



**MINISTER
AGRICULTURE, LAND REFORM AND
RURAL DEVELOPMENT
REPUBLIC OF SOUTH AFRICA**

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**BUDGET VOTE 29: AGRICULTURE
16 July 2024 @ 10:00 am
MINISTER JH STEENHUISEN**

Madam Speaker,

Honourable Chairperson

Deputy Minister Capa

Members of the Portfolio Committee

Members of our Statutory Boards and Councils

Agricultural Sector Representatives

Senior Officials from the Department and its Entities

Ladies and Gentlemen

Good morning. Molweni! Goeie More! Sanibonani.



Department of Agriculture, Land Reform and Rural Development · Departement van Landbou, Grondhervorming en Landelike Ontwikkeling · Muhasho wa zwa Vhulimi, Mbuedzedzo ya Mavu na Mveledziso ya Mahayani, uMnyango Wezolimo, Izinguquko Kwezomhlaba Nokuthuthukiswa Kwezindawo Zasemakhaya · Ndzawulo ya Vurimi, Antswiso wa Misava na Nhluvukiso wa Matikoxikaya · Litiko Letekulima, Tingucuko Kutemhlaba Nekutfutukiswa Kwetindzawo Tasemaphandleni · UmNyango wezokuLima, ukuBuyiselwa kweNarha nokuThuthukiswa kweeNdawo zemaKhaya · Kgoro ya Temo, Peakanyoleswa ya Naga le Tlhabollo ya Dinaga- magae · Lefapha la Temothuo, Kabobotjha ya Naha le Tlhabollo ya Dibaka tsa Mahae · Lefapha la Temothuo, Pusetso dinaga le Tlhabololo ya Metsemagae · ISebe lezoLimo, uBuyekezo lwemiHlaba noPhuhliso lamaPhandle



Introduction

It is a great honour to be able to present my first budget and policy speech to the national assembly.

Agriculture is a pillar of employment and growth

When I was first announced as the Minister of this department, South Africa reacted in typical fashions, there were the memes of me wearing tight fitting boerbul shorts and veldskoene, pictures of me riding tractors and horses and of course the teasing renaming of me as John Deere...

But there was also an open letter to me that went viral on social media, it was thoughtful and considered and offered sound advice and encouragement for the path ahead.

In his letter the author told me that agriculture was not just farming, it was economics, manufacturing, infrastructure, energy, research, science, tourism, water and many other things.

In the few weeks that I have been getting to grips with the department, my correspondent was absolutely correct....

Make no mistake, agriculture is one of the primary industries that play a crucial role in the provision of food, the creation of employment, the enhancement of rural economies, and the generation of foreign earnings.

The sector contributes an average of 2.8% to the national economy, measured in Gross Domestic Product (GDP), and roughly 6% to total employment. However, when food manufacturing is included, both agriculture and food sectors contribute up to 7% to the GDP.

Between 2019 and 2023, the agricultural sector performed relatively well compared to other economic sectors, despite the challenges brought by the COVID-19 pandemic and its associated lockdown regulations, the July 2021 unrest and its disruptions to the food supply chain, and the conflict between Russia and Ukraine,

which impacted the costs of inputs and trade flows of commodities like fertilizer, wheat, sunflower, and rice, among others.

During this period, the agricultural economy increased by more than 25% in value-added, creating over 113,000 new jobs and expanding agricultural exports by more



than R47 billion. This growth can be attributed to the agility of farmers and value chain players and their adaptability to vulnerabilities like COVID-19 and global conflicts.

The splitting of the departments of agriculture and Land Reform and Rural Development will now allow the agricultural sector to grow and flourish. With a greater focus on improving food security, farmer support, biosecurity and market access.

The Agricultural and Agro-Processing Master Plan.

The AAMP, adopted in 2022, is the framework upon which the inclusive growth of the Agricultural sector is premised. The AAMP adoption process has enjoyed broad sectoral support and I wish to make it clear that I have no intention of reinventing the wheel. Instead, the focus will rather be on accelerating implementation of the objectives of the AAMP and ensuring that my department upholds its commitments contained in the plan.

The sector plan I commit to drive is built on several key pillars designed to promote sustainable growth and inclusivity in the agricultural sector. These pillars emphasize inclusive growth and employment creation, particularly for rural communities, while enhancing market access and trade for agricultural products both domestically and internationally.

The plan focuses on developing robust value chains for key commodities and promoting sustainable agricultural practices to enhance climate resilience and increase yields. Additionally, prioritizing innovation, research, and development to drive technological advancement and best practices within the sector will be a focal area.

To support these objectives, the plan also aims to improve agricultural infrastructure and logistics, create a conducive policy and regulatory environment, and facilitate access to finance and investment through public-private partnerships. Human capital development is another critical pillar, focusing on education, skills training, and capacity building, with an emphasis on youth and women's participation in agriculture. Collectively, these pillars form a comprehensive framework to drive the inclusive and sustainable growth of our sector.

This sector plan is anchored on a commodity value chain approach, and the Value Chain Round Tables and Transformation Scheme have been established, reporting to the AAMP Oversight Executive Committee that I will chair. The institutional setup that was established when coordinating and negotiating this social compact is in place and remains a vehicle for any collaborative work aimed at delivering the



objectives of an inclusive and prosperous agricultural sector, which I am dedicating all my energy to fulfill.

In my view, a “sectoral economic framework” designed for collaborative efforts brings efficiency and transparency in the implementation and provides common goals and indicators of success.

The collaborative approach we need involves leveraging the skills, resources, and knowledge already available in the private sector, industry, and agribusiness to work hand in hand with the government. Through the leadership of my predecessor, who established very close and mutually beneficial relations with the industry, I believe we are on the right pathway in this regard. My immediate task is to build on the solid foundation former Minister established and take the process to its natural conclusion.

I am a firm believer in the importance of the “co-existence of small and large farmers and agribusiness.” The AAMP shares these very same principles and makes my job easier. I will drive change management in the institutionalization of interventions in government and industry programmes and initiatives that will foster the inclusive growth of this sector. When agriculture economists report on the foreign earnings based on export volumes, we must be able to show a greater share of market access for small farmers in this regard. For me, that will be the definition of inclusive growth.

Conducive Policy and Regulatory Environment.

The role of the department of agriculture is to provide a national framework to promote sustainable food security and an enabling environment for the agricultural sector to work and grow. This requires a policy and regulatory environment that is modern, progressive and in line with international standards.

I intend to work closely with the portfolio committee to drive a legislative agenda through the seventh Parliament that will modernise the agricultural sector. Some of the pieces of legislation governing the sector on the statute books date back are outdated and out of step with the needs of the modern agriculture sector, statutes like the Fertilisers Farm Seeds and Remedies Act 36 were passed in 1947!

It is time for us to work together as the department, Parliament and the agricultural sector to bring the policy and regulatory environment into the modern era in order for us to harness the new technologies, products and practices that are available internationally. This will allow our farmers to remain on the cutting edge of agricultural advancements and ensure global competitiveness.



Ensuring Food Security

A nation's ability to feed its citizens remains a critical national security matter and will remain a core focus of the department. Food security, which governs the key aspects of the availability of food, access to food, the proper utilisation of food and the stability of access to food remain priority areas of focus. Food security also requires a focus on the affordability and quality of food available to our citizens. To enhance food security and ensure the stability of food production steps will have to be taken to protect agricultural land in South Africa. If we lose fertile and rich agricultural land it will have a detrimental impact on the ability to produce enough food to feed our nation.

Biosecurity and Phytosanitary Interventions.

Biosecurity remains a clear challenge, especially in the poultry and livestock subsector and remains a top priority for the department. Recent outbreaks of Avian Flu and Foot and Mouth disease pose a significant risk to not only our local production but also to our export potential to other countries. It is an area where greater focus is going to have to be given.

The Onderstepoort Biological Products and the Agricultural Research Council are key players in the development and production of vaccines and medicines to treat outbreaks, but far greater effort is going to be required to focus on prevention and containment strategies and protocols that are rapidly implementable and deployable on the ground level.

In this light, the department will be focusing on a new track and trace system for the movement of animals around the country. This is becoming necessary because international export markets and trade organisations are rapidly moving to systems where trade will only be possible with livestock products if such product can be traced to its origin.

We must move swiftly in this regard, I also believe that, in addition to assisting with biosecurity, a track and trace system of livestock could assist in the combatting of stock theft as each animal will be uniquely traceable to the original owner and the chain of successive movements of that animal will be recorded.

The Department of Agriculture, in collaboration with the Department of Science, Technology & Innovation and private sector partners, will contribute R 10 million to the National Biosecurity Hub Programme. This program aims to integrate scientific disciplines to enhance sanitary and phytosanitary capacities, ultimately achieving a comprehensive biosecurity system in agriculture.



The Department of Agriculture emphasizes the importance of pest and disease surveillance to ensure agricultural productivity and maintain the confidence of trading partners. Key efforts include continued surveillance, monitoring and intervention for exotic fruit flies, Citrus black spot, Citrus Greening, and Banana Bunchy Top Virus and many others. Financial Investment of R22 million will be spent in the current financial year for surveillance and chemicals.

Farmer Support

The greatest asset the department and indeed our country has is the incredible farmers and farmworkers of our nation. They are world class producers and rank amongst the best in the world. They need our thanks; they need our support, and they need us on their side.

Whilst assisting larger commercial operations to expand and flourish we must empower new entrant farmers to become self-sustainable and productive as quickly as possible. To support farmers to grow and develop and contribute to the household food security we need to have a fully-fledged database of farmers, understanding in each instance the type of support they require.

Access to finance has also proven to have been a significant constraint on the ability of new entrant farmers and small farmers to succeed. This is highlighted starkly by Wandile Sihhlobo in his excellent book “a country of two agricultures”.

The Department of Agriculture. developed the Blended Finance Scheme (BFS) to increase access to affordable finance for black producers in the agriculture and agro-processing sector, as part of our commitment to the Agriculture and Agro-processing Master Plan (AAMP). Blended finance involves the provision of grants by the state and loans by private finance institutions, including development banks. To date, the department has successfully partnered with the IDC, the Land Bank, and ABSA, and is concluding agreements with FNB, Nedbank, and SEFA.

Since March 2021, through the BFS, R3.107 billion has been invested in the agricultural sector for the development of 183 commercial black producers, with R1.204 billion of this amount being grants. As of 31 March 2024, the IDC approved 29 transactions worth R1.915 billion, with R587 million in grants, creating 1,445 jobs. The Land Bank approved 154 transactions worth R1.192 billion, with R617 million in grants, creating 1,973 jobs. ABSA signed the agreement with the department on 16 May 2024 and is currently conducting internal roadshows and change management to prepare all its branches for the implementation of the BFS. The department and ABSA will soon announce the date of implementation by ABSA.

The Agro-Energy Fund (AEF) is another blended finance instrument developed in



partnership with the Land Bank to support all qualifying producers and agro-processors, regardless of race, with alternative energy sources. The fund facilitates the purchase of capital equipment and infrastructure ("CAPEX") for farming or agro-processing. The AEF focuses on energy-intensive agricultural activities such as irrigation, intensive agricultural production systems, and on-farm cold chain-related activities. Since its launch on 29 August 2023, a total of R24.425 million has been approved as of 31 May 2024, with R7.989 million provided as grants and R16.436 million as loans, supporting nine transactions. I encourage farmers to make use of this facility to diversify their energy sources.

The department will continue to roll out the farmer supporter programmes, such as CASP amongst others. These producer development support grants are provided to producers who cannot afford loans. These are largely subsistence and smallholder producers on arable agricultural land. The support includes the provision of on-and-off farm infrastructure, production inputs, mechanization, training and mentorship, extension support, and ensuring these smallholder producers receive accreditation and certification to supply safe and high-quality food to the market and the public through the tailor-made SA-GAP certification programme implemented in partnership with the Perishable Products Exports Control Board (PPECB).

From 2019/20 to 2023/24, CASP has spent R6.661 billion on 2,125 projects, benefiting 59,482 smallholder producers and creating 21,762 jobs. Ilima/Letsema spent R2.611 billion, supporting an average production on 83,061 hectares and benefiting 296,823 subsistence and smallholder producers, while creating 81,299 jobs. In the 2024/25 financial year, R1.741 billion will be made available to support approximately 6,023 smallholder producers across all nine provinces through the provincial departments of agriculture, targeting the creation of about 3,000 jobs. Additionally, R448 million will be made available through Ilima/Letsema to support 67,492 vulnerable households with food production, aiming to create 9,461 jobs.

I have read the Portfolio Committee's critical reports on some of the findings during their oversight visits, including the PESI and conditional grants meant for farmers. It is of concern that in some instances money meant for farmers was never received.

Extension officers remain an important component of support to farmers and the department will continue to explore ways to increase both the quantity and quality of services and support offered by extension officers. This will include exploring innovations as well as public-private partnerships with industry and sectoral bodies to potentially increase the number of extension officers and the training of them to render the services our farmers need.

We will relook at the process of allocating grants and measuring their actual impact on the ground. It is crucial that farmers benefitting from these grants appear



on a database. Going forward, funding will only flow to provinces with proper planning and accountability and payments will be made quarterly contingent on proper reporting against targets. I also take note of SIU reports on conditional grants which will receive my full and urgent attention.

Agricultural Exports

South Africa's agricultural exports have shown a strong annual growth rate over the past five years (2019-2023), with an increase of 5% in US Dollar terms and 12% in Rand terms. Robust engagements were held with the European Union regarding their new regulations, which negatively impacted citrus exports to the EU market. Expanding markets enable profitable farming.

This year, 2024, will mark the first season where South Africa will be able to export avocados to three new markets: Japan, China, and India. Additionally, new markets have been opened for fresh beef and lamb in Iran, and for table grapes and citrus in Vietnam.

The maintenance of traditional markets has also contributed to the steady growth of agricultural exports. We must continue to expand the horizons for South African produced agricultural products by expanding on and leveraging existing agreements like AGOA and our EU trade agreement, but we must also look to open new markets on the African continent, India, the Middle East, Saudi Arabia, Egypt and China.

Again, access to these markets will only grow if we are to ensure proper biosecurity and phytosanitary assurance to them.

Disaster Management

Although Disaster Management falls under COGTA, natural disasters have a massive impact on agriculture including the recent veld fires, floods in the Western Cape, black frost in Limpopo.

These are additional risks facing agriculture and we need to be better prepared to mitigate such risks and assist farmers in extreme conditions.

A GNU approach to the sector.

There are a number of other departments, that fall outside of agriculture, but which have a direct impact on agriculture, these include transport that covers the essential road and rail routes farmers require to get their goods to market. The ports that farmers require to get their goods to international markets, and of course the SAPS who are an essential partner of we are to improve rural safety and protect our most



important asserts, farmers and farmworkers from violent criminals.

Water too will be an essential partner in improving both access to and development of water resources. I intend to knock on all their doors so that working together, in a Transversal way we can really unlock the potential of the agriculture sector as an engine room of job creation, economic growth and development of the rural economy. I intend to make sure that our farmers, farmworkers and the sector have the loudest voice in the room, working their corner.

Conclusion

And so, I end where I began, with that letter that I received from the unknown farmer:

Yes, I undertake to use this opportunity as a chance to do something together with all role-players, including the honourable members of this house for the sector, and yes, I will be on the sectors side as together we open more gates of opportunity for our farmers, farmworkers and sectoral partners.

Let's grow together!

