

BUDGET AND POLICY SPEECH BY MINISTER THOKOZILE ANGELA DIDIZA VOTE 29, DEPARTMENT OF AGRICULTURE LAND REFORM AND RURAL DEVELOPMENT: 09 MAY 2023

Honourable Chairperson

Honourable Members

Deputy Ministers Skwatsha and Capa

Ministers and Deputy Ministers

Chairperson and Members of the Portfolio Committee

Members of our Statutory Boards and Councils

Special Master of Labour Tenants – Prof Richard Levin

FAO Country Representative - Dr Babagana Ahmadu

Sector Representatives in their various capacities

Senior Officials from the Department and its entities

Ladies and Gentlemen

Good morning. Avuxeni! Molweni!Gooie More!Sanibonani

2023 mark the 110th year of the promulgation of the Native Land Act which alienated the indigenous people of our country of their birth right, their dignity and economic and social wellbeing from their land. This is a past that we all seek to redress.

South Africa's rich agricultural heritage has long been an integral component of the nation's economy and cultural fabric. The lingering effects of apartheid and colonialism have created disparities in resource allocation, infrastructure, and opportunities for growth in the agricultural sector. Additionally, the multifaceted challenges have further hindered the ability of traditional agricultural areas known before as the reserves to thrive. The limited market access of these rural spaces has also curtailed

the potential for economic growth and self-sustainability among these communities.

In this financial year we make a case for investment in these areas following the analysis that has been done by our spatial planning unit and the economic team from the NAMC. Through their work it is clear that if we restore even a mere 10 percent of this land by putting it back into production we can increase the real GDP by R59 billion over and above the business-as-usual baseline if everything remains the same. This could unlock approximately 500 000 job opportunities in agriculture and related rural economic activities. This assessment is supported by work that some of our provinces have done and are doing in mapping the potential of the land for various regions. If we take the greening Mpumalanga project where in each district certain areas have been identified and supported, initial shoots have been positive making it clear that investment , skills development , infrastructure development, and enterprise support can turn rural areas into economic districts. The work that we have done also confirms the research undertaken in support of the Agriculture and Agro-processing Master plan.

We will upscale the mapping and geospatial analysis of our communities using our drone's technology, This analysis will strengthen our understanding of these rural areas that is suitable for crop cultivation and grazing.

Today we are tabling the budget for Vote 29, Department of Agriculture, Land Reform and Rural Development for your consideration and support. The overall allocation for this financial year is R17, 254,348 billion including transfers to Provincial Departments of Agriculture as part of the

Division of Revenue Act as well as to the Entities that supports the work of the department in terms of our Constitutional mandate.

This 2023/24 allocation will enable us to implement programmes that continue to address food security needs of our communities and our country, address land hunger, transform spatial planning, and contribute towards the development of our rural areas in partnership with other spheres of government. At the same time, these resources will be channelled towards ensuring that agriculture, land and rural sectors continue to play integral roles in the economic reconstruction and recovery.

Honourable Chairperson, it is almost a year that we have held the Summit on Communal Land Administration and Tenure. This was an important milestone in which firstly, the democratic government has made a firm decision in divesting its trusteeship of land in order to ensure that communities under communal areas can own and administer their own land. Secondly, this move affirms the policy directive that South Africa has varied tenure systems even though some are not codified in law but have been practised for many centuries. It must be noted however that government will continue to work with these communities and their leaders on a better land governance and administration system.

The United Nations working paper on land administration puts this succinctly where it posits that – *“Importantly the administration of land resources has an important bearing on the democratic process. Structures governing access, control and management of land are as much about democracy as they are about asset stewardship. Linked to this is the need to integrate land administration and management into systems of governance at all levels.”*

The importance of land governance is not only critical for communal areas, but for all land including that which has been transferred to communities through land reform programmes. Deputy Minister Skwatsha will elaborate on the work of our land reform programme.

Honourable Chairperson and honourable members, working with other spheres of government through the District Development Model we are making interventions that will support rural enterprises as part of improving rural economies. In the past year, we have ensured that some young people who have been trained through NARYSEC are absorbed into employment and that critical infrastructure to support agricultural development is laid out through the Farmers Support Production Units. As part of coordinating improvement of rural roads, we are working with other spheres of government and entities. Our focus will be biased to those that can support rural enterprises with larger impact. Deputy Minister Capa will deliberate further on the work we are doing in this area.

CLIMATE CHANGE

Chairperson, last year when we presented our Budget Vote we were addressing an unprecedented outbreak of locusts due to the good rains that we experienced in our country. Despite this challenge we were able to mitigate against the outbreak. We are ready for any outbreaks for the 2023 season. This year, a major challenge that could confront South Africa's agricultural sector in a few months is a change in weather conditions from favourable rains to drier and hot conditions. This would be a switch from a prolonged period of La Niña to El Niño.

Scientists at the South African Weather Service and other global institutions see a potential occurrence of an El Niño later in the year, a

probability of occurrence is over 60%. Our department, supported by data from the South African Weather Services, will issue regular advisories to farmers to ensure that we manage this period.

THE MACRO-ECONOMIC ENVIRONMENT

On the upside, South Africa's agricultural sector grew by a cumulative 25% in real value-added, where approximately 55% of the value was generated from export earnings between 2020 and 2022. During the same period, the sector created about 50 000 new jobs, increasing the total number of people employed in the sector to 860 000. About 9% of agricultural output is produced by previously disadvantaged farmers, implying the sector is growing and gradually improving on inclusivity, this progress is encouraging but a far-cry from our vision of a united and prosperous agricultural sector. Through the Agriculture and Agro-processing Master Plan we have set transformation targets to ensure that our sector is inclusive.

The growth in agriculture could be attributed to the enhancement of its competitiveness, made possible by clear policies, regulatory environment and financing instruments such as the statutory measures and agricultural trusts that have financed the collection of industry data, market development, transformation, and research and development as well as innovations.

Honourable members in presenting this budget policy statement, we also give report back on the commitments we made in the past year. We are also indicating priority areas in line with the pronouncement of our President during the State of the Nation Address.

Farmer development support programs:

- Through input vouchers from the Presidential Stimulus Initiative, we supported 157 000 subsistence farmers.
- Through the Land development support, we reached our target that we set of supporting 83 farmers on Plaas farms.
- The blended finance facility with IDC approved 20 transactions creating 845 jobs, 30 percent being women owned businesses and 10 percent being youth.
- The blended finance facility with land bank has approved 35 transactions which thus far created 588 jobs. 33 per cent of these are women owned enterprises and 27 per cent are young people.
- We were able to set up two demonstration facilities for hemp production, lesser than our commitment.
- Market opportunities for small scale farmers continued to be opened at local level supported by the department and through partnership with Stakeholders.
- Farmer business development support has been undertaken by industry and the department of Small Business
- The Task team on Biosecurity tabled its report with recommendations and valuable insights has been given on how we can improve our animal health systems as a country.

STATUTORY LEVIES AND INDUSTRY TRUST

NAMC has continued to offer valuable market information and analysis to both government and the agricultural sector. Such information has enabled agri-entrepreneurs to make informed decisions in terms of marketing of their products.

Statutory measures and trust as provided for in the Marketing of Agricultural Products Act, play a meaningful role in the transformation of our sector. In 2022 R986 million was collected, 20 per cent of these go towards transformation of the industry. The National Agricultural Marketing Council using the regulation through commodity associations has supported farmers in particular developing farmers in various commodities with financing for research, market development and export promotion. In the 2022 financial year, the maize Trust has spent R17,9 million on transformation and has assisted 4650 farmers who are active in the maize industry. Of these 94 farmers are commercially viable and 195 have a potential of becoming commercial farmers who are farming on average 100 ha.

On the Citrus R50 million rand was spent supporting 124 black farmers on cultivars, orchard development, farm equipment, irrigation and preparation for exports readiness. Of the 124 farmers, about 50- 78 are exporting almost a total of 6million cartons.

In this financial year the NAMC working with our industry players will ensure that the expenditure on Trusts and levies support the identified commodities in line with the Agriculture Agro-processing Master Plan.

NAMC is finalising the construction of the feedlots that were already in the process of construction as part of the National Red Meat program. This does not indicate a reversal of the decision that was made to transfer this program to the ARC .

COMMITMENTS OUT OF ACQUISITIONS IN THE AGRICULTURAL SECTOR

The Department of Trade, Industry and Competition has ensured that industry transformation continues where acquisitions take place. This has been done through engagement with departments whose sectors are impacted upon.

a) PEPSICO

As part of the acquisition of Pioneer Foods by PEPSICO, a commitment of R300 million towards black farmers to upgrade their businesses and integrate them into the value chain was made as part of concluding the deal.

b) KARAN BEEF and SK CAINE FARMING, CAINE FARMING PTY LTD AND AAA MEAT PTY LTD DEAL

We are also aware that the acquisition conditions of this deal will have a positive impact on the supply development of black farmers and access to markets for small scale farmers.

CANNABIS MASTER PLAN

The current Private Members Bill has been expanded to include commercialisation of cannabis and hemp. Currently, the National Assembly is seized with processing public comments on this section of the Bill. The Inter-Ministerial Committee has also been meeting to give direction to ensuring that interim measures on commercialisation of hemp are realised. These measures include changes to the existing THC limit for hemp to 1% and amendment of Schedules 4 and 6 of the Medicines Control Act. The Minister of Health is currently considering these changes.

Demonstration sites for hemp production has been set up in Rustenburg in Northwest and Roodeplaat in Gauteng provinces. To date, 397 hemp permits were issued by the Department for hemp production.

AGRI-FINANCIAL SUPPORT

Chairperson, support to black producers in Agriculture and Agro-processing is an important vehicle to bring about transformation in the sector, to this end the Department continues to strengthen the Blended Finance model to increase access to affordable finance.

To broaden the scope of support even further, the Department is in the process of concluding agreements to extend the blended finance scheme to commercial banks in the 2023/2024 financial year, I will soon make an announcement in that regard.

Financial support to subsistence and small-scale farmers

Chairperson, through the conditional grants CASP and Ilima/Letsema we have in the past financial year supported 15 853 and 25 781 farmers respectively. In this year, the provision of R2.15 billion will further assist farmers with production inputs and infrastructure from these two programmes.

Through MAFISA programme, that allows for the charging of lower interest rates on loans to farmers, a total of R19 Million at the Land Bank

available to support small-scale producers. Since its inception, MAFISA has assisted over 25 732 farmers.

During the financial year 2022/2023 we committed to support 83 farms, and I can report that the preliminary performance report indicates that the target has been achieved. Mr Frank Monage, a grain farmer in Limpopo specialising in sunflower supported by through the LDS started planting 250ha. He has since expanded his hectares to 371ha in the past planting season and he is planning to add 70ha in the coming planting season. Since LDS support in year one, he continued to fund his subsequent production inputs.

Ms Chade Groenewald of Cutt Agric in NW is a broiler farmer. She was supported with two new 40 000 capacity broiler houses and refurbishment of an additional 40 000 capacity house. At this point in time, she is producing three houses all of them at full capacity with a secured market.

For the current financial year 2023/ 2024, the LDS programme will support 66 farms with a budget of R449 million with production inputs, on-farm agricultural infrastructure, mechanization, implements and equipment, and finally operational costs. The Department continues to conduct this work in partnership with commodity organisations and commercial banks.

REVIVING AGRICULTURE IN COMMUNAL AREAS

The National Development Plan (NDP) (Vision 2030) recognizes the need to integrate rural areas in agricultural development by mainly expanding irrigated areas and promoting dry-land farming where feasible. The NDP further envisions the conversion of underutilized land in communal areas and land reform projects into commercial production. This year, we will focus on these areas including engagements with Amakhosi to facilitate the development of areas-based plans to revive agricultural production. The Department has already begun with drone flyovers in some communal areas to map these areas in order to facilitate better planning.

MARKET ACCESS

Access to new market continues to be a key focus area of the department. To achieve the expected increase in horticultural trade (i.e., R 90 billion by 2030) and livestock and livestock products, new markets must be accessed, and existing ones must be retained and optimized. The department's efforts in negotiating, finalizing and complying with import requirements which is key in achieving these goals of expanded trade are ongoing.

Our market development strategy is based on retention of existing markets and developing of new markets. We also take into account the need for comparative advantages and complementarity where our seasons are complimenting those of our trading partners even where we produce same commodities.

Research and development and the use of technology underpin our product development.

Local or what is commonly known as live markets are important as an entry point for our emerging farmers . Mr Lehumo Mokgotho, a younger farmer from Moletji in Limpopo , supply Goseame Shop and R and G Meat with sixty carcasses of lamb and goat meat on a monthly basis.

The greening Mpumalanga program has seen women farmers having their vegetables at our retail shops such boxer and spar. In partnership with these retailers, we have trained small scale farmers on how they can access markets including the retail market closer to them.

Chairperson, the Department's surveillance of pests and diseases is key not only for our country's agricultural production but equally important to maintain the confidence of our trading partners, especially when the pest or disease has a quarantine categorization in the territory of the trading partner. Through engagements with partners such as the National Animal Health Forum (NAHF) we have been able to engage industry on animal disease control matters, including on surveillance.

The Department will continue its surveillance, and intervention measures of the exotic fruit fly, Citrus Greening and Banana Bunchy Top Virus as well as surveillance of livestock diseases of economic importance including the Foot and Mouth Disease (FMD), Contagious Pleuropneumonia (CPBB). Control of the Foot and Mouth Disease in recent month has demonstrated a need for investment in prevention rather than control.

In an effort to ensure the integrity of the food value chain and protect consumers from food fraud and their rights to food choices, the Agricultural Research Council has partnered with the Department in using

whole genome sequencing to investigate and curb the incidences of contamination and adulteration of meat products with undeclared species.

The country has experienced an unprecedented increase in disease outbreaks. This resulted in an unprecedented number of samples being submitted from the field. The ARC rose to the occasion by responding excellently and timeously processing all the samples without fail.

Chairperson, this afternoon we will be releasing the report of the Biosecurity Task Team, together with the Action Plan of the Department in addressing the findings.

OBP AND VACCINE MANUFACTURING IN SA

Chairperson, safeguarding our herd and animal health is a priority for a prosperous livestock industry. The OBP which has been the bedrock of critical vaccine production in our country has been experiencing production challenges of the past few years. I met with the National Animal Health Forum and made a commitment towards ensuring that we bring stability to the OBP. I was part of engagements between the OBP and a world-renowned pharmaceutical role player to assist the OBP to produce vaccines. This private sector player has already visited the OBP and measures to assist the OBP to produce essential vaccines are being put in place.

I am aware of matters that are being raised about critical vaccines for African Horse Sickness and Bluetongue, both of which are controlled diseases. I am also aware of engagements between the OBP and the Equine industry on resolving the African Horse Sickness vaccine

availability. Quite a few opinion pieces have been given on these issues, the bottom line being that the authorities have to respond quicker. Chairperson, I confirm that the Registrar and Director for Agricultural Inputs Control had received applications for Bluetongue vaccine. This application will be fast-tracked in acknowledging the urgency of such a registration.

The pace towards strengthening the country's ability to produce Foot and mouth disease (FMD) vaccines and ensure animal health security has gathered momentum. Following re-registration as a stock remedy under Act 36 of 1947, the ARC can now use its vaccine as part of the Department's FMD prevention programme. Building on that registration, the ARC has proceeded to formulate 20 000 doses of the vaccine and made it available to the Department to be deployed as and when its needed.

To ensure that the country has sufficient capacity to produce the FMD vaccine in future, the ARC has completed Phase I of the FMD Vaccine Production Facility towards a fully-fledged facility that will be able to fully meet the requirements of the country and beyond. While the factory is being developed, investment towards mid-scale production capacity has also begun with support from DALRRD and this will put the country at a much better position.

INTERNATIONAL TRADE AND MARKET ACCESS

Chairperson, the world of agriculture, including its trade, as governed by the WTO Agreement on Agriculture has been stagnant over the last decade. The aspiration of establishing a fair and market-oriented agriculture trading system has been elusive. Ministerial conference after Ministerial conference have not yielded the desired reforms in agriculture. In June 2022, I attended the World Trade Organisation's 12th Ministerial Conference where we, the ministers of member countries, adopted Sanitary and Phytosanitary (SPS) Declaration which responds to modern SPS challenges. A Ministerial Declaration on the Emergency Response to Food Insecurity was also adopted to provide for emergency measures that countries must take during unforeseen situations to ensure global food security. However, these declarations while moving the agricultural agenda forward, offer very little to ensure that developing and least developed countries are protected. In the 13th Ministerial Conference in UAE in February 2024, South Africa will push for reforms that will create a fair agricultural trading system.

At a bilateral level, our efforts to improve market access for our country's products on the international markets are bearing fruit. In June 2022 we signed the Protocol of Phytosanitary Requirements for export of Soybean from South Africa to China and in August 2022 we successfully negotiated the lifting of a ban on South Africa's wool and other cloven-hoofed animals 'skin products with China. There were several inspections in favour of South African animal and plant products in export markets such as Saudi Arabia.

Recently on the 4th of May 2023, a total of 54 million tons of maize for feed from South Africa docked in the port of Dongguan, China. Chairperson. This import of maize was captioned in China as it is reported that it has injected long-term impetus into food security, strengthening agricultural cooperation of China with South Africa, and promoting the interconnection of industrial chain supply chains between the two countries.

Despite the progress we have made, challenges remain. For example, in the middle of South Africa's 2022 export season, the EU published the implementation of the new regulation, which required prolonged cooling of the citrus, namely before and during shipping the citrus. The proposed measures will put severe pressure on the financial sustainability of producers, especially smaller and black growers thus dealing a blow to our transformation plans. In responding to this pressure, together with the Land Bank, the Department is considering a number of measures to assist these farmers. The Department has also secured funding to the tune of R19 million for the Ripplemead Citrus Pack shed in the Keiskamma Valley in the Eastern Cape.

In addressing the challenges with the EU, the Department is working with the relevant stakeholders towards resolution. Together with my colleague minister Patel at the DTIC we had robust engagements with the EU during the EU-SA political dialogue in January of this year to resolve this matter. The current considerations are on setting up a panel in the WTO as part of the Dispute Resolution Mechanism.

THE AGRO-ENERGY FUND

Chairperson, earlier this year, in response to the energy challenges in the sector, I established a Task Team comprising of sector partners, The Task Team has engaged with ESKOM on solutions to mitigate against the impact of energy cuts on the sector. In addressing alternative energy sources in the sector, we are setting up the “Agro-Energy Fund” at the Land Bank. The focus for the Agro-Energy Fund will be on energy intensive agricultural activities.

These will include irrigation, intensive agricultural production systems and cold chain related activities. The criteria that will be utilised is as follows:

- a large-scale farmer will receive 30% grant funding to be matched with 70% loan portion, where the grant amount is capped at the maximum of R1.5 million.
- A medium scale farmer will receive a 50%` grant to be matched with 50% loan portion, where the grant is capped at the maximum of R1 million.
- Smallholder farmers will be supported by a grant portion of 70% to be matched with 30% loan. For this category the maximum grant funding is capped by R500 000. There will be a special recognition and application mechanism for small-scale irrigation schemes.

HOSTING OF INTERNATIONAL EVENTS

In conclusion Chairperson, we continue to engage in multilateral fora in order to advance our national interest in respect of agriculture. We must remain focused in ensuring food security for our country.

As part of international engagements, we will be part of the Southern Africa Round table on agricultural policy which will be hosted by Zambia in June. We will also participate in the G20 Ministerial meeting and the Food and Agriculture Conference which will also elect the Director General.

As we all know, NAMPO will be hosting its prime agricultural expo this month. This event draws regional and international agricultural players . it offers us an opportunity to show case the agricultural sector including the agricultural machinery which is critical for production and processing of agricultural goods. At the same time , this premiere agricultural event contributes to the local tourism.

We are hosting a few international events as a country. Firstly, the Department, together with SAAI and AFASA will be co-hosting the World Farmers Congress in Sun City from 21 – 23 May 2023.

In June 2023, we will co-host with FARA, the 8th Africa Agribusiness and Science Week from 5 to 8 June 2023 at the ICC in Durban.

The Department will host the BRICS Agriculture Ministers Meeting in July this year as a precursor to the BRICS Summit, which our country is hosting. The overall aim of BRICS Agriculture Cooperation is to improve access to food and increase comprehensive food production. The event

will be hosted in Limpopo and South Africa will showcase rural development and climate change programmes.

I thank you.