

Engagement with the government and relevance to the 2019 State of the Nation Address

John Purchase

Chief Executive Officer: Agbiz

President Ramaphosa's State of the Nation Address last week contained repeated references to dialogue and cooperation during the past six months or more between government, business, labour and communities at numerous levels. These groups represent the so-called social partners within Nedlac, the National Economic Development and Labour Council, which functions under the Nedlac Act (35 of 1994) and within which certain outcomes were agreed between parties during the Jobs Summit.

But there were also specific references to the Public-Private Growth Initiative (PPGI), led by Dr Nkosazana Dlamini-Zuma, Minister in the Presidency for Planning Monitoring and Evaluation, Dr Johan van Zyl of Toyota International, and Mr Roelf Meyer of In Transformation Initiative (ITI), to develop sectoral plans in order to achieve vital economic growth.

President Ramaphosa indicated in his State of the Nation Address that South Africa is facing various challenges, the five most pressing of which are, through cooperation, to

1. accelerate inclusive economic growth and create more job opportunities;
2. improve the education system and develop the skills required by our economy, both now and in the future;
3. improve the living conditions of all South Africans, especially the poor;
4. intensify the fight against corruption and state capture; and
5. strengthen the capacity of the State to meet the needs of all its citizens.

Apart from the considerable number of agreed outcomes that arose from the Jobs Summit, including agriculture-specific outcomes, the focus in the past few months fell mainly on the PPGI. Following submissions by the motor industry and the broader agricultural value chain to Dr Dlamini-Zuma on 16 August 2018, essentially the same submissions were made to President Ramaphosa the following week and he was clearly impressed by the approach and the potential of the sectors to bring about inclusive economic growth. He challenged the sectors to come up with a five-year plan, a challenge which we immediately accepted.

A management committee consisting of myself (Agbiz), Omri van Zyl (Agri SA) and Jannie de Villiers (Grain SA) got down to work and identified 10 principal value chains within the broader agriculture value chain. A template was used to request specific information from all the main role players. We received excellent feedback which enabled us to combine the subsector value chains into a single overarching plan. Given the considerable diversity and challenges in the bigger value chain, this was a major challenge.

We first concentrated on the history of the sector, the contribution to the country's economy, job creation and the exports/trade balance, along with sectoral trends and key success factors. A vision for the sector was developed with the following key areas:

- expansion of markets, both local and international

- training and skills development
- achievable financing options for new farmers in particular (commercial and developing farmers)
- adaptation to climate change and disaster management
- pest and disease control, with attention to food safety considerations as well.

We then proceeded to set targets for the next five years for the agriculture value chain in respect of investment, job creation, the trade balance, the food security index, transformation levies and agricultural debt. The following critically important policy inhibitors were identified:

- lack of a relevant and achievable trading policy to satisfy growing global and local consumer demand
- shrinking investment and capacity in research and development
- lack of coordinated and targeted investment in infrastructure
- uncoordinated government programmes and support systems
- lack of targeted incentives to improve productivity and transformation
- lack of capacity and skills, especially in the public sector
- illegal imports, international subsidies, crime, and safety and security

Consequently a variety of policy changes were proposed, including the following:

- Private-public partnerships to support supply chains
- Adoption of and support for new technology and research and development
- Financing initiatives for new entrants
- Maintenance and expansion of private ownership
- Turnaround strategy and implementation of infrastructure plan

A critically important aspect of the plan is its development focus and discussions among all the role players have already been initiated to create a public-private sector driven agricultural development agency to support vitally important agricultural development, especially in regions where agricultural support has been badly neglected in recent years.

The plan concludes with a statement of commitment to implement the objectives in the best possible way and to enter into a partnership with the government to create and develop an inclusive monitoring and evaluation structure.

Meanwhile various other sectors of the economy learned about the progress made and the willingness of government to cooperate to achieve collective growth and development goals for this country. By 27 January 2019, when we met the president again, 19 sectors had already committed themselves to this process of promoting growth and development. Agreement has already been reached in principle that a formal structure will be set up to monitor and evaluate implementation in collaboration with the Presidency.

Many of the proposals developed during the preparatory phase were included in the State of the Nation Address, specifically proposals on agriculture. In fact agriculture received considerable positive coverage in the State of the Nation Address. Hard work, and sound cooperation especially, will be essential to achieve effective implementation. There has at least been a considerable improvement in liaison between the government and the business sector, and specifically the agriculture value chain, and this undoubtedly creates confidence that will enable us to go forward into the future with far greater positivity and hope.