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## **Parliamentary report for March and April 2016**

1. The Deputy Minister of Public Works, Jeremy Cronin presented the amended Expropriation Bill to the Select Committee on Economic and Business Development on 1 March 2016. The Deputy Minister highlighted the changes effected by the Portfolio committee on Public Works. He explained why a new expropriation act was required and also what the differences between the current (1975 Act) and the Bill were. He explained that the Bill does not grant any new powers of expropriation - there is an array of authorities within all spheres of government that are empowered to expropriate property, through various pieces of legislation. The Expropriation Bill merely prescribed the procedure that now had to be followed in all expropriations. The Deputy-Minister also gave details on the consultations that took place through public comments, the NEDLAC process and public hearings held by the Portfolio Committee. He then gave an overview of the contents of all the clauses in the Bill. A schematic exposition of the different steps in the expropriation process was also presented.

The members of the Select Committee were given an opportunity for questions and comments. The DA members requested an in-depth meeting on the contents of the Bill. This was granted, but it was decided that the Deputy-minister and the legal staff would avail themselves to any members who wanted to interact with them in more detail on the contents of the Bill. It was also decided that public hearings would be held in the provinces during the weeks of 11 to 22 April. The Select Committee is to meet again on 3 May to deliberate the negotiating mandates on the Bill.

2. On 1 March 2016 the Red Meat Producers Organisation (RPO), the National Emerging Red Meat Producers (NERPO), the Poultry Association (SAPA) and the Pork Producers Organisation (SAPPO) all presented to the Portfolio committee on Agriculture, Forestry and Fisheries on the impact of the drought on their respective industries.

Dr Charlotte Nkuna from SAPA made the point that the chicken industries depended heavily on maize and soya and warned that if current conditions persisted and input costs continued to rise for chicken producers in the country, this could have a dire impact on the industry. She said that feed costs represented about 70% of the cost of chicken and egg production. The resulting high prices of meat and eggs may cause sales to fall which can in turn lead to job losses.

Mr Kevin Lovell, Chief Executive Officer: SAPA suggested that the government should make certain chicken products VAT exempt. He also recommended that government consider the following:

- control of exports;
- the maize tariff not to be increased;
- a state-funded insurance scheme for grain farmers to lower costs and reduce farming risks;

- limiting poultry imports;
- remove the soya tariff; and
- tax concessions for users of maize.

Dr Pieter Prinsloo presented on behalf of the RPO. He said, amongst other things, that Livestock production in South Africa is a fundamental element of socio-economic development and a significant contributor to food security, food sovereignty and income security. 70 % of agricultural land can only be utilised by livestock and game, while livestock contributes to 27 % of the consumer's food basket. In South Africa, 1, 2 million households own livestock. A total of 60 % of livestock belongs to the commercial sector, while 40 % is owned by emerging/subsistence farmers. He estimated that SA would lose 5% of its 13 million national beef herd. He pointed out that it is critical that livestock producers keep nucleus herds in a good condition through the coming winter. Some of the interventions proposed by the livestock industry include the subsidising of the purchase of feed and fodder and providing an interest rate subsidy for herd rebuilding to help livestock farmers on their feet again.

Mr Aggrey Mahanjana, from NERPO told the members of the Portfolio committee that the drought has devastated the Black farming community. He suggested that government should make a long-term investment in water infrastructure. He requested that government consider subsidising the salaries of farm workers. Mr Mahanjana proposed that government give support to smallholders and make use of organised agriculture organisations to deliver service delivery. He also proposed that subsidised index-based insurance scheme be considered in order to prepare for disasters so that farmers could claim from insurance companies.

Mr James Jenkinson, Chairman: SAPPO informed Members that the pork industry faced a year-on-year increase in the feed price of more than 70% this year. He told the committee that SAPPO allocated 20% of its total budget towards emerging farmer development and that small farmers were likely to be affected most by the drought.

3. On 2 March 2016 Land Rights Facility Management Facility (LRMF) briefed the Portfolio Committee on Rural Development and Land Reform on its 2015 performance. The Facility provides legal and mediation services to individuals and communities who faced the violation of their land rights. Mr Brendan Barry, Director: Cheadle Thompson & Haysom Inc. did the presentation on behalf of the Facility. He told the portfolio committee that that there were 172 legal and mediation service panellists and that the Facility had dealt with 1 830 cases since January 2013. The Facility dealt with restitution matters, tenure reform matters and disputes within community property institutions. Most of the disputes however, were tenure related and these mostly centred around evictions.

Mr Mdu Shabane, DRDLR Director General, said that there was a direct relationship between the work of this facility and the Extension of Security of Tenure Amendment Bill that was before the Committee. The land rights management committees envisaged by the Bill will take over many of the mediation functions of the Facility.

4. On 8 March 2016, the Agricultural Research Council (ARC), the Land Bank, the Industrial Development Corporation (IDC) and the SA Weather Service all presented to the Portfolio Committee on agriculture, Forestry and Fisheries on the drought.

The Land Bank informed the Committee it had budgeted R5 billion per annum over the next 3 financial years to assist farmers in recovery and recapitalisation under normal lending criteria. The Bank has raised funding from the Public Investment Corporation to the amount of R5 billion earmarked for emerging farmers and black entrepreneurs within the agricultural value chain. The Land Bank has identified 3 categories of farmers to be considered for relief: commercial farmers

whose balance sheets are not strong, emerging farmers, and small-scale farmers. It is proposed that the Land Bank be the vehicle to channel the funds.

Drought relief assistance consisted of the following elements:

- A carry-over debt facility for production credit;
- The restructuring and capitalisation of arrears/instalment due;
- Interim relaxation of security cover ratios;
- Extended repayment terms for the remaining term of the existing plan;

Mr Petrus Nchocho, Chief Executive Officer, Land Bank, stated that the Land Bank signed a loan agreement with the IDC for R400 million to look at production rehabilitation, re-stocking of livestock, enabling carry-over debt and consolidation of debt, and preparing for future seasons necessary to continue the farmer's normal sustainable farming operations. The term of the loan would range between one to ten years.

There was also a forced stock sale deposit programme whereby farmers in disaster declared areas received exemption from income tax for livestock sold as a result of the drought. If a farmer has to sell livestock due to the drought, the proceeds from the sale could be deposited at the Land Bank for a minimum period of six months.

Dr Shadrack Moephuli, Chief Executive Officer: ARC, told the committee that the ARC continues to develop and transfer appropriate technologies to mitigate the impacts of drought on agriculture, especially on smallholder farmers. He said that the ARC Animal Sciences advises farmers on how to cope with the drought through radio- and television programmes. They also have a brochure with information tips for farmers to cope with the drought.

The ARC made the following recommendations with regards to managing the drought situation:

- Investments in water management and water saving technologies are essential;
- Effective soil management and appropriate land use with conservation agriculture and precision agriculture must be implemented and incentivised;
- Utilisation and integration of climate science into planning and decision-making;
- Increase focus on drought and heat tolerant crops;
- Immediate effective measures for livestock management and investment in new scientific technologies for vaccine development and animal improvement.

Ms Khumo Morolo, Chief Executive Officer, IDC, told the Committee that the IDC has approved a facility for R400 million. It is anticipated it would lend support to 437 clients; and 2 185 jobs would be saved. This facility would assist farmers to respond positively to the drought and help companies involved in primary agriculture. It would provide emergency working capital to prevent further losses to current farming operations, help in the guarantee to commercial banks.

Dr Linda Makuleni, Chief Executive Officer, SAWS, informed the Committee that SAWS provides technical advisory service to the National Joint Drought Coordinating Committee as well as the Ministerial Committee on Drought.

5. On 16 March 2016 the Department of rural Development and Land Reform briefed the Portfolio Committee on Rural Development and land Reform on progress on agriparks. Ms Leona Archary, Deputy Director-General at DRDLR did the presentation. The Committee was informed that the Department was not running the Agri Parks programme by itself; but that it involved other government departments as well as the private sector. She said that it was estimated that the agriparks initiative would create 89 340 jobs in production, farmer support, and processing by 2019. An Agri-park can be defined as a networked innovation system of agro-production, processing, logistics, marketing, training and extension services, located in a District Municipality.

Ms. Archery said that there are ten guiding principles for agriparks. These are:

1. One Agri-Park per District Municipality
2. Agri-parks must be farmer controlled
3. Agri-parks must be the catalyst around which rural industrialization will take place.
4. Agri-parks must be supported by government (10 years) to ensure economic sustainability.
5. Strengthen partnership between government and private sector stakeholders to ensure increased access to services (water, energy, transport) and production on the one hand, while developing existing and create new markets to strengthen and expand value-chains on the other.
6. Maximize benefit to existing state land with agricultural potential in the provinces, where possible.
7. Maximize access to markets to all farmers, with a bias to emerging farmers and rural communities.
8. Maximize the use of high value agricultural land (high production capability).
9. Maximize use of existing agro-processing, bulk and logistics infrastructure, including having availability of water, energy and roads.
10. Support growing-towns and revitalization of rural towns, in terms of high economic growth, high population growth over past 10 years and promote rural urban linkages

Ms. Archery told the Committee that R 2 billion has been committed by the department for 2015/16 financial year. Other stakeholder departments and agencies will also contribute to towards the development of the agri-parks per district. State land will be used for this purpose and to ensure economic sustainability. Agri-parks will be supported by government for 10 years. She indicated that business plans would be drawn up for all the agriparks and that 34 draft business plans had already been completed. Ms Archery also said that the Department was currently working out an investment type of model so that it would be able to deal with the issue of how the private sector could come on board in all of the projects.

Mr Thomas Walters of the DA requested the DRDLR to provide the Committee with a proper breakdown, for each agri park, its financial statements, what the investment was, what the returns were on the investment and what the outcomes were.

Deputy-Minister Mahlego-Dhlamini stated that agri parks will become the market for all farmers because there were formerly middlemen in the fresh produce market. According to her, the Department was essentially removing the middlemen, so that the buyers would buy direct from the agri park, at a set price, determined by the food scientists and the Agricultural Research Council.

6. On 5 April 2016, there was a briefing by the committee researcher of the Portfolio Committee on Agriculture, Forestry and Fisheries regarding and analysis that was done on the budget and performance of the Department. Only the first and second quarter of the 2015/16 financial year were included in the analysis. It appeared that the total budget decreased by R65.8 million between 2015/16 and 2016/17. It seems that a veterinary strategy which was meant to be developed has not yet seen the light. Only 11% of the target of 145 000, smallholder producers, who were supposed to have received support from DAFF, were in fact supported by the mid-year. It also appears that by mid-year, the Department had revitalised 40.5 hectares, which was only 16.2% of its target, under its irrigation schemes.

Ms Annette Steyn of the DA suggested that the Committee and the Department needed a system that would allow the Committee to monitor the Department's progress better.

7. On 5 April 2016, Treasury and the Human Sciences Research Council (HSRC) briefed the Portfolio Committee on Rural Development and Land Reform on the expenditure of the budget of the Department of Rural Development and Land Reform. Mr Owen Willcox, Chief Director: Economic Services: National Treasury said that the Department of Rural Development and Land Reform (DRDLR) had been very successful in spending its allocation from National Treasury.

Dr Peter Jacobs, from the HSRC gave some interesting statistics and perspectives on how the composition of rural households changed over the past 20 years and on the incidence of poverty in the rural population. He illustrated that the spending of DRDLR has decreased expressed as a share in total national spending since 2006. He also illustrated that spending on both restitution and land reform had decreased quite drastically since 2006. He stated that recent DRDLR seemed to focus on the following pro Recapitalizing and redeveloping redistributed farms;

- Agri-parks;
- One Household, One Hectare programme;
- Extending the lodgment of land claims;
- National Rural Youth Service Corps;

Dr Jacobs concluded his presentation with the following pertinent points:

- Public Investment in rural development and land reform fluctuates around 1% of the national budget ;
- Fragmented rural interventions persist - roles and contributions of other government departments; ad hoc & weak institutional coordination;
- It is unclear if observed rural socio-economic changes are mainly the result of ad hoc government spending on rural development projects;
- In practice, policy processes tend to exclude and disempower rural residents – which is in sharp contrast with fashionable rhetoric;
- Rural development is a complex and dynamic process – there is no one-size-fits all and linear trajectory of rural socio-economic transition.

8. On 6 April 2016, the Department of Monitoring, Performance and Evaluation (DPME) briefed the Portfolio committee on Rural Development and Land Reform on its assessment of the performance of the Department of Rural Development and Land Reform against Outcome 7. The DPME found that there had been very encouraging progress on restitution. The Commission has spent its entire budget every financial year since 2007/08 financial year. A total of 144, 112 new land claims have been lodged since the re-opening of land claims on 1 July 2014.
9. On 7 April 2016 the Department of Agriculture, Forestry and fisheries (DAFF) presented its strategic and annual performance plan to the Portfolio Committee on Agriculture, Forestry and Fisheries. A number of key issues were identified in the presentation, namely:

- a. Thousands of hectares of underutilised arable land in homelands are a challenge. The arable land in communal areas will be put into production, with focused support for input access, mechanisation services, technical support and linkages to local markets.
- b. Increased movement of goods and people which, in turn, has led to increased risk to the country and the necessity for increased measures to anticipate and prevent possible introduction of animal diseases, plant pests and other undesirable articles such as unsafe food and feed, including agricultural remedies.
- c. The growing food insecurity not only in South Africa, but in Southern Africa; climate change and inadequate investment in agricultural production.
- d. Market access for developing producers has also been identified as one of the key challenges for the Department.
- e. The challenge facing the sector is to diversify its export destinations, as well as to broaden the basket of commodities and value-added products that are destined for export markets.
- f. The challenge of growing the smallholder sector is closely tied up with the challenge of making smallholder agriculture more remunerative. Currently, more than half of all smallholder households live below the poverty line.
- g. It is important to note that the competitiveness of agriculture is being eroded by high and rising input costs.
- h. Unsustainable land-use practices are intensifying and this has contributed to the deterioration of soils.

A detailed exposition of plans per programme was given. The full report is available upon request.

10. On 7 April 2016 the Department of Rural Development and Land Reform (DRDLR) presented its annual performance plan to the Portfolio Committee on Rural Development and Land Reform. Its medium term strategic priorities are the following:
  - a. Improved land administration and spatial planning for integrated development in rural areas;
  - b. Sustainable land reform (agrarian transformation);
  - c. Improved food security;
  - d. Smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation;
  - e. Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas;
  - f. Growth of sustainable rural enterprises and industries characterised by strong rural urban linkages, increased investment in agro-processing, trade development and access to markets and financial services resulting in rural job creation.

Priorities for the 2016/17 financial year include the following:

- The “one household, one hectare” programme to eradicate poverty and create a class of black farmers;
- District Agri-Parks to provide smallholder farmers and producers with access to markets, credit facilities and other strategic logistical support;
- Revitalization of the Agriculture and Agro-processing Value Chain (RAAVC) to increase participation of smallholder farmers in the agricultural value chain;

- Accelerating the pace of land reform and protection of vulnerable communities, including farm labourers and people working on farms;
- Realignment of the organisational structure to ensure effective and efficient service delivery.

11. On 8 April 2016 the Department of Planning, Monitoring and Evaluation (DPME) presented their analysis of the Department of Agriculture, Forestry and Fisheries' Strategic Plans, Annual Performance Plan and budget. The DPME considered DAFF's Medium Term Strategic Framework (MTSF), and whether it was aligned to DAFF's annual performance plan (APP) and the NDP. Dr Tsakani Ngomane, Deputy Director General at Presidency, Department of Performance Monitoring and Evaluation said that the NDP served as the umbrella for the crosscutting strategies that exist in government. Through the development of the Medium-term Strategic Framework (MTSF), critical actions and key outputs were developed that were aimed at putting the country on a positive trajectory towards achievement of the NDP. The MTSF was therefore critical.

The NDP proposed the creation of 1 million new jobs by 2030 through:

- Expanding irrigated agriculture – 1.5 million ha has been expanded by at least another 500 000 ha to 2 million ha.
- Cultivating under-utilised land in communal areas and land reform projects for commercial production.
- Supporting agricultural industries and regions with the highest growth and employment potential.
- Supporting upstream and downstream job creation. The potential for the sector to create jobs lay not only in the areas of producing food and working the land, but there were opportunities and potential in the sector, in various other areas, such as engaging in trade with supermarkets.
- Finding creative opportunities for collaboration between commercial and communal farmers and complementary industries, thereby creatively engaging with the value chain throughout the production function. This included research and development and creating partnerships between research centres and commercial farmers, to strengthen both the agricultural and business sectors.
- Developing strategies that gave new entrants access to value chains.

The DPME found that although the quality of the Annual Performance Plans had improved from previous financial years, there were still areas that required further improvements. One of the findings was that annual and quarterly targets should be specific, measurable, attainable, relevant and time-bound, and also aligned to programme performance indicators. There was definite room for improvement as far as the measuring of DAFF's targets was concerned.

12. On 12 April 2016 the Agricultural Research Council and the National Marketing Council presented their strategic plans to the Portfolio Committee on Agriculture, Forestry and Fisheries.

Dr Shadrack Moephuli, Chief Executive Officer presented on behalf of the ARC. He added that the ARC has trained more than 10 000 smallholder farmers. In addition 1 600 extension personnel, including animal health technicians have been trained. He spoke about the programmes of the ARC aimed at enhancing the efficiencies in crop-based agriculture and in animal-based agriculture. With regard to the Animal Improvement Scheme, there had been major achievements



during the 2015/16 financial year. More than 8 000 smallholder livestock farmers received ARC scientific services. Dr Moephuli informed the Committee that the ARC had partnered with the Department of Rural Development and Land Reform in a dairy value chain project, which was aimed at developing a value chain in rural communities of the Eastern Cape and Limpopo in order to stimulate the rural economy.

Mr Ronald Ramabulana, Chief Executive Officer, presented on behalf of the NAMC. He said that that the cost of the staple food basket had increased by approximately 19% from January 2015 to January 2016. It projected a further increase of 10% in quarter 1 of 2016, and expected it to reach 30% by the end of the year. . He said that not enough had been done to integrate black smallholder farmers into South Africa's mainstream economy. The NAMC has set up a reference group to advise on the development of a smallholder market access tracker index. Mr Ramabulana said that there was not enough appreciation of the role of agriculture and the food sector in the country's economy and society and this impacted on the successful marketing of agricultural products. He told the Committee that the NAMC was working through the Agriculture CEO's Forum to design and implement an agriculture branding campaign.

Annelize Crosby