

Agbiz media statement

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Agbiz signs the Agriculture and Agro-Processing Master Plan

Agbiz participated in signing the Agricultural and Agro-processing Master Plan (AAMP) yesterday before Minister Thoko Didiza delivered the Department of Agriculture, Land Reform and Rural Development's budget vote speech in Parliament. The document was co-signed with government and organised agricultural groupings, signalling an end to the first phase of the process, which started with the Bureau for Food and Agricultural Policy (BFAP) and the National Marketing Council (NAMC) drafting the initial concept document and ended in tough negotiations between social partners. The AAMP includes a list of economic enablers and targeted interventions needed in the livestock, field crops, horticultural and agro-processing subsectors to unlock inclusive growth.

"It is very significant that the budget vote coincided with the signing of the Agricultural and Agro-processing Master Plan. Agbiz has participated in several processes where sound policy recommendations were made, including the National Reference Group (NAREG) process, Operation Phakisa and the Presidential Jobs Summit, but the AAMP is the first multi-stakeholder process to accurately quantify the investment needed in various catalytic interventions to unlock the sector's potential for inclusive growth," says Agbiz CEO Theo Boshoff. "One must understand that a social compact will always contain trade-offs and compromises between parties with differing interests. That being said, the master plan is built on sound economic principles that will allow parties to distil the concepts into actionable plans during the next phase."

"We have to thank our social partners for their commitment to the process, to the research team from BFAP and the NAMC who provided the baselines for deliberations and to Prof. Mzu Qobo of the Wits School of Governance for facilitating the process with commendable grace and patience. Agbiz was closely involved with the process as several staff members, and member organisations led the negotiations within the clusters. Agbiz is also deeply indebted to Dr John Purchase, former Agbiz CEO, who acted as the business lead and saw the process to completion despite formally retiring at the end of 2021. Agbiz will remain involved in the implementation discussions and processes that will follow."

"As we move to the next stages, the Department of Agriculture, Land Reform and Rural Development also needs to communicate the master plan clearly to other line

departments that are crucial for its implementation and perhaps didn't fully participate in the drafting process."

Shortly after the AAMP, Minister Thoko Didiza presented the 2022/23 budget to the Portfolio Committee on Agriculture, Land Reform and Rural Development. "It has to be acknowledged that the department's budget has declined in real terms for several years. This is not surprising given the tight fiscal space that South Africa is in. That being said, it is also an opportunity to ensure that the budget is spent most cost-effectively on those projects identified in the AAMP that will yield the greatest dividends. In this regard, Agbiz will be watching the specific allocations closely in the coming weeks."

"In our opinion, the budget must be used to capacitate the regulatory and service functions within the department that have proved to be bottlenecks affecting the sector. This speaks to critical regulatory functions that are currently under capacitated and critical services required for the sector to operate, including the enforcement of biosecurity protocols, the provision of stock remedies, registration of agricultural inputs and product inspections. The minister's reference to biosecurity is a prime example, as a modest investment can unlock real growth and hence repay the state through increased export and tax earnings."

"One area that we have been focused on is the blended finance instrument. The budget vote speech noted that 'the department has transferred R400 million of the committed R1 billion grants to the Agri-Industrial Fund as per a Memorandum of Agreement with the Industrial Development Cooperation (IDC)'. Agricultural finance is key to boosting inclusion and bringing a new crop of black farmers into the commercial scale. These funds are, however, rather limited if you want to make a major difference on inclusive growth."

"Agbiz also welcomes the minister's reference to improving rural roads. Expenditure on network industries is a real investment as it unlocks economic opportunity. We would, however, have liked to see more concrete commitments to the blended finance scheme as it has great potential to unlock inclusive growth in the sector."

"On the land-reform front, we also welcome pragmatic statements about communal property associations and the announcement of a summit on communal land rights. Providing legally secure tenure to communal farmers should be seen as low-hanging fruit as it can unlock economic growth and investment through policy changes that are largely fiscal-neutral."

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