. This has the potential to create 24 primary- and 16 downstream job opportunities.

The applicant is an established primary producer in the agricultural value chain with the necessary backwards and forwards linkages. It is a member of the Two-a-day Group, allowing for a secure off-take for all fruit produced. Marketing takes place through Tru-Cape Marketing. The farm manager, Mr Wilmer Ferreira, has 26 years' experience in fruit production and has previously been a mentor at four other empowerment projects.

In summary, the following project outcomes would be achieved:

- i. Land reform & water allocation reform;
- ii. Creating and maintaining jobs;
- iii. Project support in the whole commodity value chain;
- iv. Food security, boosting GDP, local economic development & localisation; and
- v. Socio-economic benefits as further outlined in this document.

This document provides a complete motivation under Section 27 of the NWA, and addresses all necessary elements under separate headings. The applicant is confident that the motivations contained within this proposal will meet favourable consideration for the approval of the required water use authorisation.



## 1. The Application and Technical Detail

### 1.1 The Applicant

The application is made in the name of Vacation Station (Pty) Ltd, a company registered in terms of the Companies Act of 2008. The CIPC registration certificate has been attached hereto, marked “**Annexure A**”. Vacation Station (Pty) Ltd is a part of the greater Two-a-Day Group of Companies, which has complete backwards and forwards linkages in the apple and pear value chains.

Vacation Station (Pty) Ltd is 51% black-owned, as defined in the Broad-Based Black Economic Empowerment Act, Act No. 53 of 2003. One third (33.3%) of Vacation Station is owned by the Two-a-Day Farmworkers Trust, while the balance of black ownership is made up out of black equity within the Two-a-Day Group.

Vacation Station (Pty) Ltd is the owner of Corner Farm, namely Portion 7 of Farm No. 466, Division Caledon. Vacation Station has 619 beneficiaries – all of these beneficiaries are the permanent employees of the producers in the Two-a-Day Group. This company is the vehicle for the empowerment project of the Two-a-Day producers and their farm workers, and the intention is to obtain more land and water rights and put up to 500 ha of land into the production of high value fruit crops. It is intended that the proportional benefit to the beneficiaries will grow substantially over time.

### 1.2 Property on which water use is intended

The water use will take place on the following property (“**the property**”):

Portion 7 of the Farm De Hoop, Farm No. 466

Division Caledon

In extent 91,5635 ha

Held by Deed of Transfer Number T53418/2016

The property is owned by Vacation Station (Pty) Ltd. A Conveyancer Certificate has been annexed hereto, marked “**Annexure B**”.

At present, there is 31 ha of irrigation development on the property, consisting of 26 ha apples and 5 ha pears. There is however sufficient additional land available to irrigate a further 19.5 ha. Soil suitability studies have been requested, and will be provided to the BGCMA as soon as it is available. Environmental assessment practitioners have also been appointed to assess the impact of the additional development on the environment.

The following basic infrastructure is existing on the property: a house, two storage units, a container and two pump houses. There is no labourers’ housing on the property, and no further infrastructure would have to be developed.

The intention is also to subdivide the property into a portion of approx. 80.49 ha and a portion of 11.07 ha. The 11.07 ha portion is of little agricultural value and includes, *inter alia*, the house on the property. It will be consolidated with a neighbouring property to form a new agricultural unit. A new house will be built on the

remaining extent of 80.49 ha. All the water uses on the current property will remain on the main portion, as the smaller portion that will be consolidated with an adjoining property will receive its domestic water from this new property.

Please see the approval of the Department of Agriculture, Forestry and Fisheries in this regard, attached hereto and marked **“Annexure C”**.

The property is situated in Quaternary Catchment G40D and is therefore located in the Breede-Gouritz Water Management Area.

Please also note that locality maps could be found in **“Annexure D”**.

### 1.3 Details of proposed water use and intended cultivation

There is a dam on the property, which is authorised under Section 21(b) of the National Water Act to store 700 000 m<sup>3</sup> of water. The dam is registered as a Category II dam at the Dam Safety Office of the Department of Water and Sanitation (Ref. No. 12/2G401/AI). The dam safety registration certificate has been attached hereto, marked **“Annexure E”**.

The water user is also entitled to the taking of water in the amount of 198 576 m<sup>3</sup>/a from the dam. This water is used to irrigate 26 ha of apples and 5 ha of pears at 6500 m<sup>3</sup>/ha/a.

The water user now intends to apply for an additional 126 750 m<sup>3</sup>, which would be sufficient to irrigate 19.5 ha of apples at 6500 m<sup>3</sup>/ha/a.

A Runoff Analysis Report has been attached hereto, marked **“Annexure F”**. This report confirms that there is more than sufficient runoff available to warrant additional abstraction from the dam for irrigation purposes.

## 2. Considerations and Assessment Criteria

### 2.1 Existing lawful water use [Section 27(1)(a)]

Existing lawful water uses for the property were determined during the Validation & Verification process of the Breede-Gouritz CMA. The existing lawful water uses on the property are as follows (copied from the BGCMA’s letter dated 17 April 2015):

Section of NWA	Type of water use	Existing lawful water use		
		Volume	Source	Irrigation board
21(a)	Taking of water for irrigation purposes	198 576 m <sup>3</sup> /a	Surface water	
21(b)	Storage of water	700 000 m <sup>3</sup>		
21(a)	Taking of water for non-irrigation purposes	800 m <sup>3</sup> /a	Surface water	

The BGCMA confirmation letter has been annexed hereto, marked **“Annexure G”**.



## 2.2 Redressing past racial and gender discrimination [Section 27(1)(b)]

In summary, the following specific project outcomes will be achieved:

- i. Land reform & water allocation reform;
- ii. Creating and maintaining jobs;
- iii. Project support in the whole commodity value chain; and -
- iv. Food security, boosting GDP, local economic development and localisation.

These outcomes are discussed below.

### **Land reform & water allocation reform**

Land reform and water allocation reform is in line with National Water Resource Strategies 1 and 2, as well as Section 27(1)(b) of the National Water Act.

The applicant has a 51% black shareholding as defined in the Broad-Based Black Economic Empowerment Act, Act 53 of 2003. The applicant is also the owner of the property. By virtue of this, if the application is granted it would benefit the aims of land reform as well as water allocation reform. Land reform takes place because there is black ownership in the land, and water allocation reform takes place because water is allocated to the proportional benefit of previously disadvantaged individuals.

### **Creating and maintaining jobs**

Apples have the capacity to create 1.25 primary and 0.83 downstream jobs per hectare and pears have the capacity to create 1.26 primary and 0.83 jobs per hectare (Bureau for Agricultural Policy, 2011).

Additional irrigation expansion of 19.5 ha could therefore create 24 primary- and 16 downstream job opportunities. In addition to this, the expansion would assist to maintain the existing employment opportunities on the farm in the long term, due to the production operations becoming more economically viable.

### **Project support in the whole commodity value chain**

Vacation Station (Pty) Ltd is an established primary producer in the agricultural value chain with the necessary backwards and forwards linkages. It is a member of the Two-a-day Group, allowing for a secure off-take for all fruit produced. Marketing takes place through Tru-Cape Marketing.

The project will therefore enjoy security of off-take for produce, ensuring benefit to previously disadvantaged individuals.

### **Food security, boosting GDP, local economic development and localisation**

Of the commodities produced, 45% is exported, 30% is for local sales and 25% undergoes agri-processing.



The export of commodities will contribute to boosting the GDP and maintaining trade balance in South Africa. Local economic development will be supported not only in the products and services chosen to support the project, but also as an injection into the local economy by means of wages.

The local sale of commodities will assist in combating food security not only by increased food stocks, but also by related households' ability to buy food. The agri-processing of apples and pears further contributes to localisation, as products are produced locally which would have otherwise had to be imported (namely fruit concentrate).

### 2.3 Efficient and beneficial use of water in the public interest [Section 27(1)(c)]

The agricultural activities taking place in the Breede-Gouritz Water Management Area play a major role in the agriculture and agri-business sectors. The project is situated in the Elgin-Grabouw area, which is well-suited to producing high value crops under irrigation, specifically apples and pears. If the available allocable water in the catchment is allocated to empowerment projects, it will put the hereto unutilised allocable water to beneficial use. There are also no existing water use rights being surrendered to achieve this.

Vacation Station (Pty) Ltd currently provides its fruit to Two-a-day, partly for an export market, and as such it complies with various quality standards relating to ethical trading, sanitary requirements, phyto-sanitary requirements and otherwise (including Global GAP and SIZA). These standards require stringent compliance and annual inspection, ensuring that production takes place according to internationally accepted standards of public interest.

The commercial partners have extensive experience in irrigation farming, ensuring that water will be used efficiently and that these practices will be transferred to the project equity partners. It is also standard practice in the area to use highly efficient micro-irrigation systems to irrigate crops, by means of automatic irrigation scheduling. The irrigation practices of Vacation Station comply with Nurture's Choice and EuroGAP standards.

Further to the above the water use is in the public interest not only in terms of improvement of livelihoods of previously disadvantaged individuals in the region, but also through food security, boosting the GDP, local economic development and localisation (see discussion under Section 27(1)(b) above).

### 2.4 Contribution to socio-economic development [Section 27(1)(d)]

The applicant makes a contribution to socio-economic development, by facilitating the following benefits:

- i. Employment creation;
- ii. Economic empowerment of employees;
- iii. Training and skills development;
- iv. Employee food security; and
- v. Transport.

Please see a discussion of the socio-economic benefits below.



### **Employment creation**

As was explained under Par 2.2 above, the additional irrigation expansion of 19.5 ha could create 24 primary- and 16 downstream job opportunities. Additional short term employment would also be needed in the first two years, in order to assist with orchard establishment.

### **Economic empowerment of employees**

The new employees will see a socio-economic benefit in the form of access to salaries and the concomitant economic empowerment. In addition to this, the beneficiaries of the Two-a-Day Farmworkers' Trust will receive dividends in the future, when the project becomes profitable.

### **Training and skills development**

All employees will receive accredited training by Two-a-Day at the Grabouw Skills Centre as and when it is required. This includes training for unskilled and semi-skilled individuals.

### **Employee food security**

The additional plantings will allow new jobs to be created, which would in turn increase the food security of these individuals. The growth of the project in itself will also increase security of employment, and hence food security, of the individuals involved in the project.

Further to this, the production of apples and pears for the local market would also add to food security on a local level.

### **Transport**

Employees do not live on the farm, therefore they will receive transport to and from the farm on a daily basis.

Perhaps the biggest socio-economic impact of the authorisation will be the positive impact on the livelihoods of the families of employees on the farms, including youth, women and the elderly. If the available water is not allocated, the potential socio-economic benefits will continue to be forfeited on an annual basis.

## **2.5 Catchment management strategy [Section 27(1)(e)]**

The Breede-Gouritz Water Management Area is guided by the draft Catchment Management Strategy of the former Breede-Overberg CMA. According to the Strategy, the Breede-Gouritz region enjoys predominantly winter rainfall, but the irrigation demand is the highest during summer months. Many of the catchments in the Breede-Gouritz Water Management Area are stressed and the challenge is to support economic growth and social redress, while maintaining environmental sustainability.

It is submitted that this application will assist to maximise the use of winter run-off water, with respect to the Reserve, by storing the run-off in a dam and using this water to its maximum potential for irrigation during



summer months. The irrigation will facilitate the development of high-value agricultural crops, to the partial benefit of previously disadvantaged individuals.

The Strategy also requires that applicants for additional irrigation water include a 50% black ownership component, and imposes strict requirements for distribution and on-farm water use efficiency. In accordance with these requirements the project does have a 51% black ownership and will use the water effectively by utilising highly efficient micro-irrigation systems and automatic irrigation scheduling.

This application is also not in conflict with the National Water Resources Strategy 1 and 2, and it will promote efficient and beneficial use of water and further socio-economic development.

## 2.6 The likely effect of the water use on the water resource and other water users [Section 27(1)(f)]

The likely effect of the water use on the water resource and the other water users appears to be limited. According to Ingerop's Runoff Analysis report ("**Annexure F**"), the Mean Annual Runoff is 0.54 times the storage capacity of the dam. This does not appear to be significant and the conclusion could be made that the effect of the dam on the water resource is limited (please refer to further anecdotal evidence in the Ingerop report).

Regarding the effect on other water users, the lawful water uses of downstream irrigators are not known. The Ingerop Runoff Analysis however did consider the two downstream dams that exist – South Hall No. 1 dam and Lorraine dam. South Hall No. 1 Dam has a very small capacity that only constitutes 35% of the spillage from the applicant's dam. Lorraine dam has a bigger capacity, but there are further tributaries of the Kromme River. Ingerop concludes that the influence of the applicant's dam appears to be limited, and that further abstraction is warranted. Please refer to p5 of the Ingerop report ("**Annexure F**") for more detail.

Letters have also been sent to the owners of the above two dams by registered post on 26 July 2017, asking them to provide the applicant with comments if they have specific objections to the additional irrigation development. The BGCMA will be notified if any such objection letters have been received.

We have attached the following:

- "**Annexure H1**": Notice of development - South Hill;
- "**Annexure H2**": Notice of Development – Lorraine; and
- "**Annexure H3**": Proof of registered post.

## 2.7 The class and resource quality objectives of the water resource [Section 27(1)(g)]

The Breede-Gouritz Water Management Area is guided by the draft Catchment Management Strategy of the former Breede-Overberg CMA. According to the Strategy, there is significant information available on, *inter alia*, the Reserve and ecological flow requirements of the Palmiet River (it is estimated that the dam is situated in a tributary of the Palmiet River).

It should however be determined by the BGCMA whether the additional abstraction from the dam would have a negative impact on the class and resource quality objectives of the water resource. Given that the dam in its current state is pre-existing (1997) and that only a small increase in taking from the dam would have a negligible impact on the MAR, it is assumed that the class and resource quality objectives of the resource are still met.

It is therefore anticipated that the class and resource quality objectives of the river will still be met if the authorisation is granted.

## 2.8 Investments made / to be made by the applicant [Section 27(1)(h)]

A significant investment in the economy is also made. This is calculated as follows:

Item	Investments made to date	Future investment
Land	33.2m	376m (additional farms / running concerns to be bought by Vacation Station)
Establishment of orchards	0m	R9.75m
Moveable assets	1.8m	2.7m
Investment for irrigation efficiency	0m	0.32m
<b>Total</b>	<b>R35m</b>	<b>R388.77m</b>

## 2.9 The strategic importance of the water to be allocated [Section 27(1)(i)]

The water use is not listed as a formal strategic water use as no electricity is developed.

## 2.10 Quality of water for reserve and international obligations [Section 27(1)(j)]

Being in the Western Cape, there are no international obligations attached to water use.

## 2.11 The period for which the license is to be issued [Section 27(1)(k)]

The big investment required to establish new plantations of perennial crops under micro-irrigation dictates that an acceptable return on investment can only be gained after a relatively long time period. Such plantations are typically only re-planted after 20 years or more. It is therefore suggested that the licence be issued for at least 20 years.

## 2.12 The potential impact on the environment [Section 41(3)]

Irrigation water is supplied through micro irrigation, and no overwatering will take place. This minimises the effect of chemical leaching and soil depletion.



Environmental assessment practitioners have been appointed to assess the impact on the environment and obtain the necessary environmental authorisations. The relevant documentation will be provided to the BGCMA once it is available.

### 3. Comments from other role players [Sections 41(4), 45 and 46]

The water use being applied for is an allocation of additional water usage rights and not the transfer of existing water use rights. The allocation is in the interest of regional and local economic development and in the interest of agricultural development and food security of the District and Province.

### 4. Concluding remarks

The application contained within this document should comply in all respects with the requirements of the Department of Water and Sanitation.

The applicant is confident that the proposal and motivations contained within this proposal will meet favourable consideration for the approval of the required water usage rights. We thank you for your attention and look forward to your positive response.



## 5. Annexures

- Annexure A** - CIPC registration certificate
- Annexure B** - Conveyancer certificate
- Annexure C** - Subdivision approval
- Annexure D** - Locality maps
- Annexure E** - Dam safety registration
- Annexure F** - Runoff Analysis
- Annexure G** - BGCMA confirmation letter
- Annexure H1** - Notice of development South Hill
- Annexure H2** - Notice of development Lorraine
- Annexure H3** - Proof of registered post
- Annexure I** - Proof of payment for R114
- Annexure J** – Completed licence application forms
- Annexure K** – ID copy – Dimitri Jacobs
- Annexure L** – Power of Attorney on behalf of Dimitri Jacobs