**DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES**

**RESPONSE TO THE 2015 STATE OF THE NATION ADDRESS BY PRESIDENT ZUMA**

The theme of the SONA is **Growing the Economy** as captured in the President’s statement that “*The year 2015 is the Year of the Freedom Charter and Unity in Action to Advance Economic Freedom*.

The President further stated that “*Our economy needs a major push forward*,” and in this context the President announced a *“nine point plan to ignite growth and create jobs,*” one of which is ***Revitalizing agriculture and the agro-processing value chain***.

Chairperson, I am confident that a point of consensus among all present will be that the current contribution of agriculture to economic growth and job creation is far below the potential of the sector. Hence it is no surprise that the President identified Agriculture as “*a catalyst for growth and food security.*”

**Job Creation**

The first area I will speak to is job creation in the sector.

The strategic logic informing this decision to isolate Agriculture as a growth sector is because Agriculture delivers more jobs per Rand invested than any other productive sector, and remains critical in the face of rural poverty and food insecurity.

The National Development Plan (NDP) confirms and estimates that Agriculture could potentially create 1 million jobs by 2030. However, the conditions for meeting this target include a focus on high growth commodities, in combination with improved delivery on land reform, and improved livelihoods within communal areas.

We are determined that in the near future our people will begin to derive the benefits of our direct interventions to encourage investment in the Agriculture and Agro-processing value-chain. Already we are making progress. The latest STATSSA Quarterly Labour Force Survey[[1]](#footnote-1) confirmed that Agriculture contributed the greatest number of employees at 56 000 quarter on quarter; and sustained increases in job creation year on year of 28 000.

We are confident that this number will grow as we institutionalize the Agricultural Policy Action Plan (APAP) and significantly increase the production of strategic commodities by smallholder producers. I will say more about this.

We also have a number of initiatives to bring new entrants into the sector. So for example, we have a Bursary Scheme introduced in 2003 which has produced over 1 000 graduates. None of our DAFF bursars are unemployed. We either bring them into the Department for an internship or deploy them to our entities and into commodity groups.

Our bursary scheme also targets Grade 11 and 12 leaners at rural schools and in the Western Cape alone we are funding 65 leaners this year, 20 of whom are at two Senior Secondary schools in De Doorns.

In the 2015/16 financial year we will develop and implement a strategy to identify and deploy graduates from agriculture colleges to APAP and land reforms farms and projects. We are mindful of the fact that invariably the demand for jobs will outstrip the employment opportunities. However, we are confirming the principle and the intent such that a year from now we will be able to present the data, progress, opportunities and challenges.

**Agricultural Policy Action Plan (APAP)**

In the SONA the President stated that “*We are working with the private sector to develop an Agricultural Policy Action Plan which will bring one million hectares of under-utilised land into full production over the next three years.*”

Chairperson, I am pleased to inform the House that the Agricultural Policy Action Plan or APAP was recommended to Cabinet for approval by the Economic Sector, Employment and Infrastructure Development Cabinet Committee two days ago.

The APAP seeks to translate the high-level responses offered in the Agriculture, Forestry and Fisheries Strategic Framework, into tangible, concrete steps and actions. However, this first iteration of APAP is not offered as a fully comprehensive plan; rather, based on the model of the Industrial Policy Action Plan (‘IPAP’), it identifies an ambitious but manageable number of focused actions, in anticipation of future APAP iterations that will take the process further.

The Agriculture, Forestry and Fisheries Strategic Framework spells out a vision for more equitable, productive, competitive and sustainable growth. In doing so it outlines key policy areas or policy pillars, including Equity and Transformation, Equitable growth and Competitiveness, Environmental Sustainability and Good Governance.

In implementing the Agriculture, Forestry and Fisheries Strategic Framework, APAP outlines a value chain approach in which it identifies priority commodities. The selection criteria of commodities, as identified in the National Development Plan, include those with high growth potential, and high labour absorption e.g. Fruit, more specifically Citrus. We further added commodities with the potential to contribute to a positive trade balance e.g. Wine; and food security, such as Vegetables. They are as follows:

1. Red Meat
2. Poultry
3. Fruit and Vegetables
4. Sugar
5. Wine
6. Wheat
7. Forestry
8. Fisheries and Aquaculture; and
9. Biofuels

There is likely to be much public debate on the selection of these commodities. Each industry has canvassed for the inclusion of their commodity in APAP. It must however be noted that the identified commodities were consulted on through an inclusive process with Commodity Organisations, State Owned Enterprises, Provincial Departments, and Other National Departments.

Further included in APAP are transversal Key Action Programmes addressing cross-cutting matter including:

1. Fetsa Tlala – our production response;
2. Climate Smart Agriculture, proposed as an alternative to capital intensive modes of production;
3. Trade, Agri-business Development and Support
4. Biosecurity
5. SIP11, and
6. Research and Innovation

Each of the Key Action Programmes in APAP defines the:

1. Problem Statement in context of achieving more inclusive growth, and growth constraints we need to overcome;
2. Aspirations, which defines set targets to meet our objectives;
3. Required Policy Levers, and
4. Key Outputs or Actions in achieving the set aspirations

So for example our problem statement on poultry included the following:

* Consumption of white meat is expected to expand by 34%. This increase is supplemented through high levels of imports (especially low-cost frozen portions).
* High animal feed prices inhibit domestic production. For example, SA still imports more than double the amount of locally produced soya oilcake.
* Despite an increase in domestic soya production of over 300% since 1999, it is far below the rising demand for animal feed.
* Since 1999, the real value of imported soya oil-cake increased by about 330%, reaching R2,8 billion in 2012.

Hence our Aspiration statement for the poultry value chain states:

* Add 14 481 jobs to the current 107 784 jobs (direct and indirect) through increased tonnage of 663 500 poultry production by 2019.
* Add 14 173 jobs through expansion of 238 500 hectares in Soya production.
* Increased contribution to gross value of Agriculture GDP from R32.9 billion (21.8%) to R41.13 billion (25%) by 2019
* Increasing current levels of smallholder and subsistence producers by 5% by 2019.

This aspiration for the poultry value chain is matched by a number of actions. Furthermore, this level of detailed planning was done for each of the selected commodities.

It has thus enabled us to formulate a preliminary impact statement. Our view is that with all conditions favourable, APAP could by 2019 potentially:

* Increase in number of **smallholder producers** from 164 000 in 2012 to 400 500
* Increase value add of Agriculture, Forestry and Fisheries (AFF) from R42,5 billion in 2012 to R48,9 billion in 2019 (or 2% real growth per year)
* Real increase in value of Agriculture, Forestry and Fisheries **net exports** from an annual average of R5,1 billion in 2012 to R5,8 billion in 2019 (or 2% real growth per year)
* Decrease in value of diesel, fertiliser and machinery **imports** at an annual average of R9,6 billion in 2012 to R7,4 billion (or 3% real decline per year)
* Reduction in the share of households experiencing **hunger** ‘sometimes’, ‘often’ or ‘always’ from 10,8% of households in 2012 to 8,0% of households in 2019
* Increase in number of jobs in Agriculture, Forestry and Fisheries from 660 000 average for 2012 to 822 500 (an additional 162 500 jobs) and a potential 1millon jobs by 2030.

We have further laid out plans for an integrated planning, monitoring and evaluation system, allowing for projects to be screened according to set criteria.

**Inclusion of smallholder farmers in the agricultural economy**

The measurement of the numbers and tracking the performance of the number of smallholder producers will be improved over the next two years. At present smallholders are a “statistically unknown’ entity. There is no uniformity in the definitions and categorisation of different categories of farmers. An important project which my department will complete by the middle of 2015/16 is a “Comprehensive Framework on Producer support.”

We have completed an analysis of the definitions and categorisation used by different departments, Land Back and StatsSA. We have compared this with definitions in the literature and are now engaged in consensus building. Ultimately we envisage this to be a government wide policy such that we can have a common approach and apply resources more effectively.

Through APAP we aim to bring more smallholders into the mainstream as envisaged in the National Development Plan, However, the effective participation of the previously excluded black majority in agriculture and food production will only occur meaningfully, when they have access to land and the means to work it. An inclusive and scientific process will be used to assess the situation in terms of land capability for different commodities and in different localities, so as to inform land acquisition and allocation for different categories of producers across the country.

Chairperson, APAP is not theory. It will build on our existing successes. Allow me to share one example.

In the Vhembe District Municipality in Musina, Limpopo Government has supported the Nwanedi Cluster comprising 300 farmers growing vegetables on just over 1,300 hectares for commercial purposes. The Cluster has already created more than 2,500 jobs as vegetable farming is highly labour-intensive. This project will be massified and land under production will be increased by an additional 1,200 hectares over the MTEF period. The expansion of the project will include the establishment of a Logistics and Agro-processing hub that will allow these farmers to add further value to their crops. The President spoke to the establishment of 27 Agri-Parks and the Nwanedi Cluster could be an anchor project in the Musina Agri-Park. As such DAFF, through the Province, will invest R100m over the MTEF period to leverage growth of the private-sector in this Cluster. In the 2015/16 financial year, we will directly invest R20m for bulk-water supply and in-field irrigation.

Going forward, initiatives such as these will become a reality in our 27 priority district municipalities such as Alfred Nzo and Sekhukhune. Lives will be changed for the better as we create market access for smallholder farmers, leverage private-sector investment in Agro-processing and provide technical support to smallholder farmers.

**Contribution of Agriculture to GDP**

The President reported that “our Agro-processing exports have been growing rapidly especially to new markets in Africa and China.” This Honourable Members, is one of the outcomes of the international missions undertaken and consultations conducted by me, the Deputy Minister and officials.

So for example after 5-years of technical work on the resolving the phyto-sanitary requirements, I was able to conclude agricultural trade protocols for the export of South African Maize and Apples to China. Export of apples alone is projected to generate R500 million in foreign exchange and thus the industry is gearing up to plant an additional 10,000 hectares thereby creating 13,000 new jobs over the next 3-5 years because it takes at least 3 years before new apple trees begin to bear fruit.

These examples attest to the intensive work with the private sector to develop an Agricultural Policy Action Plan or APAP. The APAP is a set of detailed actions with timeframes which will revitalise the Agriculture and Agro-processing value-chain.

The APAP includes the deployment of a range of policy and financial resources to bring 1 million hectares of under-utilised land into full production over the next 5 years. This includes 238,000 hectares for Soyabean production and expanding the over 100 000 hectares which is currently under production across the country through the Festa Tlala programme. The Festa Tlala programme finds its expression in many projects such as the Diyatalawa Community Property Association (CPA) in the Maluti-a-Phofung in the Free State, comprising 51 beneficiaries, which has planted **553** hectares of maize and **200** hectares of beans. Another is Mrs. Maria Mlungu who planted 116ha of maize which was sold through the World Food Programme Initiative.

In the 2013/14 we (DIRCO) donated R180 million to the World Food Programme towards humanitarian assistance to ameliorate the impact of the drought in the Kingdom of Lesotho. Through this initiative 268 metric tons of white maize was procured from smallholder producers in 2013/14; and 4 300 metric tons of both white maize and sugar bean in the current financial year, 2014/15, from smallholder producers in Eastern Cape, North West and Gauteng Province. This initiative confirms that as commodities produced by smallholders met the standards of the World Food Programme, there is no reason to exclude smallholders from other local and international market opportunities.

**Strengthening and Alignment of Public Entities**

Our public entities, the Agricultural Research Council (ARC): and the National Agricultural Marketing Council (NAMC) in particular, have been actively involved in the development of APAP over the past 18-months.

The research and data bases from the ARCs Soil Testing Laboratories was used in our spatial analysis and maps we have developed to determine which commodities’ can be produced in which places. These maps have been overlaid with the mapping by the Department of Rural Development and Land Reform following their land audit. We are thus able to show where all the silos and projects of both departments are located. Currently we are enhancing these maps with data from other government departments on water sources and economic development zones.

We are also working with ARC to develop a business case which can be presented to National Treasury for consideration in the next budget cycle for multi-year funding to develop new cultivars or vaccines or undertake other critical research.

We are aware of the directive to review the location of key public entries, in line with the recommendations of the report on the Review of State Owned entities. The ARC is currently undergoing an external evaluation. This is a institutionalized process for all science councils which takes place every 5-years. We will await and share the outcomes of this evaluation when it becomes available.

The National Agricultural Marketing Council (NAMC) supported APAP with economic analysis and their expertise in value chain mapping. NAMC is also the coordinator for Strategic Infrastructure Project 11 which pertains to Agro Logistics and Rural Infrastructure.

The Perishable Products Export Control Board (PPECB) have committed to expand the number of smallholder farmers with SA GAP Certification

Similarly the Land Bank will expand number of smallholders benefitting from its services.

We are also working with Onderstepoort Biological Products (OBP) on a business case to secure funding to ramp up vaccine production.

**Budget**

Chairperson our plan has to be matched with a budget. In the current financial year the Department of Planning, Monitoring and Evaluation reported to the Committee that our targets were below the projections in the NDP. So for example indications are that we will not be able to place the 1 million hectares under production by 2030 because we have not been provided with the resources to do so.

DAFF has had a severe budget cut of over R230 million in 2015/16 and similar cuts in subsequent years. Initially we assumed that all departments suffered the same fate. However looking at it in the context of the 2015 Estimates of National Expenditure, there is a worrying trend.

While the majority of departments enjoyed significant increases or budget cuts below 100%, DAFF is the only department which received a cut of minus 309.4%.

Earlier I shared with the Committee the potential impact of APAP on the economy and society with the proviso ‘with all conditions being favorable.’ If we do not have the budget to implement this inspirational and widely-supported programme, this impact will NOT be realized.

We’ve not had the time to interrogate the data or to take it up with NT. We would like to undertake some of this analysis and share it with the Committee over the next few days.

I thank you

1. Quarterly Labour Force Survey issued February 2014 [↑](#footnote-ref-1)