



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

**DEBATE ON BUDGET VOTE 24
AGRICULTURE, FORESTRY AND FISHERIES
DELIVERED BY
MINISTER
HON SENZENI ZOKWANA (MP)**

24 MAY 2017

EMBARGOED until delivery

Honourable Chairperson

Honourable Deputy Minister and other Honourable Ministers and Deputy Ministers

Members of the Portfolio Committee on Agriculture, Forestry and Fisheries
MECs of Agriculture

Members of Parliament

Distinguished guests

Ladies and gentlemen

I greet you all and I am honoured to be afforded this opportunity to present the Budget Vote.

Honourable Chairperson

I would like to honour the legacy of an illustrious son of the soil, the late great ANC president, Oliver Reginald Tambo.

Comrade Tambo once remarked, I quote “...***we have a vision of South Africa in which black and white shall live and work together as equals in conditions of peace and prosperity...***” close quote

Comrade Oliver Reginald Tambo understood that the struggle for racial and economic equality was not against people but against systems of inequality and oppression. In the same spirit we continue to strive for economic systems that are just, providing for security and comfort for all South Africans.

We have achieved much, but have more work to do and would therefore request a moment of silence for those who lost their lives; farmers and farm workers alike that will not live to see the vision of OR Tambo.

Thank you.

To address the transformation imperative; my Department continues to work with local business and labour to rebuild confidence, promote investment and improve prospects for more inclusive growth. The agriculture, forestry and fisheries sectors need broad-based economic transformation that creates jobs and business opportunities, reduces inequality and boosts income growth.

Chairperson, the outlook for the agricultural sector in South Africa is positive, this despite the concerning outlook for the overall economy. The country's estimate for GDP growth has been revised down marginally from 1.2% to 1.1% but remains unchanged at 1.6% for 2018. Following the country's downgrade by credit rating agencies, economic growth expectations in the short term will remain under pressure, affecting demand, but supply side factors such as increased maize availability as a result of the good rainfall in the summer rainfall areas will improve the economic outlook.

Last year I pronounced on compulsory community service for vets. The first cohort of one hundred and twenty nine vets has completed their community service. The department is now in its second academic year of the implementation of this programme and one hundred and twenty five vets

have been placed for this year to deliver much needed veterinary services to our communities. The programme is unique in the field of veterinary services and various countries have shown an interest in emulating this programme.

Going forward, we plan to address the following:-

For the Fishing Rights Allocation Process (FRAP) for 2015/16, the department has now started processing appeals for the Hake Inshore Trawl, Horse Mackerel, KwaZulu-Natal Beach Seine, Large Pelagic Longline, Netfish, Patagonian Toothfish, Seaweed and for the Fish Processing facilities.

In terms of section 80 of the Marine Living Resources Act applicants are allowed to lodge appeals against the decision of the Delegated Authority. The process is still underway and I would like to appeal to all interested and affected parties to allow the process to unfold and if any party is aggrieved by any decision taken by the department, I encourage such a party to follow the appeal processes that are provided for by law.

It is my intention to finalise the allocations for the West Coast Rock Lobster and Abalone sectors by 31 July this year.

The establishment of the Fisheries Transformation Council, in accordance with the Marine Living Resource Act, No 18 of 1998, Chapter 3, Section 5(29); will be prioritised.

We have also committed to finalise all the appeals that have been submitted with regard to the above mentioned nine sectors by 30 September 2017. The department will soon start with the FRAP 2020 process for the twelve fishing sectors that were allocated in 2005 and 2013. These allocations will expire on 31 December 2020.

With regard to the Small Scale Rights Allocation Process, the department will soon announce the provisional list of successful fishers for Kwa Zulu Natal communities. The appeals for all allocations will be concluded by December this year.

I have recently met with several representatives of fishing communities, some of whom are gathered here today; to discuss the concerns and issues raised with respect to rights allocations in various species. We have agreed to include the affected communities in our engagements going forward, to ensure that we find an amicable solution for all concerned. As fishing is not a business but a livelihood for our people.

Honourable Members, South Africa is a Contracting party Member to three tuna Regional Fisheries Management Organisations: the Commission for the Conservation of Southern Bluefin Tuna, the International Commission for the Conservation of Atlantic Tunas and the Indian Ocean Tuna Commission. Through my department, in 2016 South Africa successfully negotiated for an increased Southern Bluefin and Atlantic Albacore tuna allocations. In the current year, the focus is on the allocation of the Swordfish.

As I speak, my team of experts and negotiators are currently attending the 21st Session of the Indian Ocean Tuna Commission Meeting to defend the proposal developed in partnership with the Republic of Maldives. The proposal recommends the way forward on how fishing rights should be allocated in the Indian Ocean, taking into account the objectives and interests of the developing Indian Coastal States.

Chairperson, in his 2015 State of the Nation Address, President Jacob Zuma pronounced on the Nine-Point Plan to boost economic growth and create much-needed jobs. The Revitalisation of the Agriculture and Agro-Processing Value Chain, known as RAAVC, is one among the nine plans through which economic growth and job creation will be driven.

Informed by the National Development Plan, the RAAVC sets a target of 1 million jobs by 2030. A sizeable portion of these jobs reside within the Agro-Processing sector, and through the support of smallholder producers.

Positive signs are emerging as the number of people employed in the agricultural sector increased by 6.9% in the fourth quarter of 2016. The number increased from 860 000 persons in the fourth quarter of 2015 to 919 000 persons in the fourth quarter of 2016.

For 2017/18 we seek to continue the strategic approach of RAAVC in partnership with relevant national departments such as the Department of Rural Development and Land Reform, and the Department of Trade and Industry, including sector organisations, labour organisations, and civil society.

Key focus areas of RAAVC for 2017/18 include, Land Reform, Market Access and Trade, Producer Support, Research and Innovation, and Production. A further focus of RAAVC will be to provide support to strategic industries including the Fruit & Vegetable industries, Poultry, Red Meat, Grains and Aquaculture industries.

For the Fruit and Vegetable industries we plan on investing a total of R 465 million; for the Poultry industry, R 128 million; the Red Meat industry, R 243 million; and lastly, we plan on investing R 336 million in the Grain industry. Our investment will be driven through 489 projects, resulting in the creation of an estimated 15,000 jobs.

Despite good progress made through RAAVC, we felt the need to deepen our analysis of growth challenges and job creation. We are therefore happy to announce that we successfully subjected RAAVC to the planning and execution methodology of Operation Phakisa.

The central theme for this Phakisa, **“Transforming the Agricultural Sector towards an Inclusive Rural Economy”** captures critical elements of the NDP and the Nine-Point Plan.

The outcomes of the Lab were publicly launched by the President at the Agricultural Research Council (ARC) on the 24th February this year.

We are now poised to translate our implementation plans into agreements with relevant role players. Once agreements are finalised, the President will

announce them through a public event known as the Open Day. These will in turn inform RAAVC for the years ahead.

It has been two years since the launch of the Operation Phakisa Oceans Economy and substantial developments have been made to grow the aquaculture sector. To date, 450 direct jobs have been created and 2 000 additional tons of fish have been produced. This is a 35% increase for the sector. A contribution of R500 million has been made to the country's GDP.

Aquaculture is one of the fastest growing food production sectors in the world. The sector presents a good opportunity to diversify fish production to satisfy local demand (import substitution), food security, export opportunities, create jobs and contribute towards GDP.

Honourable members, Aquaculture as a new area of growth presents an enormous opportunity to bring new entrants in the sector as it grows and expands. The sector also presents an opportunity to bring in the youth, women and historically disadvantaged people into the sector. The sector can accommodate new entrants because of the nature of activities that are diverse from small scale to commercial as well as different technology, methodologies and species.

In order for the abalone subsector to access the European market, the EU visited the country on a fact finding mission. The findings are being attended to by DAFF together with the relevant departments.

The implementation of the shellfish and finfish monitoring programmes were boosted by the acquisition of inverted microscopes for sampling and undertaking of baseline surveys for residues. The department and the National Regulator for Compulsory Specifications have signed a service level agreement for the latter to undertake independent farms.

Under the aquaculture development fund (ADF) initiative, feasibility studies were conducted on marine finfish, oysters and mussels. Forty funding institutions have been identified and twenty six of them pledged support towards aquaculture development.

Coordinated industry-wide marketing efforts have resulted in South Africa receiving various requests from various countries such as Iran, Taiwan, and China for aquaculture production exports for the 2016/17 financial year. This year will focus on local awareness and marketing efforts for fish products to increase the current consumption.

Honourable members, the Department's Strategy on Agro-processing identifies barriers to entry and active participation in the mainstream agro-processing economy. We will continue working with sector partners to ensure better value addition to our commodities.

The management of disaster risks in the sector remains critical following the devastating drought that threatened food security through decreased crop yields and livestock mortalities. It is important that the department puts disaster risk mitigation measures in place to avert these disaster risks and to ensure that they are better dealt with when they occur.

South Africa, like many developing countries, is highly vulnerable to the impact of climate change. The increasing frequency of natural disasters and hazards in a rapidly changing climate is a serious global concern to many people; especially the poor and rural communities who depend on agriculture as a livelihood.

During this financial year, the department will develop a Climate Smart Agriculture (CSA) strategic framework which will contribute to the regulation, promotion, co-ordination and implementation of an effective CSA programme. Furthermore, in this financial year, we will finalise the Climate Change Adaption and Mitigation Plan. The drought conditions in 2015 and 2016 had a devastating impact on agriculture production throughout the country. These drought conditions, dare I say, appear to linger in the Western Cape as we gather today. My department will cooperate and lend support to the Western Cape – as it deals with the drought.

In the summer planting season South Africa has received much higher levels of rainfall recorded for 2016/17 season, compared to the previous years. Indeed, our dams are looking much better, thanks to our country's water management system.

I am pleased to announce that to date, the four major Forestry Lease Agreements have accumulated an amount of R627 million which will be committed to community development. We will continue to address the

Temporary Unplanted Areas in State-owned Plantations; and in this financial year, we will propose an alternative Management Model.

The department has participated with other five key departments to develop a draft National Food and Nutrition Security Plan (NFNSP). These efforts to develop a comprehensive and integrated plan were supported by Food and Agriculture Organization (FAO) and other United Nations agencies and academic institutions.

A successful National Food and Nutrition Security Indaba was co-hosted by government under the leadership of the Department of Planning, Monitoring and Evaluation in January 2017, as part of the broader consultation process to include Non-Governmental Organisations and Community Based Organisations.

The Plan has been presented to the joint Portfolio Committee on Agriculture, Forestry and Fisheries and Rural Development and Land Reform. This is the first time that South Africa presents an integrated approach to food and nutrition security.

Additionally, the department will this year finalise the drafting of the National Policy on Comprehensive Producer Development Support for the recommendation of Cabinet's approval.

With respect to training and skills development, the department through Comprehensive Agriculture Support Programme (CASP) trained twenty six thousand, three hundred and seventy eight Smallholder producers in

various skills programmes and four hundred and fourteen of these received mentorship.

We collaborated with the Red Meat Abattoir Association in 2016/17. Two thousand, one hundred and sixteen abattoir workers benefited from attending the Slaughter Technique Training to comply with the Meat Safety Act.

Through collaboration with the National Skills Fund, six hundred and thirty two Smallholder producers received training in various skills programmes and nine hundred and seventy one received mentorship.

For 2017/18, training is planned for twenty-one thousand, seven hundred and twenty three producers. Three thousand and fifteen producers will receive mentorship through CASP funding. In terms of the Red Meat Abattoir Association, the Slaughter Technique Training to comply with the Meat Safety Act is planned for five thousand and fifty eight Abattoir workers.

To further expand on our capacity building programmes my department through the bilateral relations between South Africa and the Government of Japan in partnership with the Japanese International Cooperation Agency (JICA), is implementing the Smallholder Horticulture Empowerment Programme (SHEP) which promotes the principle of “grow to sell” as opposed to growing without a focused market. This programme involves training of South African beneficiaries in institutions in Japan and Kenya and its implementation is done at a provincial level. We started with

beneficiaries from KwaZulu-Natal, Limpopo and Mpumalanga and we intend spreading the programme's successes throughout the country.

MARKET ACCESS

The increase in trade and travel has led to an increase in the spread of pests and diseases. It is the risk of the spread of pests and diseases that makes market access negotiations a very difficult territory to manage. However, South Africa has been making good progress in the area of international market access as signified by the number of successful market access engagements South Africa had over the period.

The most recent and difficult negotiation to crack was the China market for the exportation of our beef. My counterpart from China and I, signed the Protocol for the exportation of beef to the country in February 2017. Our vets are setting up the necessary systems for the implementation of the protocol in order to provide the guarantees the Chinese authorities require. Furthermore Honourable Members, we are pleased to announce that following intense negotiations, the United States of America has reverted to the 22-day cold treatment for False Codling Moth in Citrus from South Africa and has added the port of Houston in Texas to the list of ports of entry where consignments of Citrus fruit from SA may arrive in the US. This new set of market requirements and extension of ports of entry is indeed good news for the SA citrus industry.

The conditions of exportation of Mango and Persimmon fruit from SA to India were also concluded and engagements continued at various levels towards finalising market access requests for exports as well as imports.

The European Union sent an inspection mission to South Africa in February this year to inspect our establishments and the veterinary authority for compliance to EU legislation related to chemical residues, control of veterinary medicinal products and food safety for game, ostrich and crocodile meats. We have received a preliminary report on the inspection and our vets are working on corrective measures to ensure continued and increased access to the EU market.

Chairperson, accessing markets is particularly difficult given the many issues to be considered. The department is devising innovative ways of involving more private sector participation in market access initiatives. In building confidence in our meat inspections systems, I have recently approved the publishing of a gazette on meat inspection scheme that is aimed at assigning independent meat inspection service in abattoirs across the country. This will address the issue of lack of independence in meat inspection which affected the credibility of the meat produced in the country.

In June 2016, the European Union (EU) signed an Economic Partnership Agreement (EPA) with the Southern African Development Community (SADC) group comprising Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland. The agreement includes, among others, a bilateral protocol between the EU and South Africa on the protection of geographical indications and on trade in wines and spirits.

The geographical indications protocol implies that the EU will protect South African names such as Rooibos, Honeybush, Karoo Meat of Origin and 102 wine names like Stellenbosch and Paarl. In return, South Africa will protect more than 250 EU geographical indication names spread over food, wines and spirits. A major benefit that was negotiated for the wine industry is that the zero tariff quota increased from 50 to 110 million litres per year.

This implies that all the South African bottled wine could potentially be exported duty free to the European Union and therefore enables those wines to be competitive in the foreign market.

R90 million has been allocated for the development of the Agricultural Census; 25 million has been allocated for the development of Import/Export Systems; and R9.6 million for the Expanded Public Works Incentive Programme - Working for Fisheries.

In 2016/17 financial year, R1.6 billion was made available as a conditional grant to implement CASP and R491 million was made available for Ilima/Letsema bringing the total available to support smallholder farmers to R2 billion. This resulted in 346 projects supported benefiting 32 066 smallholder farmers by the end of quarter three, and creating 9 092 jobs.

The farmers were supported with infrastructure for production, marketing and agro-processing, land preparation, establishment of orchards and production inputs; training and mentorship as well as the South African Good Agricultural Practices (SA GAP) certification to make them market ready. This will enable smallholder farmers to take advantage of retail

markets, government procurement system that sets aside 30% preferentially for SMMEs and smallholder farmers. We have started with pilots in the provinces of North West and Mpumalanga.

For the financial year 2017/18, an amount of R2.2 billion has been allocated as a conditional grant to support farmers. R1.6 billion is for CASP and R522 million for Ilima/Letsema.

Honourable members, in his State of the Nation Address of 2017, His Excellency President Jacob Zuma announced the support to black commercial farmers. This is an effort to ensure ownership and control of the agricultural value chain by the previously disadvantaged groups. In an effort to fast track the transformation of the agriculture sector, specific attention will be given to the development of 450 large scale black commercial farmers.

For this financial year, I commit R220 million for the development of smallholder farmers to graduate to commercial farmers. Our target is to have 2 250 black commercial farmers by 2022.

A significant part of South Africa is unsuitable for crop production due to low rainfall and poor soil conditions, where estimates indicate that no more than 15% of land is arable.

Resource poor smallholder farmers are particularly vulnerable because they seldom apply inputs to improve soil health; and their crops often lack

moisture, especially during periodic droughts; which in turn, results in very low production yields.

During this drought period, our department, in collaboration with Provincial Departments of Agriculture, the ARC and the private sector distributed drought tolerant maize seed among smallholder farmers and provided technical advice on drought feeding strategies for livestock as well as alternative feeding methods.

This is a good demonstration that working together we can do more.

PESTS AND DISEASES

Chairperson, the sector continues to be plagued by outbreaks of animal, plant diseases and pests. Recently we experienced the outbreaks of Fall armyworm, Tuta absoluta, Banana Bunchy Top Virus and African Swine Fever to name a few. These pests and diseases threaten food security and trade. These also pose a threat to vulnerable rural communities. The control and management of these pests and diseases require integrated national, regional and international approach.

At a regional level, the South African Development Community member states have agreed to subject the control of transboundary diseases to joint early warning and rapid response programmes. This approach will benefit SADC member states in controlling pests and diseases and maximise on resources within the region for surveillance, detection, suppression and eradication.

The outbreak of the Fall armyworm and the African Swine Fever has taught us valuable lessons that we can advance with the world. The involvement of all stakeholders and the dissemination of information are critical for better controls. I would like to thank our farming community, researchers and academic institutions in dealing with these outbreaks. The good work done by South Africa on the Fall armyworm has been internationally recognised and the ARC will be leading research work within the region.

Chairperson, the investment in the Onderstepoort Biological Products (OBP) is bearing fruit. Our international disease control measures and vaccines on lumpy skin disease are in demand. The European Union is buying substantial quantities from the Onderstepoort Biological Products. OBP's competitiveness will improve if more investment into their facility to become Good Manufacturing Practice (GMP) accredited is fast tracked.

Honourable members, Agriculture is one of the critical sectors that can serve as a catalyst for radical socio-economic transformation, job creation and food security for all.

Today, the department is tabling a total budget of R R6 807.0 billion.

In conclusion, Chairperson and Honourable Members, I would like to thank Deputy Minister General Bheki Cele for his counsel and our respective families for their support. The Portfolio Committee on Agriculture, Forestry and Fisheries for their constant guidance.

I would also like to extend a word of appreciation to our Agriculture college students, representatives from our research entities and various growers associations gathered here today. Lastly, I would like to thank the Director-General and the Departmental staff for their continued resilience and commitment to ensure that the vision of broad based transformation in our sector is realised.

I Thank you.