

Speech Budget Vote 24: Agriculture Forestry & Fisheries by Ms. Machwene Rosina Semenya, (MP) Chairperson: Portfolio Committee on Agriculture, Forestry and Fisheries

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The 2012 53rd National Conference of the ANC in Mangaung analysed that sluggish growth of our economy is largely due to structural challenges, and that the role of the state is to reindustrialise the South African economy and promote equitable growth through strategic interventions.

In the context of this Budget Vote and the ANC policy position on Agrarian Transformation and Rural Development this means:

Dealing with the triple challenge of poverty, unemployment and inequality

Prioritize the roll-out of bulk infrastructure in rural areas e.g. construction of new dams and irrigation, rail, roads, communications, ICT, energy and green economy

Balance land transformation with production discipline for food security

Promote equitable land allocation and use across race, gender and class must be ensured

The challenges we face include slow-to-modest growth in realizing an inclusive rural economy amidst jobless growth in the agricultural sector. Specifically this includes:

Market dominance and concentration across the commodity value chains which lends itself to job loss;

Rising input costs and an increasing dependency on capital intensive models of production;

An unprotected sector in an uneven international trade environment e.g. subsidies

The development of infrastructure and the

integrity of and access to water resources in designated areas

The Agricultural Policy Action Plan through Outcome 4 of the Medium Term Strategic Framework (MTSF) proposes spatial economic plans aimed at guiding government investment (infrastructure, land acquisition, training, production and other support) through a value chain approach, targeting priority commodities identified in the National Development Plan.

These plans form the basis for a common strategic approach among key stakeholders, led by the Department of Agriculture, Forestry and Fisheries, and the Department of Rural Development and Land Reform.

The Agricultural Policy Action Plan has the potential to become the IPAP for agriculture, a platform for sector organisations and other stakeholders to converge through joint planning.

Agriculture remains one of the sectors that offers the real possibility for massive job creation and the revival of the rural economy. The ANC has identified this as one of the strategic productive sectors of the economy that in this term of office government should focus on. In order to ensure the realisation of this priority, the ANC has correctly identified increased investment in rural infrastructure that supports production and market opportunities as key.

Given that we are dealing with the Budget Vote today it would be useful to look at what the January 2015 ANC NEC Lekgotla had to say about the financing of Agriculture.

It said that the Maputo Declaration (2003) on investment in Agriculture, called for investment levels by governments of 10% of GDP. At present we stand at a very low level of 1, 7% of GDP. The ANC NEC Lekgotla called for re-commitment to the Maputo Declaration by government and to begin to effect real change in the Agricultural sector through the budget allocation.

As we celebrate Africa Month, the Portfolio Committee wishes to express and condemn the violent

attacks on foreign nationals in the country. It is at times like this that we reinforce our efforts in addressing the social challenges we are faced with today, and strive to improve the lives of all South Africans particularly in reducing poverty and hunger. Given the commitment that South Africa has in the realisation of the right to food as it is enshrined in the Constitution of the Republic of South Africa as well as the United Nations International Covenant on Economic, Social, and Cultural Rights (ICESCR), it is important that we reflect on the challenge of food security, both in South Africa and Africa. Though South Africa is food secure on a national basis, there are households who continue to experience hunger as the rise of food inflation continues to outstrip the Consumer Price Inflation (CPI). It is therefore important for the Department to refocus its efforts on supporting subsistence and smallholder production in advancing the food security status of households and communities. This is crucial in the revitalisation of agriculture, as new entrant farmers can contribute significantly to regional trade and as such to regional food security.

The Portfolio Committee on Agriculture, Forestry and Fisheries has interrogated the Strategic Plans, Annual Performance Plans, and Budget as tabled before Parliament. The Portfolio Committee is pleased with the progress that the Department is making in its response to the call of the NDP and the response towards the plans outlined by the President in the State of the Nation Address (SONA) earlier this year. The radical socio-economic transformation programme of the ruling party's manifesto finds expression in the revitalisation of the agriculture sector, the agro-processing value chain.

The National Development Plan (NDP) clearly outlines the role that the agriculture and agro-processing sectors ought to play in the revitalisation of the rural economy. The contribution of agriculture to South Africa's economy is not only important for economic growth but also for food security and job creation through bringing underutilised land in communal areas into commercial production, increasing land under irrigation, and supporting commercial production in areas that have potential for higher growth and employment.

The Department of Agriculture, Forestry, and Fisheries has responded to the call of the NDP through its programmes that seek to address these national priorities in the detailed plans outlined in the Agricultural Policy Action Plan (APAP). The APAP is focused on 9 sectoral and 6 transversal key action areas that will contribute to food security, job creation, increased exports, and overall economic growth. The value chain approach in APAP will focus on the following 9 sectors: red meat, poultry, fruit and vegetables, wine, wheat, sugar, forestry, fisheries, and biofuels. The transversal key action areas seek to address the issue of inclusive growth through establishing and expanding local food networks, infrastructure development, provide incentives and support for SMMEs and small-scale producers across agriculture, forestry and fisheries value chains. The transversal key areas will focus on the Fetsa Tlala food production initiative, climate smart agriculture, trade, agri-business development and support, biosecurity issues, strategic integrated infrastructure projects (sip 11), as well as research and innovation.

It is envisaged that the APAP will increase the number of smallholder producers from 164 000 to 400 500 by 2019. This would contribute to increasing value addition of agriculture, forestry and fisheries sectors R48.9 billion by 2019. Most importantly the share of households experiencing hunger will be reduced from 8% of households by 2019 through the creation of 162 500 jobs. To boost domestic food production and reduce reliance on imports, the Fetsa Tlala initiative aims to bring an additional one million hectares into cultivation by 2019, creating an additional 300 000 jobs. The SIP 11 plans entail the expansion of facilities for storage (silos, fresh-produce facilities, packing houses); transport links to main networks (rural roads, rail lines, ports), fencing of farms, development of irrigation schemes, establishing new processing facilities (abattoirs, mills, etc.)

The effective management of biosecurity and related risks is critical and requires strengthened efforts in terms of food quality and safety. The Department has outlined in its plans for 2015/16 the

development of the national management plan for pests and diseases which will play a critical role in the 9 value chains identified in APAP. It is important to continue to strengthen the coordinated control and management interventions in this regard. As such the Portfolio Committee is keen on advancing the regulatory frameworks that contribute to increased production of adequate, safe, and nutritious food for a healthy nation. The effects of climate change will have serious consequences on natural resource management, particularly agriculture production systems and global food systems in general. Given the intermittent occurrences of natural disasters in South Africa (e.g. the recent drought) that affected the grain sector, the mitigation and adaptation initiatives (including effective early warning systems) must be developed as a matter of urgency in this regard.

The Portfolio Committee notes the budget cut of R158 million in nominal terms for the 2015/16 financial year, and urges the Department to refocus its activities on high impact projects that will grow the economy and also create jobs. In this regard, it is important for the Department to implement its APAP activities in an effective and efficient manner. Further, the Department must be cautioned in terms of the budget expenditure on conditional grants that are transferred to provinces for project implementation. Given the areas of concurrent competency in agriculture, the Department must put in place mechanisms to effectively monitor these conditional grants. In light of the budget cuts envisaged over the MTEF period, the importance of delivering of services in a coordinated and integrated manner cannot be over-emphasised, as this has a direct bearing on the effectiveness of the intended outcomes of specific programmes. It is therefore important in this regard to commend the manner in which the Department of Agriculture, Forestry and Fisheries is collaboratively planning its APAP activities with the Department of Rural Development and Land Reform, and other relevant government departments.

The Portfolio Committee draws the attention of the Department to the impact assessment study on the implementation of the Comprehensive Agriculture Support Package Programme. The study revealed that CASP has made progress towards achieving some of its intended objectives in enhancing access to support services, increasing agricultural production, and increasing income for beneficiaries. However, insufficient progress has been made in promoting commercialisation, market access, employment and achieving food security for all beneficiaries. The PC wants to urge the Department to look into the recommendations outlined therein, and review the manner in which small scale producers are supported in a holistic manner in order to achieve the 33 per cent food surplus indicated in the National Development Plan (NDP). The PC welcomes the 2013/14 unqualified audit report by the Auditor General South Africa and encourages the Department to put concerted efforts in addressing the issues raised in the report in terms of compliance to laws as well as the provision of reliable and verifiable information in terms of predetermined objectives. In conclusion, The Portfolio Committee reiterates that the Department should clearly align its service delivery targets to be geared towards palpable impact that ultimately are to drive economic growth, create jobs, and ensure food security for South Africa.