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Press Statement

Agbiz response to Minister Gigaba's Medium-Term Budget Policy Statement

This year's Medium-Term Budget Policy Statement comes against the backdrop of low business confidence and low economic growth, with GDP being revised down to 0.7% for 2017 from 1.3% in the previous statement. At the same time, the consolidated budget deficit is projected at 4.3% in the 2017/2018 financial year, up from 3.3% in 2016/2017. Of concern is that there was little in the MTBPS to instil confidence and indicate a growth strategy, while no substantial revenue measures were indicated.

On a sectoral level, agribusiness confidence remains relatively positive following a robust summer crop harvest. However, policy uncertainty is a key risk over the foreseeable future. Reference to the contested Regulation of Agricultural Land Holdings Bill as part of Government's Inclusive Growth Action Plan does little to allay fears around policy uncertainty in the sector. Agribusinesses remain concerned that the Bill will not achieve the accelerated land redistribution and inclusive growth that the country requires.

"We are pleased that Minister Gigaba acknowledged the efforts of the CEO Initiative in driving inclusive growth of the South African economy. Similar engagement should be encouraged at a sector level to address burning issues such as transformation, land reform and inclusive growth," says Agbiz CEO, Dr John Purchase. "Public-Private-Partnerships can unlock additional resources to supplement Government's expenditure to address these issues." Government spending on agriculture, rural development and land reform will increase by 2% from just under R25.9 billion in 2016/17 to R26.5 billion in 2017/18.

"It is clear in this Medium-Term Budget Policy Statement that the South African economy is not in good shape to deliver the revenue needed to achieve the country's developmental objectives. Government should leverage private sector capital and expertise to achieve these goals. Agribusiness is ready to continue forging credible partnerships to drive inclusive growth," said Dr Purchase.

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