



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

BUDGET VOTE SPEECH

BUDGET VOTE 24:

AGRICULTURE, FORESTRY AND FISHERIES

DELIVERED BY

HON SFISO BUTHELEZI (MP)

DEPUTY MINISTER

16 MAY 2018

EMBARGOED

Honourable Chairperson

Honourable Minister Senzeni Zokwana and other Ministers

Honourable Deputy Ministers

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

MECs of Agriculture

Members of Parliament

Director General – DAFF and HODs

Leaders of our Agencies and sister organizations

Farmers organizations and the broader farming community

Fellow South Africans

Distinguished guests

Ladies and gentlemen

Let me start by thanking those people who have made it possible for me to be part of the debate. Allow me to thank Minister Zokwana for his leadership. Also Honourable Chairperson, Ms Rosina Semanya and the Portfolio Committee for the progressive oversight function. I take this opportunity to thank the Director General Mr Mike Mlengana and the whole DAFF family. Thank my whole family for the 24/7 support they give me, my wife Thandeka is here.

This being a year in which we celebrate the centenary of the birth of mama Nontsikelelo Albertina Sisulu, the fearless stalwart of our revolution and that of the former president of the African National Congress, the former commander of Umkhonto WeSizwe and the first President of a democratic South Africa, Dr Nelson Rolihlahla Mandela. It is thus befitting to quote Madiba:

“The success of the Reconstruction and Development Programme requires a partnership among all social structures. Few other sectors can be as crucial in this as the agricultural industry”, he continues to say, “for it is on your shoulders that the food security of the nation rests. It is on your efforts that a great part of the manufacturing industry relies for its raw material”.

He could have continued to say, **“for it is in your shoulders that the economy of the nation rests”.**

This was indeed very prophetic. It is now common cause that when agriculture was not performing because of drought, GDP slowed down, leading to the negative growth in the last quarter of 2016. Similarly, we now know that it was the very same sector which pulled the economy by its bootstraps. The largest growth in Q3/2017 and Q4/2017 came from this sector. Growth was 44,2% and 37,5% respectively. This contributed to 0,9 of a percentage point to GDP growth, leading to 1.3% growth in GDP. The centrality of agriculture in our economy is vivid.

Abantu abamnyama bafuna umhlaba wabo! As the president of South Africa said recently, ***“this has been at the core of our struggle”.*** Let it be accepted that without the finalization of this matter, we cannot speak of

equity. The high levels of inequality, unemployment and poverty cannot be solved without the resolution of the land question.

In the State of the nation address President Cyril Ramaphosa emphasized that we will deal with this matter with utmost care. He said: “***We are determined that expropriation without compensation should be implemented in a way that increases agricultural production, improves food security and ensures that the land is returned to those from whom it was taken under colonialism and apartheid***”.

Ostrich approach to this challenge is neither desirable nor viable. As we say, “akukho soka ladla kahle imbangi ikhala”. Former president Jacob Zuma aptly captured the challenge when he said:

“if we do not radically change the patterns of land ownership, control and management in South Africa, we will be creating problems for ourselves in future”.

FORESTRY AND NATURAL RESOURCES MANAGEMENT

Forest products contribute about R34.5 billion to the economy, or about 0,6% of the GDP. Export value increased by 13%, from R26 to R29 billion.

This is underpinned by 1.2 million hectares of well-developed plantation forestry. Like many other sectors of the economy this is dominated by Corporate and Commercial owners who own 78,9% with small growers only owning about 3.7%. The forestry sector is responsible for 158 400 direct employment, that is about 1.3% of South Africa’s workforce.

The forestry industry is at continuous risks from fire, pests' diseases and drought.

This sector is also facing transformation issues. When government sold its forests, through SAFCOL, 10% was reserved for communities.

Unfortunately, in most cases that has not been transferred to them. Also, many big players have struggled to reach 26% shareholding in this industry.

The downstream and upstream involvement in the value chain by communities, black people, women, youth and people living with disabilities is still very minimal.

Forestry has also been impacted negatively by drought. This calls for more efficient usage of water. To that end, the department is conducting a study with the Water Research Commission to investigate the existing estimations of land under irrigation and water used by irrigated agriculture. The study will cost R2m and we hope to publish it in August 2018.

The three Cape provinces are still experiencing drought, and this has resulted in government declaring a national state of drought disaster. Through the support of DAFF, the Western Cape Province was allocated R40 million during 2017/18 financial year to assist drought-stricken farmers with provision of animal fodder.

A report by the Western Cape Department of Agriculture with the Bureau for Food and Agricultural Policy estimates that the impact of the drought equates to an average production decline of about 20%.

In terms of veld fires, the department is currently amending the National Veld and Forest Fire Act of 1998. These policy measures and interventions are intended to enhance the resilience of agricultural and food production systems; contribute to the reduction of the greenhouse gases emissions; intensify agricultural and forestry production while safeguarding food security and creating job opportunities.

In an effort to address the issue of competing land use between agriculture and forestry, the department developed a strategy on agro-forestry. Agro-forestry is a practice that integrates forestry and agriculture on the same piece of land with social, economic and environmental benefits. This strategy will ensure household food security and increase the country's fibre. In this financial year, the department will conclude the Memoranda of Understanding with key role players in the two provinces earmarked for piloting, Limpopo and Mpumalanga. In this financial year implementation will commence and preparations will be made to roll-out the system in KwaZulu-Natal and the Eastern Cape.

Forestry is one of the sectors that have a huge potential in job creation whilst ensuring the sustainable use of natural resources. Through the Expanded Public Works Programme in the Environment and Culture sectors, the department has managed to create 720 temporary and 211 permanent jobs. For this financial year, amongst others, R2 284 million has been allocated to the department as part of the incentive where a total of 2 706 work opportunities and 1 353 full time equivalents will be created.

For Arbor Week 2018, trees will be planted using trained Community Based Educators to ensure that departmental programmes have economic spin-offs for the communities.

The department manages seven state nurseries and five of these in Ulundi, Bloemhof, Mahikeng, Upington and Qwaqwa will be revitalised during this financial year. As part of the management of the 60 000 hectares of state plantations, the department will plant 550 ha.

Agricultural Research Council (ARC)

There is no substitute for Research and Development. This realisation prompted the President of African Development Bank, Dr Akinwumi Adesina to say:

“Africa has 65% of all the arable land left in the world to feed 9 billion people by 2050. What Africa does with agriculture is not only important for Africa: it will shape the future of food in the world”.

South Africa should lead. It is only through proper research that we will be able to increase productivity, come with disease resistant plants and animals, and alleviate the impact of climate change.

To date more than 8 800 farmers are participating in the Kaonafatso ya Dikgomo programme which is designed to improve the health condition of livestock in rural areas.

The majority of these farmers own an average of 20 cattle. Herd performance has increased over the past year. The average calving rates for these farmers increased from 54% in 2016 to 57% in 2017. Average

herd mortality remained relatively steady at around 6% while average herd off take rates increased slightly from 10% in 2016 to 11% in 2017.

Through participating in Kaonafatso ya Dikgomo programme smallholder farmers were able to generate higher incomes. PDAs and ARC conducted five cattle auction sales involving 410 farmers during the previous financial year. With a high women participation rate of 30%, these auctions generated R7.8 million from the sale of 794 herd of cattle. We also conducted two goat auctions involving 169 farmers with 41% women participation where R417 255 was generated from the sale of 502 goats.

Grains remain an important part of our food and nutrition security initiatives. Accordingly, the ARC has developed and disseminated at least seven new wheat cultivars for improved yields and productivity of wheat in South Africa. The new wheat cultivars are for the Free State, Northern Cape, North West, Limpopo, Southern Cape and Western Cape. We hope our farmers will adopt these cultivars to increase our production of wheat and reduce the country's import bill.

In the last 18 months, the ARC has identified and provided scientific solutions to farmers for crop pests and diseases such as tomato leaf miner, Fall Armyworm, Mirafiori lettuce big vein disease and false codling moth among others. Solutions provided have enabled the majority of farmers, commercial and smallholder, to achieve the record yields. Through the use of ARC cultivars, the fruit canning industry provides sustainable income to more than 20 000 direct employees and generates more than R2.5 billion per annum.

National Agricultural Marketing Council (NAMC)

Currently, there are 18 industries that are subjected to statutory measures collecting R517 million, through statutory levies. The funds collected are used to finance industry-oriented activities including transformation. One of the approval conditions is that at least 20% of levy income be spent on transformation. NAMC works directly with eleven industry trusts that were formed during the process of deregulation. To date, the total asset value of the trusts is R2,4 billion from the initial value of R678 million. I thank the trustees for growing the asset while financing industry work annually.

Monthly, NAMC provides analysis of food price trends and tracks the cost of a basket of 28 selected basic food items. This information is made available to, amongst others community radio stations. This enables citizens to make informed choices in household spending on food.

The transformation in the sector is important. The Competition Commission has raised competition issues in the industry. Barriers to entry for emerging farmers throughout the value chain is an area of concern. Lack of access to markets led to some of the produce rotting in the fields, like some of the emerging farmers experienced in Mkhanyakude, KwaZulu Natal.

Accordingly, a Transformation Review Committee was established to, among others, ensure the statutory levies collected are used by industries to contribute meaningfully to the development of black farmers. Milk SA's commercialisation project in Free state developed nine projects that support black farmers with cattle, feed, milking parlour and electrification of the farms. The result is that black farmers are able to supply formal markets such as Nestle. Positive signs are emanating with other industries like mohair, potatoes, and grains ensuring that transformation occurs.

NAMC together with DAFF and Buhle Farmers Academy deliver an annual accredited training programme for female agri-entrepreneurs. In its 11th year running, the programme focuses on technical, managerial and capacity building aimed at ensuring market access. Over 360 female farmers have gone through the training programme. Some of the participants today supply retail stores with their produce. One of the female agri-entrepreneurs participants from 2014, Ms Fezeka Mkile, was appointed a Council Member of the National Agricultural Marketing Council in 2017.

Last year, 2 234 animals from 400 farmers went through the Custom Feedlot Programme generating R16.8 million. Currently, the programme employs 133 people. Just last month, communal livestock farmers in the Amajuba District organised an auction which generated R1.4 million in sales.

The Youth Agriculture programme was launched in 2016. The objective is to promote corporate careers in agriculture and entrepreneurship opportunities. Through this programme the NAMC adopts agricultural high schools, conducts career guidance, offers bursaries to best performing Grade 12 learners and provide internships to graduates at NAMC and industry organisations where they are assigned mentors.

Over 80 learners have gone through the internship programme since 2010 and more than 40 bursaries awarded. Dr Abongile Balarane, a young agricultural economist, is one such example, who today works at NAMC as a grains specialist and compiles a monthly Supply and Demand Estimates Report. Another group of interns involved in crop production were provided

with training on irrigation under at Ga-Mapaila Irrigation Scheme in Limpopo.

Ondersterpoort Biological Products (OBP)

This year, OBP will commence building a Manufacturing Plant which will be completed by 2020 for R347 million. This will lead to large scale production of competitively priced vaccines manufactured under global quality standards; consistent availability of OBP vaccines and improved response to animal disease outbreaks; penetration of previously inaccessible markets and sustainable job creation in the fields of Veterinary and Biotechnological Sciences.

It is the objective and target of OBP to improve performance and production efficiencies of current products. We will also increase the number of new distribution points of OBP products in rural areas to nine.

OBP takes priority in advocating for farming skills to alleviate poverty. OBP has implemented two learnership programmes, Pharmaceutical Sales NQF Level 5 and Animal Production NQF Level 4.

The learnership offers youth, an opportunity to gain a qualification through a structured learning programme. The programme has registered eight learners. The objective of the learnership is to bridge the gap between the current education and training provided and the needs of the labour market.

Perishable Products Export Control Board (PPECB)

The PPECB's Agricultural Export Technologist Programme remains one of the entity's flagship development program. It is aimed at attracting and developing young qualified black professionals and up skilling them in matters relating to export of perishable products. Last year, the entity successfully trained 35 students from designated groups. To date 296 young people have been trained.

PPECB with Agri Seta appointed six unqualified learners to provide them with practical work experience. Also, five graduates were appointed within the support services departments to give them exposure and experience in their respective fields.

PPECB's trained 167 small holder farmers in Good Agricultural Practices, the responsible use of pesticides and food safety. The entity has further certified 20 small holder farmers through its SA GAP programme. PPECB will also fund a learnership programme in business administration for disabled learners. Honourable Members we now know that 80% of students that participated in the PPECB's Agricultural Export Technologist Programme established in 2006, have managed to find employment within the sector.

Way Forward

Honourable members, compatriots and fellow South Africans, for us to realize the potential of this sector and our country we need to agree and commit to the following:

1. Sustainable partnerships, with a win-win outcome between commercial and emerging farmers.

2. A need for agricultural infrastructure investment. This will allow better productivity, ease of movement of goods and services.
3. Commercial and emerging farmers, government and other organized farming organization must realise that the sustainability and progress of this industry cannot be achieved in isolation. Working together is not an option but a must.
4. Government and Development Finance institutions like DBSA, Land Bank, IDC and NEF must collaborate to crowd in private sector investments to the sector of the future, agriculture and agro-processing.
5. Focus on peri-urban agriculture, using latest technologies will help in ensuring food security.
6. Government will soon be going out with the Public Procurement Bill. This Bill will amongst others, ensure that government prioritizes transformation of the economy through its spend. We invite all of you to input in the Bill when it comes out. Government departments must give preference to emerging farmers and those farmers who embrace transformation.

Chairperson as to what happens to this industry tomorrow is a function of what we, who are players commit to do today. If we were to achieve these noble and just objectives, I have no doubt we will happily achieve the historic mission of being the bread basket of the world.

To honour Mama Sisulu and Tata Madiba, in their centenary birthdays, let us commit to feeding Africa, so that no child can go to bed hungry.

I thank you.